

FIBREK REPORTS SOLID RESULTS FOR ITS SECOND QUARTER OF 2010

SECOND QUARTER HIGHLIGHTS:

- Strong EBITDA⁽¹⁾ of \$20.8 million in the second quarter of 2010 compared to negative EBITDA of \$16.3 million in the same quarter of 2009
- Net earnings of \$9.7 million in the second quarter of 2010 compared to a net loss of \$33.8 million in the corresponding quarter of 2009
- 193,040 tonnes shipped in the second quarter of 2010; an increase of 49% over the same quarter of 2009
- Successful completion of an approximately \$193 million refinancing on July 16, 2010

Longueuil, Québec, August 4, 2010 – Fibrek Inc. (TSX: FBK) today announced results for the second quarter ended June 30, 2010. Sales amounted to \$154.8 million, compared with \$82.1 million for the second quarter of 2009. For a fourth consecutive quarter, positive earnings before amortization, financial charges and income taxes (EBITDA)⁽¹⁾ were recorded with \$20.8 million in the second quarter of 2010 compared to negative EBITDA of \$16.3 million for the corresponding quarter of 2009. The net earnings for the quarter totalled \$9.7 million, or \$0.11 per share (\$0.08 per share on a diluted basis), compared with a net loss of \$33.8 million, or \$0.37 per share, for the second quarter of 2009.

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars except per share figures)	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2010	2009	2010	2009
	\$	\$	\$	\$
Sales	154,819	82,139	292,908	160,750
EBITDA⁽¹⁾	20,824	(16,309)	35,932	(18,679)
Net earnings (loss)	9,737	(33,845)	8,567	(48,904)
Net earnings (loss) per share				
Basic	0.11	(0.37)	0.09	(0.54)
Diluted	0.08	(0.37)	0.07	(0.54)

Commenting on the second quarter results, Pierre Gabriel Côté, President and Chief Executive Officer, indicated: “We are very pleased to report strong results in the second quarter of 2010. The favourable year-over-year earnings comparison resulted primarily from higher market pulp prices and sales volume, higher pulp production as well as from the benefits of our cost reduction initiative. The past few months were eventful for our organization. We completed our conversion into a corporation which allowed the successful completion of our refinancing. All this has brought financial stability and flexibility to our organization. As such, we will now be able to increase our focus on the execution of our operational and supply chain strategies aimed at improving the productivity, efficiency and competitiveness of our mills.”

OPERATING RESULTS

SECOND QUARTER 2010

Total sales volume rose to 193,040 tonnes in the second quarter of 2010, with RBK pulp accounting for 103,205 tonnes and NBSK pulp for 89,835 tonnes. In the second quarter of 2009, the sales volume totalled 129,831 tonnes, with RBK pulp accounting for 53,884 tonnes and NBSK pulp for 75,947 tonnes.

Consolidated **sales** reached \$154.8 million in the second quarter of 2010, an increase of \$72.7 million when compared with sales of \$82.1 million in the second quarter of 2009. This increase is mainly attributable to higher pulp prices and favourable mix for \$43.0 million and a higher sales volume for \$50.7 million, which was partially offset by an unfavourable exchange rate for \$21.0 million.

FibreK recorded **EBITDA** of \$20.8 million (or 13.5% of sales) in the second quarter, compared with negative EBITDA of \$16.3 million (or -19.9% of sales) for the corresponding period of 2009.

Net earnings of \$9.7 million, or \$0.11 per share (\$0.08 per share on a diluted basis), were recorded in the second quarter of 2010, compared with a net loss of \$33.8 million, or \$0.37 per share, in the corresponding period of 2009.

SIX-MONTH PERIOD 2010

Total sales volume rose to 380,191 tonnes in the six-month period ended June 30, 2010, with RBK pulp accounting for 199,752 tonnes and NBSK pulp for 180,439 tonnes. In the first six months of 2009, the sales volume totalled 238,623 tonnes, with RBK pulp accounting for 106,560 tonnes and NBSK pulp for 132,063 tonnes.

Consolidated **sales** reached \$292.9 million in the six-month period ended June 30, 2010, an increase of \$132.1 million when compared with sales of \$160.8 million in the first six months of 2009. This increase is mainly attributable to a higher sales volume for \$109.0 million and higher pulp prices and favourable mix for \$71.8 million, which was partially offset by an unfavourable exchange rate for \$48.7 million.

FibreK recorded **EBITDA** of \$35.9 million (or 12.3% of sales) in the first six months of the year, compared with negative EBITDA of \$18.7 million (or -11.6% of sales) for the corresponding period of 2009.

Net earnings of \$8.6 million, or \$0.09 per share, were recorded in the second quarter of 2010, compared with a net loss of \$48.9 million, or \$0.54 per share, in the corresponding period of 2009.

SEGMENT REVIEW

NBSK Pulp

Sales for the second quarter ended June 30, 2010 totalled \$77.6 million, compared with \$46.1 million for the corresponding period of 2009; an increase of \$31.5 million. This increase is attributable to higher pulp prices for \$30.1 million and a higher sales volume for \$12.0 million partly offset by a stronger Canadian dollar compared to the US currency, for \$10.6 million.

NBSK market pulp prices (for pulp delivered in North America) was higher by US\$348 per tonne or 54% on average during the second quarter of 2010 when compared with the corresponding quarter of 2009. The increase in NBSK market pulp prices, partly offset by a stronger Canadian dollar when compared with the second quarter of 2009, resulted in an average sales price of CAN\$1,021 per tonne, CAN\$268 per tonne above the average sales price recorded in the corresponding quarter of 2009.

Six-month **sales** totalled \$147.9 million, compared with \$83.6 million for the corresponding period of 2009. Average NBSK **market pulp prices** (for pulp delivered in North America) increased by 42% at US\$937 per tonne, while currency movement limited the increase in Canadian dollars to 22%.

RBK Pulp

For the second quarter ended June 30, 2010, the RBK pulp segment recorded **sales** of \$77.2 million, compared with \$36.0 million for the corresponding period of 2009. This increase of \$41.2 million is mainly attributable to a higher sales volume for \$36.9 million and by higher net realized pulp prices for \$14.7 million partly offset by an unfavourable exchange rate for \$10.4 million.

Six-month **sales** of RBK Pulp reached \$145.0 million, compared with \$77.1 million for the corresponding period of 2009. Although average pulp prices were up approximately 17% in US dollars, unfavourable currency movements resulted in similar price level in Canadian dollars.

RECENT DEVELOPMENTS

Refinancing

On July 16, 2010, Fibrek announced the successful completion of a refinancing of approximately \$193 million comprised of: (1) a five-year term loan with a subsidiary of Société générale de financement du Québec, for an amount of \$78 million; (2) a \$75 million three-year asset-based secured revolving facility with GE Canada Finance Holding Company; and (3) a \$40 million (gross proceeds) rights offering.

This refinancing has allowed Fibrek to repay its existing revolving credit facility maturing on October 30, 2010 and its existing term loan maturing on October 30, 2012. As a result of this refinancing, the company has reduced its debt, improved its debt-to-total capitalization ratio to 23%, reduced its interest expense and extended its debt maturity profile.

Conversion to a corporation

On May 25, 2010, SFK Pulp Fund (the "Fund") completed its reorganization from an income trust structure to a corporation named "Fibrek Inc." by way of a court-approved plan of arrangement under Section 192 of the Canada Business Corporations Act (the "Arrangement"). The Arrangement involved the exchange, on a one-for-one basis, of all outstanding units of the Fund for common shares of Fibrek Inc. (the "Common Shares") and the assumption by Fibrek Inc. of the 7% convertible unsecured subordinated debentures of the Fund (the "Debentures"). As a result, on May 25, 2010, immediately after completion of the Arrangement, there were 90,472,708 Common Shares issued and outstanding and an aggregate principal amount of Debentures of \$51,749,000.

OUTLOOK

Market fundamentals continued to support a tight NBSK market during the second quarter. NBSK inventories at both consumers and producers were below traditional levels. Seasonal maintenance shut downs contributed to keeping supply limited. NBSK prices continued to increase monthly during the quarter.

The North American RBK market showed signs of improved demand during the second quarter. Some of this additional demand was brought about by the closure of a competitor's mill having filed for Chapter 11 bankruptcy protection. Customers also reported better order books for recycled paper. The price for our RBK pulp increased in both April and May and remained stable in June.

Economic and market indicators are beginning to show signs of downward pressure on pulp prices. On the supply side, pulp mills in Chile have restarted their production and some Canadian mills are also planning to restart. On the demand side, we expect a typical seasonal slowdown for market pulp during the summer months while demand in China remains challenging to forecast. A price reduction of \$30 per tonne on NBSK effective August 1, 2010, has been announced by most producers.

The completion of our refinancing is providing the proper debt level and flexibility in cash management to face any future volatility in our industry. As a result of this refinancing, Fibrek has improved its debt-to-total capitalization ratio, reduced its interest expenses and extended its debt maturity profile. Our cost reduction program initiated in 2009 will continue and further emphasis will be put on operations to ensure optimal productivity levels and increased mills' efficiency and competitiveness.

CONFERENCE CALL

Fibrex will hold a conference call on Thursday, August 5, 2010 at 10:00 a.m. (Eastern Time), to discuss its results. President and Chief Executive Officer, Pierre Gabriel Côté, and Patsie Ducharme, Vice President and Chief Financial Officer, will host the conference call followed by a question-and-answer session to discuss earnings. To participate in the conference call, investment professionals and business media may dial 647-427-7450 (for all Toronto and overseas participants) or 1-888-231-8191, access code 89555198# (for all other North American calls). Participants not able to listen to the live call can access a replay of the archived call by calling 1-800-642-1687, access code 89555198#. The replay will be available until 11:59 PM on Thursday, August 12, 2010.

About Fibrek

Fibrex (TSX: FBK) is a leading producer and marketer of high-quality virgin and recycled kraft pulp. The company operates three mills located in Saint-Félicien, Québec, Fairmont, West Virginia, and in Menominee, Michigan with a combined annual production capacity of 745,000 tonnes. Fibrek has approximately 500 employees. The Saint-Félicien mill provides northern bleached softwood kraft pulp (product known as NBSK pulp) to various sectors of the paper industry in Canada, the United States and Europe, for use in the production of specialized products. The Fairmont and Menominee mills manufacture air-dried recycled bleached kraft pulp (product known as RBK pulp) and primarily supply manufacturers of fine uncoated paper, household paper for commercial and industrial uses, and coated paper in the United States.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of applicable securities laws. These statements include, but are not limited to, statements about expected collection of accounts receivable, expected capital expenditures, estimated sufficiency of wood fibre deliveries, expected sufficiency of cash flows to fund operating needs and capital expenditures and to meet contractual obligations, recoverability of capital assets and similar statements concerning Fibrek’s future outlook, business strategy, plans, expectations, results or actions, or the assumptions underlying any of the foregoing. Forward-looking statements can generally be identified by words such as “may”, “should”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, “outlook” and similar expressions. These statements are based on information currently available to Fibrek’s management (“Management”) and on the current assumptions, intentions, plans, expectations and estimates of Management regarding Fibrek’s future growth, results of operations, performance, business prospects and opportunities and ability to attract and retain customers as well as the economic environment in which it operates. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors which could cause actual results of Fibrek to differ materially from the conclusion, forecast or projection stated in such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: general economic conditions, pulp prices and sales volume, exchange rate fluctuations, cost and supply of wood fibre, wastepaper and other raw materials, pension contributions, competitive markets, dependence upon key customers, increased production capacity, equipment failure, disruptions of production, capital requirements, labour relations and other factors referenced herein under “Risk Factors” and in Fibrek and the Fund’s continuous disclosure filings which are available on SEDAR at www.sedar.com. Readers should not place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this press release, and, except as required by applicable securities laws, Fibrek assumes no obligation to update or revise them to reflect new events or circumstances.

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Note to readers: Complete unaudited consolidated financial statements and Management’s Discussion & Analysis are available on SEDAR website at: www.sedar.com.

Attached: Summary of Results

Information:

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Fibretek Inc.
Financial Highlights – Second quarter ended June 30, 2010

(in thousands of Canadian dollars except per share figures)	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2010	2009	2010	2009
	\$	\$	\$	\$
Sales	154,819	82,139	292,908	160,750
Cost of products sold	119,461	84,390	228,998	154,685
Delivery costs	11,444	7,668	21,696	15,051
Selling and administrative expenses	3,090	6,390	6,282	9,693
EBITDA⁽¹⁾	20,824	(16,309)	35,932	(18,679)
Amortization	9,612	10,201	19,200	20,392
Operating profit (loss)	11,212	(26,510)	16,732	(39,071)
Financial charges	4,627	3,331	9,258	6,691
(Gain) loss on derivative instruments	(5)	(459)	(4)	1,256
(Gain) loss on disposal of capital assets	-	(10)	(13)	219
(Gain) loss on foreign currency translation	(3,147)	4,473	(1,076)	2,948
Recovery of income taxes	-	-	-	1,281
Net earnings (loss)	9,737	(33,845)	8,567	(48,904)
Net earnings (loss) per share				
- Basic	0.11	(0.37)	0.09	(0.54)
- Diluted	0.08	(0.37)	0.07	(0.54)

Financial Position

(in thousands of Canadian dollars) (unaudited)	As at	
	June 30,	December 31,
	2010	2009
Cash & Cash Equivalent	42,494	19,064
Accounts Receivable	70,145	53,424
Inventories	70,372	79,003
Capital Assets	527,743	542,360
Total Consolidated Assets	717,154	699,669
Accounts Payable and Accrued Liabilities	50,979	45,658
Revolving Credit Facility	35,290	35,146
Long-term Debt	120,324	118,776
Shareholders' Equity	443,670	434,647

(1) References to "EBITDA" are to earnings before amortization, financial charges and income taxes and also before other non-operating income and expense such as gain or loss on derivative instruments, disposal of capital assets and foreign currency translation. EBITDA is not a recognized measure under Canadian GAAP and is unaudited. Management believes that this measure is useful supplemental information as it provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned however that this information should not be confused with or used as an alternative for net earnings determined in accordance with GAAP as an indicator of Fibrek's performance or cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. Fibrek's method for calculating this information may differ from that used by other issuers and, accordingly, this information may not be comparable to measures used by other issuers. EBITDA shown herein represents earnings before amortization, financial charges, other non-operating income and expense as well as income taxes in the Financial Statements.