

FIBREK REPORTS THIRD QUARTER 2011 RESULTS

THIRD QUARTER HIGHLIGHTS

Compared to the third quarter of 2010:

- Net earnings favorably impacted by a gain on foreign exchange of \$5.4 million
- Good demand for NBSK and RBK pulp
- North American NBSK pulp prices in US\$ were flat
- U.S. dollar was 6% weaker compared to the Canadian dollar
- Financial expenses reduced by \$2 million, or \$0.02/share, reflecting the benefits of debt reduction initiatives
- Balance sheet continues to strengthen

RECENT DEVELOPMENTS

- The co-generation project at the Saint-Félicien mill is on budget and on schedule for its target start-up date of December 1, 2012. To date, the Company has received grants totalling \$9.0 million and incurred \$10.1 million in capital expenditures.
- The Company has made significant progress in the development of a new grade of RBK pulp for use in food packaging and should begin selling into select segments of this market in the fourth quarter of 2011.

Montréal, Québec, November 2, 2011 – Fibrek Inc. (TSX: FBK), a leading producer and marketer of high-quality virgin and recycled kraft pulp, announced today its results for the third quarter ended September 30, 2011. Third quarter 2010 results have been restated as appropriate to be in accordance with the recently adopted International Financial Reporting Standards (IFRS). All results are in Canadian dollars unless otherwise stated.

CONSOLIDATED RESULTS

(in thousands of Canadian dollars except per share figures)	Three months ended September 30 (unaudited)		Nine months ended September 30 (unaudited)	
	2011	2010	2011	2010
Sales	138,267	132,177	418,690	425,085
EBITDA	12,374	20,076	44,741	57,826
Profit from operations	3,790	11,648	18,099	31,893
Net earnings	6,773	5,355	15,866	14,030
Net earnings per share⁽¹⁾				
- Basic	0.05	0.04	0.12	0.14
- Diluted	0.05	0.04	0.12	0.10

(1) The average number of shares outstanding in the third quarter and first nine months of 2011 was 130,075,556, compared with 123,618,570 in the third quarter and 101,642,742 in the first nine months of 2010, the difference being attributable to a common share issuance completed in July 2010.

Commenting on these results, Pierre Gabriel Côté, President and Chief Executive Officer, stated: "Sales volumes for NBSK were up substantially compared to the third quarter of 2010, while US\$ prices were, on average, flat. The recent weakening of the Canadian dollar had a favourable impact on this quarter's results. For the RBK segment, sales volumes remained essentially flat, which is encouraging given price levels were significantly higher than last year. To address the challenges of this segment, we continue to explore a variety of longer term actions and initiatives. Reduced financial expenses also continued to be a significant contributor to our bottom line, reflecting one of the benefits of our strong balance sheet."

Transition to IFRS

Fibrex's unaudited condensed consolidated interim financial report for the quarter ended September 30, 2011 has been prepared using IFRS. Comparative figures and amounts related to the year ended December 31, 2010 have been restated to reflect the adoption of IFRS. Details of the significant accounting differences can be found in the notes of our first quarter 2011 condensed consolidated interim financial report and related MD&A.

THIRD QUARTER 2011 COMPARED WITH THIRD QUARTER 2010

In the third quarter of 2011, consolidated **sales** reached \$138.3 million, an increase of \$6.1 million, or 4.6%. This increase was the net result of a \$7.5 million increase attributable to higher RBK pulp prices and a favourable sales mix, and a \$6.9 million increase due to higher sales volumes, partially offset by unfavourable exchange rate impacts of \$8.3 million.

Cost of products sold totalled \$111.9 million in the third quarter of 2011, an increase of \$12.2 million when compared with the corresponding period of 2010. This increase is primarily due to higher cost per tonne for \$10.8 million, mainly due to wastepaper prices and a higher sales volume for \$5.6 million, which were partially offset by the impact of the exchange rate on our US operating costs for \$4.2 million.

EBITDA was \$12.4 million (or 8.9% of sales), compared to \$20.1 million (or 15.2% of sales).

Net earnings were \$6.8 million, compared with net earnings of \$5.4 million.

Net earnings per share amounted to \$0.05 (basic and diluted), compared with net earnings per share of \$0.04 (basic and diluted). In the third quarter of 2011, an average of 130,075,556 shares were outstanding, compared with 123,618,570 in the third quarter of 2010.

NINE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2010

For the first nine months of 2011, consolidated **sales** reached \$418.7 million, a decrease of \$6.4 million, or 1.5%. This decrease was the net result of a \$24.8 million decrease attributable to unfavourable exchange rate impacts and a \$6.2 million decrease due to lower sales volumes, partially offset by a \$24.6 million increase due to higher pulp prices and a favourable sales mix.

Cost of products sold totalled \$330.2 million, an increase of \$3.3 million, or 1.0%. This increase was the net result of a \$19.9 million increase due to higher wastepaper prices, partially offset by the favourable impact of the exchange rate on U.S. operating costs of \$11.7 million and lower sales volumes of \$4.9 million.

EBITDA was \$44.7 million (or 10.7% of sales), compared to EBITDA of \$57.8 million (or 13.6% of sales).

Net earnings were \$15.9 million, compared with net earnings of \$14.0 million.

Net earnings per share amounted to \$0.12 (basic and diluted), compared with net earnings per share of \$0.14 (\$0.10 diluted). In the nine-month period ended September 30, 2011, an **average** of 130,075,556 **shares** were outstanding compared with 101,642,742 in the corresponding period of 2010.

SEGMENT REVIEW

NBSK Pulp Results

(in thousands of Canadian dollars)	Three months ended September 30 (unaudited)		Nine months ended September 30 (unaudited)	
	2011	2010	2011	2010
Sales	67,084	64,903	213,683	212,773
EBITDA	13,471	19,345	43,822	48,289
Profit from operations	6,216	12,413	21,241	26,779

THIRD QUARTER 2011 COMPARED WITH THIRD QUARTER 2010

Sales for the third quarter ended September 30, 2011 totalled \$67.1 million, representing an increase of \$2.2 million, or 3.4%. This increase was the net result of a \$7.4 million increase due to a higher sales volume, partly offset by a \$4.0 million decrease due to a stronger Canadian dollar, compared to the U.S. dollar, and a \$1.2 million decrease due to lower pulp prices.

NBSK **market pulp prices** (for pulp delivered in North America) were lower by US\$7 per tonne or 1% on average. The reduction in NBSK market pulp prices, coupled with a stronger Canadian dollar, when compared with the third quarter of 2010, resulted in an average sales price of CAN\$974 per tonne, CAN\$65 per tonne below the average sales price of last year's corresponding quarter.

Sales volume totalled 83,069 tonnes, an increase of 9,149 tonnes, or 12.4%, when compared with 73,920 tonnes for last year. The increase was mainly attributable to a return to more normal levels of activity. In 2010, the re-start of idled mills resulted in lower-than-trend shipments.

On a per tonne basis, the **cost of sales** increased by 5%. This increase is mostly attributable to higher input costs, mainly related to fibre and chemicals, partly offset by lower fixed costs per tonne resulting from better productivity.

EBITDA was \$13.5 million (or 20.1% of sales), compared to \$19.3 million (or 29.7% of sales), the result of higher fibre and chemical costs, partially offset by increased sales, improved productivity and lower delivery costs.

NINE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2010

Sales for the first nine months of 2011 totalled \$213.7 million, representing a \$0.9 million, or 0.4%, increase. This increase is the net result of a \$7.0 million increase attributable to higher sales volumes and a \$6.6 million increase due to higher net realized pulp prices, partly offset by the negative impact of a stronger Canadian dollar, compared to the U.S. dollar, of \$12.7 million.

The average NBSK **market pulp price** (for pulp delivered in North America) was US\$996 per tonne, an increase of US\$38 per tonne or 4%. This increase was partly offset by a stronger Canadian dollar, resulting in a sales price of CAN\$974 per tonne, CAN\$18 below the average sales price of CAN\$992 per tonne for last year.

Sales volume was 262,988 tonnes, an increase of 8,629 tonnes, or 3.4%. The increase was mainly attributable to the increase in the third quarter of 2011, compared to the third quarter of 2010 (explanation above).

On a per tonne basis, the **cost of sales** decreased by 1%. The decrease was mainly attributable to lower fibre costs and better productivity, partly offset by higher chemical costs.

EBITDA was \$43.8 million (or 20.5% of sales), compared to an EBITDA of \$48.3 million (or 22.7% of sales), primarily the result of lower average selling prices in Canadian dollar terms this year.

RBK Pulp Results

(in thousands of Canadian dollars)	Three months ended September 30 (unaudited)		Nine months ended September 30 (unaudited)	
	2011	2010	2011	2010
Sales	71,183	67,274	205,007	212,312
EBITDA	(1,097)	731	919	9,537
(Loss) profit from operations	(2,426)	(765)	(3,142)	5,114

THIRD QUARTER 2011 COMPARED WITH THIRD QUARTER 2010

Sales were \$71.2 million, an increase of \$3.9 million, or 5.8%. The increase was the net result of an \$8.6 million increase attributable to higher net realized pulp prices, partly offset by unfavourable exchange rate impacts of \$4.3 million and a lower sales volume of \$0.4 million.

Sales volume was 88,361 tonnes, compared with 88,905 tonnes for the previous year.

The **average sales prices** increased by 13% compared with the corresponding period in 2010, mainly driven by higher wastepaper prices. However, as a result of a stronger Canadian dollar, sales per tonne increased only by 6%.

On a per tonne basis, **cost of sales** for the third quarter of 2011 increased by 9%, compared with the same period of 2010. This increase is mainly attributable to higher wastepaper prices accounting for 16% of total cost increases, which were partly offset by the impact of the stronger Canadian dollar on the US dollar mills' costs accounting for 7% of total cost increases.

EBITDA was a loss of \$1.1 million (or 1.5% of sales), compared to a profit of \$0.7 million (or 1.1% of sales), mainly the result of increased wastepaper costs and higher delivery costs primarily due to fuel surcharges.

NINE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2010

Sales for the first nine months of 2011 were \$205.0 million, a decrease of \$7.3 million, or 3.4%. The decrease was the net result of a \$12.5 million decrease attributable to a lower sales volume and a \$12.1 million decrease due to unfavourable exchange rate impacts, partly offset by a \$17.3 million increase due to higher net realized pulp prices.

Sales volume was 272,056 tonnes, a decline of 16,601 tonnes, or 5.8%.

The **average sales prices** increased by 9%. The impact of the stronger Canadian dollar offset this increase, leaving the sales per tonne increasing by only 2% compared to the corresponding period of 2010.

On a per tonne basis, **cost of sales** for the nine months ended September 30, 2011 increased by 6%, compared with the same period of 2010. This increase is attributable to higher wastepaper prices accounting for 11% of total cost increases, which were partly offset by the impact of the stronger Canadian dollar on the US dollar mills' costs accounting for 6% of total cost increases.

EBITDA was \$0.9 million (or 0.4% of sales), compared to an EBITDA of \$9.5 million (or 4.5% of sales), mainly the result of increased wastepaper costs and higher delivery costs primarily due to fuel surcharges.

CASH FLOW AND FINANCIAL POSITION

As of September 30, 2011, the Company had available liquidities of \$58.2 million compared to \$42.4 million at the end of the previous quarter.

Operations generated \$13.8 million of cash flow in the third quarter of 2011, compared with \$20.2 million in the third quarter of 2010. These funds were mainly used to reduce debt.

As at September 30, 2011, the ratio of total debt to total capitalization under IFRS was 22.7%, compared with 25.6% at the end of the previous quarter, clearly demonstrating Fibrek's objective to reduce debt. Our term loan provides for an exclusion of up to \$150 million of equity reduction following the adoption of IFRS.

Therefore, the total debt to total capitalization ratio for covenant purposes was 17.4% as at September 30, 2011, compared with 19.3% at the end of the previous quarter.

RECENT DEVELOPMENTS

Saint-Félicien Mill Shutdown and Co-generation Project

The scheduled maintenance shutdown at the Saint-Félicien mill was completed in October. The Company took advantage of the downtime to perform work on its co-generation project. The project is on budget and on schedule for its target start-up date of December 1, 2012. To date, the Company has received grants totalling \$9.0 million and incurred \$10.1 million in capital expenditures. The mill was shutdown for 10.5 days, 1.5 day of which resulted from a province-wide labour strike by construction workers.

A New Grade of RBK Pulp for Use in Food Packaging

In line with its corporate strategy, the Company has been focusing on the development of a new grade of RBK pulp for use in food packaging. The first phase of this development was completed during the third quarter and sales of this new grade into select segments of the food packaging industry should start in the fourth quarter of 2011. The Company sees growth opportunities in this business segment and is working to further develop its RBK pulp so that it may be used in a broader range of food packaging applications.

Fairmont Mill Shutdown

A scheduled shutdown at the Fairmont mill for the replacement of two decker drums and maintenance took place during the third quarter, starting September 12, and was extended in response to market conditions. Including the scheduled outage, the measure reduced RBK pulp production by approximately 15,000 tonnes. On October 14, the recently installed drums failed and the mill had to be shut down. The drums were repaired by the supplier and we expect to be compensated for the repair costs, as well as the value of lost production. The mill is now back up and running at full capacity, and no further downtime is expected in the fourth quarter.

OUTLOOK

“Over the past quarter, NBSK pulp prices continued to soften from historical highs reached last June. Looking forward, prices over the near term are expected to decline. According to PPPC, global producer inventories for softwood pulp stood at 32 days at the end of September, down two days from August but slightly above the balanced level of 30 days. On the cost side, wood chip prices have been continuously increasing since the second quarter, leading to reduced margins. We expect wood chip prices to remain under pressure during the fourth quarter, but perhaps stabilize at current levels.

Our RBK segment began to experience price reductions in September 2011. While this is positive for the competitiveness of RBK prices and the health of RBK margins, the hardwood kraft pulp market remains very competitive for customers who do not require recycled content. The hardwood pulp market continues to see heavy price discounting as a result of oversupply. The fact that our RBK volumes were essentially flat year-over-year, while prices were up about 13%, represents a clear indication of a strong RBK pulp demand. However, with market conditions not expected to change significantly in the near future, we are keeping our focus on increasing margins of the RBK business through product development, improving the sales mix and securing a certain level of cost-plus contracts,” said Pierre Gabriel Côté.

CONFERENCE CALL

Fibrex will hold a conference call on Thursday, November 3, 2011 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 a conference call followed by a question-and-answer session. Members of the financial and media community will be able to access the conference call and ask questions. To participate in the conference call, investment professionals and business media may dial **416-644-3425** (for all Toronto and overseas participants) or **1-800-732-1073** (for all other North American calls), access code **4484407#**. Participants not able to listen to the live call can access a replay by calling 1-877-289-8525, access code 4484407#. The replay will be available from Thursday, November 3, 2011, 1:00 p.m. until Friday, November 11, 2011, 11:59 p.m.

About Fibrek

Fibrek (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 760,000 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 mainly 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, tissue 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 completion of the Hydro Québec project on budget or on schedule, 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 and other factors referenced in Fibrek’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: The complete unaudited condensed consolidated financial report and Management’s Discussion & Analysis are available on the Company’s web site at: www.fibrek.com and SEDAR web site at: www.sedar.com.

Information:

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Fibretek Inc.

Financial Highlights – Third quarter and nine months ended September 30, 2011

(in thousands of Canadian dollars except per share figures) (unaudited)	Three months ended September 30		Nine months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
Sales	138,267	132,177	418,690	425,085
Cost of products sold	111,892	99,692	330,209	326,872
Delivery costs	10,320	9,695	32,536	31,391
Selling and administrative expenses	3,681	2,714	11,204	8,996
EBITDA⁽¹⁾	12,374	20,076	44,741	57,826
Depreciation	8,584	8,428	26,642	25,933
Profit from operations	3,790	11,648	18,099	31,893
Finance expense	2,361	4,344	8,860	13,687
Finance income	(11)	(15)	(180)	(24)
Loss (gain) on financial instruments	8	(94)	(3,549)	3,231
Loss (gain) on disposal of property, plant and equipment	9	8	86	(5)
(Gain) loss on foreign currency translation	(5,350)	2,055	(2,998)	979
Earnings before income taxes	6,773	5,350	15,880	14,025
(Recovery of) provision for income taxes	-	(5)	14	(5)
Net earnings	6,773	5,355	15,866	14,030
Net earnings per share⁽²⁾				
- Basic	0.05	0.04	0.12	0.14
- Diluted	0.05	0.04	0.12	0.10

Financial Position

(in thousands of Canadian dollars) (unaudited)	As at	
	September 30, 2011	December 31, 2010
Cash & Cash Equivalents	6,812	16,421
Accounts Receivable	70,806	68,424
Inventories	100,014	77,187
Property, Plant and Equipment	369,719	382,609
Total Consolidated Assets	553,624	555,900
Accounts Payable and Accrued Liabilities	71,480	56,092
Debentures	-	49,609
ABL Credit Facility	19,545	-
Other long-term Debt	81,458	82,798
Equity	350,575	335,273

- (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 IFRS 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 IFRS as an indicator of Fibretek’s performance or cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. Fibretek’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.
- (2) The average number of shares outstanding in the third quarter and first nine months of 2011 was 130,075,556, compared with 123,618,570 in the third quarter and 101,642,742 in the first nine months of 2010, the difference being attributable to a common share issuance completed in July 2010.