



FIBREK FILES DIRECTORS' CIRCULAR REJECTING THE ABITIBIBOWATER INSIDER BID

Unsolicited insider bid is timed to take advantage of turbulence in the capital markets and cyclical trough in pulp prices and deprives minority shareholders of significant intrinsic value in the NBSK pulp business, electricity production and profitable long-term agreement in the RBK segment

MONTREAL, JANUARY 3, 2012 — Fibrek Inc. ("Fibrek" or the "Company") announced today that its Board of Directors (the "Board") filed its Directors' Circular on December 30, 2011 recommending that Fibrek shareholders **REJECT** the AbitibiBowater Inc. (doing business as Resolute Forest Products) ("Abitibi") unsolicited insider bid (the "Insider Bid") made for all issued and outstanding common shares of the Company. The Board also recommended that any shareholders who have tendered their common shares **WITHDRAW** them immediately.

The Board has thoroughly reviewed Abitibi's Insider Bid to determine the course of action that it believes is in the best interests of Fibrek's shareholders and other stakeholders. Its formal recommendation and the reasons supporting such recommendation are outlined in its Directors' Circular filed on December 30, 2011, as contemplated by securities laws.

"Abitibi's insider bid conveniently ignores probable and material new streams of operating income. It deprives shareholders of significant intrinsic long-term value associated with our growth prospects," stated Pierre Gabriel Côté, President and Chief Executive Officer of Fibrek.

"In addition to the 9.5-megawatt increase in capacity already announced, Management is fully engaged in securing a power purchase agreement ("PPA") under the Government of Québec's new cogeneration program announced on December 20, 2011 for up to the currently installed 33-megawatt capacity at the St-Félicien Mill. If the application is successful, the PPA is expected to generate incremental EBITDA of approximately \$16 million in the event that we secure a power purchase agreement for all the mill's available megawatts. In addition, Fibrek expects to generate an average of approximately \$7 million per year of additional EBITDA through a new long-term take-or-pay cost-plus agreement with a major tissue producer for the supply of RBK pulp.

"The insider bid deprives minority shareholders of the opportunity to participate in the upside of Fibrek's pulp business and other earnings streams. It is also timed to take advantage of turbulence affecting the capital markets. The price of our common shares as well as pricing in the pulp and paper markets were near their lowest level of the year at the time the intention to make the insider bid was announced by Abitibi. Therefore, the so-called 39% premium is illusory. Based on the six-month weighted-average trading price of our common shares, the premium being offered to shareholders is 0%," concluded Mr. Côté.

"We have a responsibility to our shareholders and that is exactly why we recommend that they REJECT this insider bid. We are committed to protecting our shareholders and are doing everything in our power to ensure that Fibrek shareholders are not pressured into selling their common shares at a price that is inadequate," stated Hubert T. Lacroix, Chairman of the Board of Directors of Fibrek.

“We have already received an opinion from our financial advisors, TD Securities, concluding that the offer is inadequate from a financial point of view and we have retained the services of Canaccord Genuity Corp. to prepare a formal valuation of Fibrek’s common shares. We are confident that the results of that valuation will confirm that the intrinsic value of Fibrek’s common shares is not reflected in Abitibi’s opportunistic and inadequate insider bid,” concluded Mr. Lacroix.

Reasons for Rejecting the Insider Bid

The Board urges shareholders to **REJECT** the Insider Bid and **NOT TENDER** their common shares for a number of reasons detailed in the Directors’ Circular including the following:

- The Insider Bid is opportunistic.

The Insider Bid comes at a time which takes advantage of the recent turbulence observed in capital markets and a cyclical trough in pulp prices. Abitibi launched its unsolicited Insider Bid when Fibrek’s common shares were trading near a 52-week low at a time of significant uncertainty, high volatility and general pressure in the stock markets thereby failing to capture the true value of Fibrek for its shareholders. In addition, such unfavourable macroeconomic conditions coincided with a cyclical decline in pulp prices in general, and NBSK pulp in particular. Third party forecasters and market observers have forecast that prices will resume their upward trend in the first half of 2012. The Board believes that Fibrek is uniquely positioned to capitalize on favourable demand and pricing trends and that the Insider Bid does not properly reflect the value of this imminent improvement. Finally, the Insider Bid was made during the holiday season to hinder Fibrek in its response.

- The Insider Bid fails to compensate Fibrek shareholders for the value of Fibrek’s attractive asset base and growth prospects.

The Insider Bid does not provide adequate consideration for the unique value of our NBSK pulp and the strategic importance of the Saint-Félicien Mill. In addition to the production of NBSK pulp, the Saint-Félicien Mill has the ability to produce quantities of renewable electricity at low cost. Fibrek will also sell 9.5 megawatts (MW) per year of electrical power co-generated by burning biomass to Hydro-Québec, starting in December 2012, pursuant to a power supply agreement signed on February 12, 2010. Management believes that the Saint-Félicien Mill also qualifies as a renewable energy producer under the Government of Québec’s new program to purchase electric power produced by cogeneration announced in October 2011. As a result, the Saint-Félicien Mill, whose existing green energy installed capacity currently stands at approximately 33 MW, could generate an incremental EBITDA of approximately \$16 million in the event Fibrek were to secure a power purchase agreement for all of the mill’s available megawatts, without any additional capital expenditure required.

The Insider Bid also significantly undervalues Fibrek’s RBK segment. In accordance with its strategic plan, Fibrek has signed a new long-term agreement on April 11, 2011 with a major tissue producer to supply, on an exclusive basis, 90,000 tonnes per year of RBK pulp under a cost-plus agreement, allowing both RBK pulp mills to base-load their business and eliminate low margin export sales. Deliveries in connection with this contract are scheduled to start in the fourth quarter of 2012. This take-or-pay contract will also (i) give the opportunity to reduce freight costs, (ii) improve wastepaper mix usage, and (iii) reduce exposure to wastepaper price volatility. Based on a study completed by an external consulting firm, Management believes that the additional EBITDA generated by this contract will be, on average, approximately \$7 million per year.

The Insider Bid comes at a turning point in the execution of Fibrek’s strategic plan. The Board and Management are confident that, given the strategic and operational actions it has already undertaken Fibrek can continue to realize upon the opportunities available to it and deliver more value to Shareholders than that proposed by the Insider Bid.

- The value of the Insider Bid is uncertain and does not compensate Fibrek shareholders adequately for the risks and uncertainties relating to Abitibi's business, as shares of Abitibi constitute a substantial part of the consideration offered pursuant to the Insider Bid.

Shareholders are reminded that demand for Abitibi's core newsprint (representing 38% of Abitibi's revenue for the last twelve months) and coated and uncoated commercial printing papers (also representing 38% of Abitibi's revenue for the last twelve months) has weakened significantly over the last decade. Abitibi states in its Insider Bid Circular that third-party forecasters indicate that these declines may continue in the future. You should carefully review the section entitled "Risk Factors – Risk Factors relating to Resolute's Business" of the Insider Bid Circular before taking any action in respect of your common shares. In comparison, global demand for pulp and, in particular, demand for the high-quality softwood kraft pulp produced at the Saint-Félicien Mill, is expected to continue to grow. The Board believes that Fibrek's common shares are comparatively more attractive as a long-term investment than Abitibi's shares.

In addition, all of Fibrek's directors and officers have rejected the Insider Bid and will not tender their shares to the Insider Bid.

Formal Valuation

Shareholders are also reminded that the Board has undertaken a rigorous process in order to ensure that all shareholders are treated fairly by Abitibi's unsolicited Insider Bid. As part of such process and for the reasons disclosed in a press release dated December 19, 2011 your Board has appointed an independent committee which has retained Canaccord Genuity Corp. as independent valuator to prepare a formal valuation of the Fibrek common shares.

Fibrek was at a turning point in the implementation of its strategic plan when the Insider Bid was announced. A third party valuation will attribute a fair value to Fibrek's growth prospects, including expected new streams of operating income from the sale of electricity at the Saint-Félicien Mill and the cost-plus agreement in the RBK segment.

Shareholders are advised that the information to be contained in the formal valuation could materially affect their decision to accept or reject the Insider Bid and as such, the Board urges Fibrek's shareholders not to take any action before the formal valuation has been completed and publicly disclosed.

Important Shareholder Information

The Board's recommendation to Fibrek shareholders that they **REJECT** the Insider Bid and **DO NOT TENDER** their common shares, as well as a more detailed discussion of the reasons for rejecting the Insider Bid and the inadequacy opinion provided by Fibrek's financial advisor, are contained in the Directors' Circular.

The Directors' Circular is available on SEDAR at www.sedar.com and has been mailed to shareholders on December 30, 2011. It is also available at www.fibrek.com. Shareholders are advised and encouraged to read the Directors' Circular in its entirety, as it contains important information regarding the Board's recommendation to **REJECT** Abitibi's Insider Bid.

Questions and requests for assistance or any other inquiries regarding the Insider Bid may be directed to Fibrek's information agent, Phoenix Advisory Partners, at 1-800-398-1129 (North American Toll Free) or via e-mail at inquiries@phoenixadvisorypartners.com.

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.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This press release contains "forward-looking statements" within the meaning of applicable securities laws. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical facts and include 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 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: actions taken by Abitibi, actions taken by shareholders of Fibrek in respect of the Insider Bid, the possible effect of the Insider Bid on Fibrek's business, the qualification of Fibrek under the new Québec government cogeneration program, 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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