

FRASER PAPERS ANNOUNCES CREDITS ALLOCATED UNDER FEDERAL GREEN TRANSFORMATION PROGRAM

Toronto, ON (October 13, 2009) – Fraser Papers Inc. (“Fraser Papers” or the “Company”) announced today that it has been allocated CAD\$33.1 million in credits under the Government of Canada’s \$1 billion Pulp and Paper Green Transformation Program. The credits have been granted based on the Company’s black liquor production at its pulp mills in Edmundston, New Brunswick and Thurso, Québec during 2009.

The Pulp and Paper Green Transformation Program is designed to improve the environmental performance and energy efficiency of the Canadian pulp and paper industry. The Company will receive the funds as a reimbursement of amounts invested in qualifying capital projects before March 31, 2012. Credits earned at one pulp facility may be used to support eligible projects at another facility owned by the same Company.

Fraser Papers is developing plans for a number of qualifying projects and expects to submit them for approval in the coming weeks.

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Fraser Papers is an integrated specialty paper company that produces a broad range of specialty packaging and printing papers. The Company has operations in New Brunswick, Maine, New Hampshire and Québec. For more information, visit the Fraser Papers web site at www.fraserpapers.com.

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Note: This press release contains forward-looking information and forward-looking statements within the meaning of Canadian provincial securities laws. These forward-looking statements include, among others, statements with respect to the Company’s allocation of credits under the Government of Canada’s Pulp and Paper Green Transformation Program. The words “will”, “may”, “plan”, “expect”, variations of those words and similar words and expressions that may be predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results of the qualification under the Pulp and Paper Green Transformation Program to differ materially from those set forth in the forward-looking statements include: unforeseen administrative, legal, operational or production issues; and, other risks detailed from time to time in the documents filed by the Company with the securities regulators in Canada. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.