



For Immediate Release

MERCER INTERNATIONAL INC. ANNOUNCES CDN\$57.7 MILLION IN GREEN TRANSFORMATION GOVERNMENT FUNDING FOR CELGAR MILL

NEW YORK, NY, October 13, 2009 -- Mercer International Inc. (Nasdaq: MERC, TSX: MRI.U) announced today that it has received notification from Natural Resources Canada ("NRCAN") that its Celgar mill has been allocated approximately Cdn.\$57.7 million in credits under the Canadian government's Pulp and Paper Green Transformation Program (the "GTP") announced earlier this year. The GTP aims to improve the environmental performance of Canada's pulp and paper industry by funding approved capital projects with environmental benefits, such as investments in energy efficiency. Such credits are in the form of government grants to finance and pay for eligible capital projects.

Mercer has applied to have the Celgar mill's green energy project (the "GEP") approved as an eligible project under the GTP and, if approved, Mercer currently expects to use the majority of the GTP funding credits for the completion of the GEP. The GEP includes the installation of a 48 megawatt condensing turbine and upgrades to the mill's existing power boiler and steam management facilities.

Mr. Jimmy S.H. Lee, President and Chairman, commented that: "We are very pleased with the credit allocation and expect to implement the energy project with funding from such credits. We believe that once completed, the GEP will position the Celgar mill among the world's best NBSK mills in its ability to maximize the value of converting wood residues into high quality NBSK pulp and green power".

Mercer has signed a ten year electricity purchase contract with B.C. Hydro, British Columbia's primary public utility provider, for the sale of power generated by the GEP. The timeline for construction and completion of the GEP will be announced once a funding start date has been determined with NRCAN and a contribution agreement is in place.

Mercer International Inc. is a global pulp manufacturing company. To obtain further information on the company, please visit its web site at <http://www.mercerint.com>.

The preceding includes forward looking statements which involve known and unknown risks and uncertainties which may cause our actual results in future periods to differ materially from forecasted results. Among those factors which could cause actual results to differ materially are the following: the ongoing effects of the recent economic and financial turmoil, the highly cyclical nature of our business, raw material costs, our level of indebtedness, competition, foreign exchange and interest rate fluctuations, our use of derivatives, expenditures for capital projects, environmental regulation and compliance, disruptions to our production, market conditions and other risk factors listed from time to time in our SEC reports.

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