



For Immediate Release

**MERCER INTERNATIONAL INC. ANNOUNCES THE SELECTION OF ITS PROPOSAL FOR
THE SALE OF GREEN POWER FROM ITS CELGAR MILL**

NEW YORK, NY, December 8, 2008 -- Mercer International Inc. (Nasdaq: MERC, TSX: MRI.U) announced today that its proposal submitted under BC Hydro and Power Authority's competitive bioenergy call for power has been selected by BC Hydro and that it is in the process of finalizing an Energy Purchase Agreement (EPA) with BC Hydro for the sale of electricity from its Castlegar mill.

Under the EPA, subject to finalization and execution thereof, the Company will supply a minimum of approximately 238,000 Megawatt hours (MW.h) of electrical energy annually to BC Hydro over a 10 year term with deliveries estimated to commence in Q1 2010. Earlier this year, Celgar commenced upgrades to its generation facilities, which will include the installation of a 48 MW condensing turbine, that will bring Celgar's installed generating capacity up to 100 MW. The upgrades will bring the Canadian mill up to the world class energy generation levels of the Company's German operations.

Mr. Jimmy S.H. Lee, President and Chairman said, "We are delighted that our Celgar mill has been selected in BC Hydro's Phase 1 Bioenergy call for Green Power. Once finalized, this EPA will allow us to improve our operational efficiency by capturing the energy value of waste wood being moved through our facility. The construction of the turbine and associated upgrades in the mill are on time and on budget and all necessary environmental permits have been received. This contract will be a major milestone for us in our strategy to maximize by-product revenue from our pulping operations and a major step for Celgar to achieve EBITDA margins more in keeping with its European competitors."

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 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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