



For Immediate Release

MERCER INTERNATIONAL INC. ANNOUNCES CHANGES TO THE GREEN ENERGY PROJECT FOR ITS CELGAR MILL AND RENEWAL OF ROSENTHAL CREDIT FACILITY

NEW YORK, NY, July 21, 2009 -- Mercer International Inc. (Nasdaq: MERC, TSX: MRI.U) today announced it is reviewing implementing changes and reworking the Green Energy Project (the "GEP") for its Celgar Mill in light of the recently announced Canadian federal government's Cdn.\$1 billion green transformation program (the "Program") and the volatility in the capital and credit markets which has resulted in project financing being currently unavailable on acceptable terms. The Program is to provide funding in the form of grants to Canadian pulp and paper mills for capital expenditures that improve energy efficiency and environmental performance. The amount of funding is to be based upon the amount of black liquor produced by a mill in 2009. Although there can be no assurances yet as to the amount and terms of such funding because the specific rules have not yet been released, based upon the public announcement of the Program and its black liquor production, Mercer currently believes that the Celgar mill should qualify for Program funding significantly in excess of the cost of the GEP.

Mercer is reviewing various changes and reworking the GEP to enhance energy production, efficiency and the environmental performance of the Celgar mill based upon realizing on the opportunities under the new Program and other matters.

Mercer also announces it received commitments to renew the revolving credit facility for its Rosenthal mill which matures in February 2010 with a revolving facility of €5.0 million maturing in December 2012 and a four-year amortizing term facility of €4.4 million.

Jimmy Lee, the Chief Executive Officer of Mercer, commented that: "In light of the new government program, we felt it was prudent to review and rework the GEP to determine the best way to optimize the same. The changes will be designed to produce the best project for the mill, further increase green energy production and environmental performance and take advantage of such funding as may be available under the new federal program. Additionally, due to the volatility in capital and credit markets, the availability of stand-alone project financing currently for the prior scope of the project was prohibitive."

He concluded: "While reworking a significant capital program like the GEP will result in a delay in the short term, we believe that, in the long run, it will be in the best interests of all of our stakeholders."

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 effects of the current 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, capital projects may not be completed on time or on budget or provide the expected level of return, 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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