



For Immediate Release

MERCER INTERNATIONAL INC. ANNOUNCES PROPOSED EXPANSION AND OPTIMIZATION OF FRIESAU FACILITY

NEW YORK, NY, June 5, 2018 - Mercer International Inc. (Nasdaq: MERC, TSX: MERC.U) (the "**Company**") today announced that it has determined to proceed with a Phase II expansion and optimization project at its Friesau sawmill (the "**Friesau Facility**"). The project is designed to, among other things:

- increase annual lumber production capacity at the Friesau Facility by approximately 200 million board feet to an aggregate of approximately 750 million board feet on a continuous operating basis, through the addition of two new sorting lines and the completion of expansions to existing sorting lines;
- improve production grade capabilities by modifying primary breakdown lines to allow for expanded sorting capabilities, including the processing of shorter and more variable log grades; and
- improve efficiencies at the Friesau Facility, including by increasing production speeds and lowering personnel costs.

The Company currently estimates that capital expenditures will total approximately €37.5 million (approximately US\$41.6 million) and that the project will be completed in or about the second quarter of 2020. The project is in addition to the Company's previously announced Phase I project at the Friesau Facility, involving the installation of a new planer line.

David M. Gandossi, President and Chief Executive Officer of the Company, stated: "We are pleased to announce this Phase II expansion and optimization at our Friesau Facility, which we believe furthers our strategic expansion into lumber production. Based on the estimated cost and timing of the project, we believe this is a high-return project and an excellent opportunity to enhance shareholder value. The expansion of annual production capacity by 200 million board feet is roughly equivalent to the size of a new sawmill in the U.S. South. We look forward to working with our team at the Friesau Facility to implement this project."

APPROVED BY:

Jimmy S.H. Lee
Executive Chairman of the Board
(604) 684-1099

David M. Gandossi, FCPA, FCA
President and Chief Executive Officer
(604) 684-1099

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. Such statements include, among others, those regarding the expected timing, completion and benefits of the expansion and optimization project at the Company's Friesau Facility. Words such as "expects", "anticipates", "projects", "intends", "designed", "will", "believes", "estimates", "may", "could" and variations of such words and similar expressions are intended to identify such forward-looking statements. Among those factors which could cause actual results to differ materially are the following: risks inherent in any expansion projects, including that the anticipated benefits of the project will not be realized as expected or at all or at that the project will not be completed as planned, 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.