



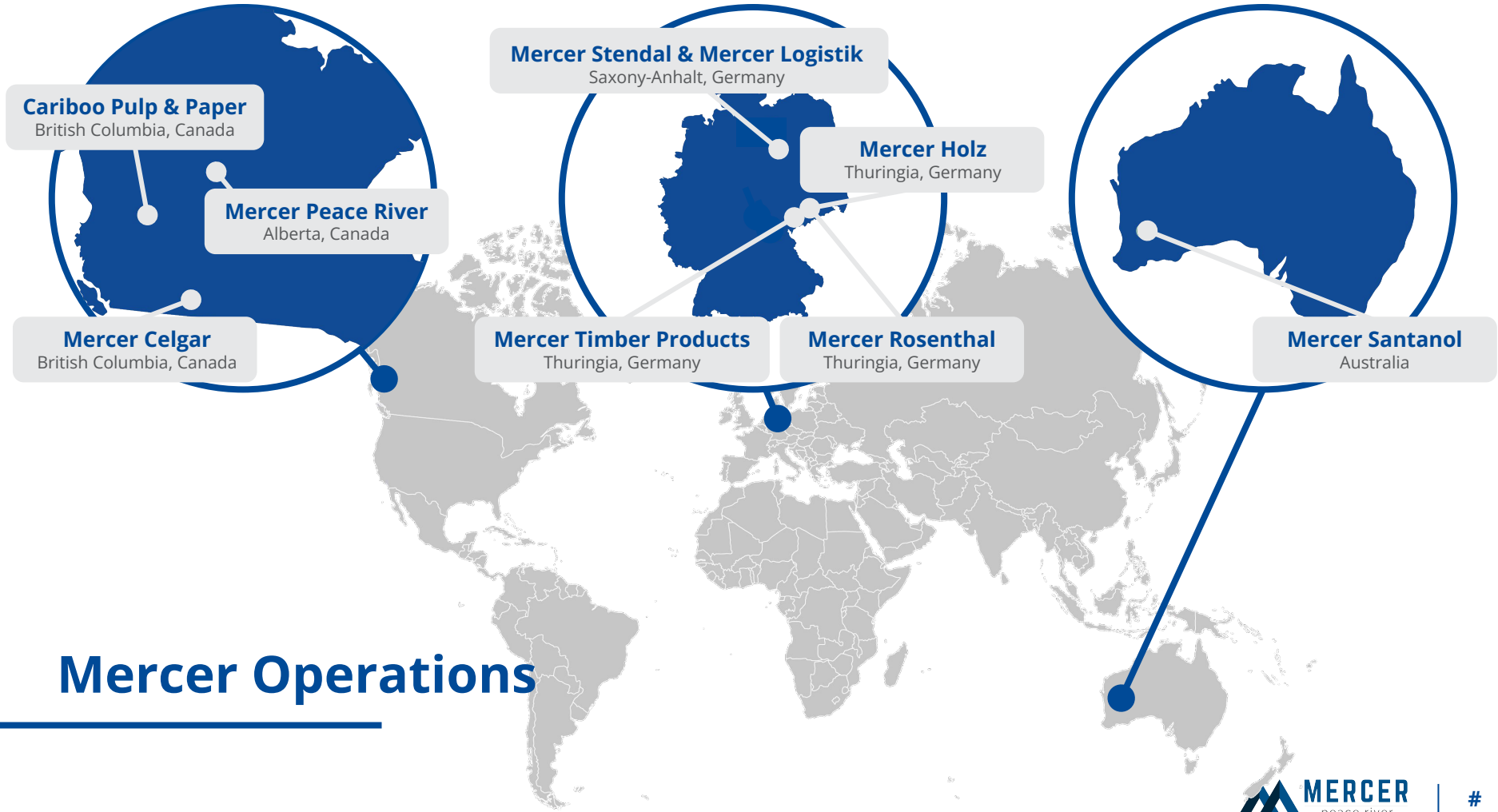
Mercer Peace River

Exceptional People Creating Bioproducts for a More Sustainable World

Overview of Fibre Procurement Project

Kaitlin Noskey | Stefan Szabo | September 29, 2021





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Fibre Procurement Project

Current Hardwood Fibre Process

- MPR obtains all hardwood chips for NBHK production by chipping logs harvested from our Forest tenures
- Currently, we use mobile chippers which are expensive to maintain and operate, and have to be replaced frequently
- Adding more complexity, harvest sites in northern Alberta are only accessible during the winter (majority of harvesting is done between November and March)
 - In the winter, our chipping is direct in-the-bush: logs are harvested and directly chipped into a trailer, then hauled to the mill. This is quite efficient, but it cannot be done all year around
 - The rest of year, our chipping is done in remote satellite yards, which results in substantial double handling of the wood and significantly increases costs
- The **MPR Fibre Procurement Project** proposes:
 - The construction of a centralized whole tree system on the mill site including a modern, high-capacity de-barking and chipping plant to replace mobile units
 - The deployment of a 10-axle logging truck fleet



Project Overview

Woodroom Investment

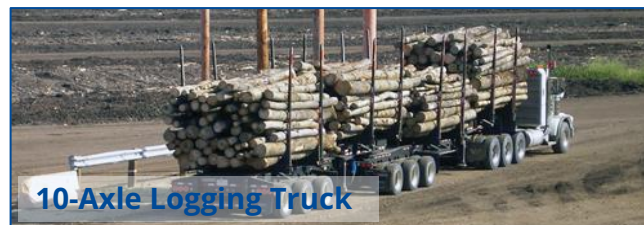
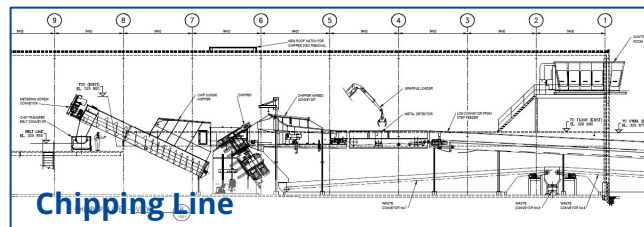
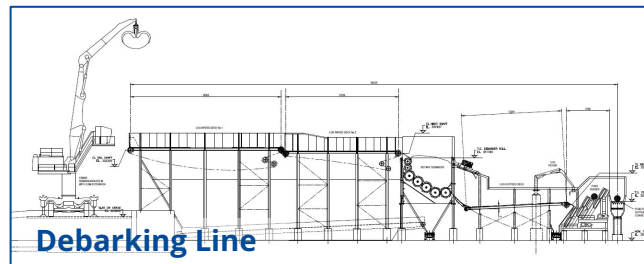
- IEM high capacity batch rotary debarker
- Andritz HHQ chipper
- Large material handler for efficient unloading
- Building and supporting infrastructure

Yard Equipment Investment

- One large material handler and one small loader to run the MPR log yard

Converting Truck Fleet

- Fleet of ~22 10-axle log trucks



Project Benefits

- ✓ **Structurally lowers wood and other operating costs**
 - Lowers wood conversion, handling and transportation costs
 - Improves fibre recovery (both in whitewood for pulping and hog fuel for energy generation)
 - Improves pulping conditions from better chip quality
- ✓ **Reduces fossil fuel dependency**
 - Replaces diesel-powered mobile machines with biomass-electricity-powered plant
 - Hog fuel generated onsite will displace 464,000 GJ of natural gas in the power boiler annually
- ✓ **Increases conservation and utilization of Northern Alberta boreal forest**
 - Conservation: Better fibre recovery and improved pulping yield reduces harvesting needs
 - Utilization: all tree bark / reject biomass will be onsite and used for green energy generation
- ✓ **Lowers Carbon Footprint**
 - Reduction in fossil fuels, as well as increased forest conservation / utilization
 - Total impact of 0.9 million tonnes of CO₂e by 2030 and 3.5 million tonnes of CO₂e by 2050⁽¹⁾
- ✓ **Strengthens our regional Business relationships**
 - Facilitates growth: builds on existing partnerships and advances opportunities for new partnerships

Project Timeline

- **Phase 1 Construction & Commissioning**
 - Construction Summer 2021 - Spring 2022
 - Commissioning Spring 2022
- **Phase 2 chipper operations**
 - Full portable chipper operations until April 2022
 - Direct deliveries to MPR
- **Cut to Length Commissioning**
 - December 2021
 - 10 Axle Log deliveries commencing May 2021
- **Decommissioning of Portable Chippers**
 - May 2022
 - CTL deliveries from Satellite Yards May 2022
- **Full CTL Operations**
 - 2022 Timber Year

Questions?

