

News Release

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Government of Canada Leading Forest Sector Renewal by Investing in Environmental Improvements at DMI's Peace River Pulp Division

PEACE RIVER, ALBERTA — The Government of Canada's investment of \$40.57 million in Daishowa-Marubeni International Ltd. (DMI) is improving the company's environmental performance and helping drive the evolution of Canada's forest sector, the Honourable Rob Merrifield, Minister of State (Transport), announced today. The Peace River Pulp Division will receive funding under the Pulp and Paper Green Transformation Program (PPGTP) for its Green Power Enhancement Project.

"Investments in green technologies and renewable energy production are transforming the future of Canada's forest industry," said Minister Merrifield. "Our Government is supporting investments that improve the environmental performance of the pulp and paper sector, while it continues to provide important forest products for consumers."

"This is excellent news for our community," added Chris Warkentin, Member of Parliament for Peace River. "Projects like this one clearly demonstrate our Government's ongoing commitment to helping transform Canada's forest sector and support workers in forest-dependent communities."

This project will increase the efficiency of the mill's production of green electrical power and decrease its environmental footprint. The primary benefit of this project is the production of an additional 126,000 megawatt-hours (MWh)/year of electricity generated from renewable sources that will be sold to the Alberta power grid — an anticipated 630 percent increase over current export levels and enough energy to power 10,588 homes annually.

Funding will also be used for upgrades that will improve the mill's energy efficiency.

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"With the Government of Canada's financial support, DMI will invest upwards of \$59 million in the PRPD facility as part of the Green Transformation Program," said company spokesperson Bill Downing. "It is only through the very well thought out and designed Pulp and Paper Green Transformation Program and the support of the Government of Canada that we can make such a substantial project come to fruition. This investment will not only improve our environmental performance but also make us more competitive in a very capital intensive and competitive world pulp market."

DMI is one of 24 pulp and paper companies across Canada that qualified for credits under the \$1-billion program, based on their 2009 production levels of black liquor, a liquid by-product of the pulping process used to generate heat and power.

The Pulp and Paper Green Transformation Program complements initiatives that are being delivered under Canada's Economic Action Plan to sustain and improve the forest industry in Canada. *Budget 2010: Leading the Way on Jobs and Growth* is delivering \$100 million over four years to support the development, commercialization and implementation of advanced technologies in the forest sector — helping create a world-class industry able to compete in the clean energy economy of tomorrow.

In addition, the Government of Canada has committed \$170 million to assist the development of next-generation forest products and expand global markets for Canadian forest products. This funding includes \$40 million to develop pilot-scale demonstrations under the Transformative Technologies Program.

FOR BROADCAST USE:

Minister of State Rob Merrifield today announced that the DMI Pulp Division in Peace River, Alberta, will receive \$40.57 million under the Pulp and Paper Green Transformation Program for a Green Power Enhancement project. The project is designed to generate clean, green energy from high-pressure steam and convert it to electricity for export.

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**The following media backgrounders are available at
www.nrca.gc.ca/media:**

Government of Canada Supporting Forest Industry Renewal and
Environmental Performance

Federal Assistance for Canada's Forest Sector and Communities

**NRCa's news releases and backgrounders are available at
www.nrca.gc.ca/media.**

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BACKGROUND

Government of Canada Supporting Forest Industry Renewal and Environmental Performance

The Government of Canada's Pulp and Paper Green Transformation Program (PPGTP) is playing a lead role in the renewal of the country's pulp and paper sector by supporting smart investments that improve the environmental performance of mills and help position them at the forefront of the clean energy economy.

Environmental performance is not only good for the health of the forest; it is also an important competitive advantage as consumers continue to show strong demand for forest products that have a low environmental impact and come from sustainably managed sources. This kind of an advantage and success in the global market place can result in stronger communities and improved job security for workers.

Diversification of products is also essential to the sector's continued evolution and future success. As newsprint and other traditional paper markets continue to shrink, there is a heightened need to find new and more efficient ways of using wood and its by-products.

This program brings together these concepts through investments in technologies that enhance energy efficiency and the production of renewable energy. This allows existing pulp and paper facilities to further reduce their greenhouse gas emissions, while becoming more efficient producers and suppliers of renewable energy from forest biomass.

The Pulp and Paper Green Transformation Program is laying the groundwork for a greener more competitive forest sector — for today and for the future.

How the Pulp and Paper Green Transformation Program Works

Thirty-eight pulp and paper mills across Canada, representing 24 companies, generated credits under the Pulp and Paper Green Transformation Program based on their 2009 production levels of black liquor, a liquid by-product of the pulping process used to generate heat and power. Qualified companies are required to submit project proposals for their

facilities and have until March 31, 2012, to apply the credits to environmental improvement projects. The program is working with these companies as they prepare their project proposals, and projects undergo environmental assessments

Under the terms of the program, eligible firms can invest the credits generated at one mill in any of their pulp and paper facilities across Canada. Consequently, newsprint and pulp mills that did not generate credits could still benefit from this program.

This program does not limit funding recipients from seeking grants from provincial, municipal or other funding sources to help ensure they meet their environmental stewardship goals.

By investing in clean energy technologies, this program is helping the forest industry contribute to the growth of a domestic clean energy industry, creating and maintaining high-quality jobs for Canadians while helping to protect and preserve our environment.

More details about the program and its eligibility requirements are available at <http://cfs.nrcan.gc.ca/subsite/pulp-paper-green-transformation>.

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