

MERCER INTERNATIONAL INC.

Form 424B3

April 10, 2012

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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-179809**

*This document is important and requires your immediate attention. If you have any questions as to how to deal with the transactions described in this document, you are encouraged to consult your investment dealer, stockbroker, bank manager, accountant, lawyer or other professional advisor. The Offer has not been approved or disapproved by any securities regulatory authority in Canada or the United States and no securities regulatory authority has expressed an opinion about, or passed upon the fairness or merits of the Offer contained in this document, the securities offered pursuant to the Offer or the adequacy of the information contained in this document. Any representation to the contrary is unlawful.*

April 5, 2012

**NOTICE OF VARIATION AND EXTENSION**

by

**MERCER INTERNATIONAL INC.**

and

**MERC ACQUISITION INC.,**

**a wholly-owned subsidiary of MERCER INTERNATIONAL INC.**

**OFFER TO PURCHASE**

**all of the outstanding common shares of**

**FIBREK INC.**

**for consideration per common share of Fibrek Inc. payable, at the election of each holder, in**

**one of the following forms:**

**C\$1.30 in cash (subject to proration as described below)**

**OR**

**C\$0.54 in cash plus 0.0903 of a share of common stock of MERCER INTERNATIONAL INC.**

**OR**

**0.1540 of a share of common stock of MERCER INTERNATIONAL INC. (subject to proration as described below)**

## Edgar Filing: MERCER INTERNATIONAL INC. - Form 424B3

Mercer International Inc., a Washington corporation ( **Mercer** ), and MERC Acquisition Inc., a Canadian corporation, and a wholly-owned subsidiary of Mercer ( **Mercer Acquisition** ) and, together with Mercer, the **Offerors** ), hereby give notice that we are extending the period of acceptance of our Offer to Purchase and Circular dated February 29, 2012 (the **Offer to Purchase and Circular** ), as previously amended by the notice of variation dated March 19, 2012 (the **Notice** ), pursuant to which we are offering to purchase (the **Offer** ) all of the issued and outstanding common shares of Fibrek Inc. ( **Fibrek** ), including any Fibrek common shares that may become issued and outstanding after the date of the Offer but before the Expiry Time (as defined below) upon the exercise of options issued under Fibrek's share option plan (the **Fibrek SOP** ) implemented on May 19, 2010 (the **Fibrek Shares** ) for the purpose of and as described in this Notice of Variation and Extension.

The Offer, as hereby amended, will remain open for acceptance until 11:59 p.m., Eastern Time, on April 16, 2012, unless extended or withdrawn by us (the **Expiry Time** ).

This Notice of Variation and Extension amends and should be read in conjunction with the Offer to Purchase and Circular, as previously amended by the Notice. *Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Offer to Purchase and Circular, as amended by the Notice, unless the context otherwise requires, and we , us and our refer to the Offerors or to Mercer with its subsidiaries and controlled affiliates, either individually or collectively, as the context may require.*

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FibreK shareholders who have validly deposited and not withdrawn their Fibrek Shares do not need to take any further action to accept the Offer. Fibrek shareholders desiring to deposit all or any portion of their Fibrek Shares under the Offer should either: (i) complete and sign the Letter of Transmittal (printed on BLUE paper) previously provided to Fibrek shareholders in accordance with the instructions in the Letter of Transmittal and mail or deliver it, together with the certificate(s) evidencing deposited Fibrek Shares, and any other required documents, to Computershare Investor Services Inc. (the **Depository**) at its office specified in the Letter of Transmittal; (ii) deposit such Fibrek Shares pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase, **Manner of Acceptance**; or (iii) request such Fibrek shareholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such Fibrek shareholder. **Any Fibrek shareholder whose Fibrek Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact the Depository or its broker, investment dealer, bank, trust company or other nominee if such Fibrek shareholder desires to deposit such Fibrek Shares in the Offer.**

If a Fibrek shareholder desires to deposit Fibrek Shares pursuant to the Offer and: (i) the certificates evidencing such Fibrek Shares are not immediately available; (ii) such shareholder cannot deliver the certificates and all other required documents to the Depository before the Expiry Time; or (iii) such shareholder cannot comply with the procedures for book-entry transfer on a timely basis, such Fibrek Shares may nevertheless be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on **YELLOW** paper). See Section 3 of the Offer to Purchase, **Manner of Acceptance**.

Shares of Mercer common stock (**Mercer Shares**) are traded on the NASDAQ Global Market (**NASDAQ**) under the symbol **MERC** and the Toronto Stock Exchange (**TSX**) under the symbol **MRI.U**. Fibrek Shares are traded on TSX under the symbol **FBK**.

**The securities offered in the Offer involve certain risks. For a discussion of risk factors you should consider in evaluating the Offer, see the Section entitled Risk Factors beginning on page 22 of the Offer to Purchase and Circular.**

**NONE OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION, ANY CANADIAN SECURITIES REGULATORY AUTHORITY OR ANY OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE OFFER TO PURCHASE AND CIRCULAR OR ANY AMENDMENT THERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Questions or requests for assistance may be directed to The Laurel Hill Advisory Group Company (the **Information Agent**) at its address and telephone number set forth on the back cover of this Notice of Variation and Extension. Requests for additional copies of this document, the Offer to Purchase and Circular, the Notice, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent, and copies will be furnished promptly at our expense. Fibrek shareholders may also contact their brokers, investment dealers, banks, trust companies or other nominees for assistance concerning the Offer.

**We have not authorized anyone to provide any information or make any representation in connection with the Offer that is different from, or in addition to, the information and representations contained in this document, in the Offer to Purchase and Circular, the Notice or in any materials regarding the Offer accompanying this document, the Offer to Purchase and Circular, the Notice or otherwise incorporated by reference herein or therein. Fibrek shareholders should not rely on any information or any representation regarding the Offer not contained in this document, the Offer to Purchase and Circular, the Notice or in the documents regarding the Offer accompanying this document, the Offer to Purchase and Circular, the Notice or otherwise incorporated by reference herein or therein.**

**While the Offer is being made to all holders of Fibrek Shares, this document does not constitute an offer or a solicitation in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made in, nor will deposits be accepted in, any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, we may, in our sole discretion, take such action as we may deem necessary to make the Offer in any such jurisdiction.**

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**NOTICE TO SHAREHOLDERS IN CANADA**

We present our financial statements in Euros and prepare our financial statements in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ). Financial information in the Offer to Purchase and the Circular, as amended by the Notice and this Notice of Variation and Extension, has been prepared in accordance with U.S. GAAP, and therefore may not be comparable to financial data prepared by many Canadian companies.

Fibrex shareholders in Canada should be aware that the disposition of Fibrek Shares and the acquisition of Mercer Shares by them as described herein or in the Offer to Purchase and Circular, as amended by the Notice, may have tax consequences both in Canada and the U.S. Such consequences may not be fully described herein or in the Offer to Purchase and Circular, as amended by the Notice, and such shareholders are encouraged to consult their tax advisors. See Section 17 of the Circular, Material Canadian Federal Income Tax Considerations and Section 18 of the Circular, Material U.S. Federal Income Tax Considerations .

Certain of the directors and officers of Mercer and certain of the experts named herein or in the Offer to Purchase and Circular, as amended by the Notice, may reside outside of Canada. Substantially all of the assets of these persons and of Mercer may be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts referred to above. It may also not be possible to enforce against Mercer, its directors and officers and certain of the experts named herein or in the Offer to Purchase and Circular, as amended by the Notice, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

**NOTICE TO SHAREHOLDERS IN THE U.S.**

We present our financial statements in Euros and prepare our financial statements in accordance with U.S. GAAP. Financial statements for Fibrek included herein or in the Offer to Purchase and Circular, as amended by the Notice, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differ from U.S. GAAP in certain material respects, and thus may not be comparable to financial statements of U.S. companies.

Fibrex shareholders in the U.S. should be aware that the disposition of Fibrek Shares and the acquisition of Mercer Shares by them as described herein or in the Offer to Purchase and Circular, as amended by the Notice, may have tax consequences both in the U.S. and in Canada. Such consequences may not be fully described herein or in the Offer to Purchase and Circular, as amended by the Notice, and such shareholders are encouraged to consult their tax advisors. See Section 18 of the Circular, Material U.S. Federal Income Tax Considerations and Section 17 of the Circular, Material Canadian Federal Income Tax Considerations .

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Mercer Acquisition is organized under the laws of Canada, that some or all of our officers and directors may reside outside the U.S., that some of the experts named herein or in the Offer to Purchase and Circular, as amended by the Notice, may reside outside the U.S., and that all or a substantial portion of our assets and of the assets of such persons may be located outside the U.S.

**NOTICE TO HOLDERS OF OPTIONS**

The Offer is made only for Fibrek Shares, including Fibrek Shares issued and outstanding before the Expiry Time upon the exercise of options issued under the Fibrek SOP and is not made for any stock options issued under the Fibrek SOP. Any holder of stock options issued under the Fibrek SOP who wishes to accept the Offer should, to the extent permitted by the terms of the security and applicable laws, exercise the options in order to obtain Fibrek Shares and deposit those Fibrek Shares pursuant to the Offer. Any such exercise must be completed sufficiently in advance of the Expiry Time to assure compliance with the procedures set forth in Section 3 of the Offer to Purchase, Manner of Acceptance . Pursuant to the Support Agreement, Fibrek has agreed that until the expiry date, subject to the terms of the Fibrek SOP and the receipt of any necessary approvals and in accordance with applicable securities laws, it shall take such actions as may be necessary or desirable, including amending the terms of the Fibrek SOP, to

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provide that the vesting of any unvested Eligible Options be accelerated and a cashless exercise of the Eligible Options be effected solely for the purpose of tendering under the Offer all Fibrek Shares issued in connection with such cashless exercise. Mercer and Fibrek have also agreed in the Support Agreement that all Conditional Option Exercises shall be deemed to have been exercised immediately prior to the take-up of the Fibrek Shares by Mercer. Mercer shall accept as validly tendered under the Offer all of the Fibrek Shares to be issued pursuant to the Conditional Option Exercise, provided that the holders of such Fibrek options confirm to Fibrek and Mercer that such Fibrek Shares are tendered pursuant to the Offer. The Support Agreement provides that Fibrek shall resolve prior to the Effective Time that all Eligible Options remaining and not exercised at the Effective Time shall be terminated for no consideration, which termination shall not require the consent of any holders of Fibrek options. The income tax consequences to holders of stock options issued under the Fibrek SOP are not described under Section 17 of the Circular, Material Canadian Federal Income Tax Considerations or under Section 18 of the Circular, Material U.S. Federal Income Tax Considerations. Any holders of options should consult their own tax advisors for advice with respect to the actual or potential income tax consequences to them in connection with a decision they may make to exercise or not to exercise their options prior to the Expiry Time or thereafter.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Statements in this Notice of Variation and Extension, the Offer to Purchase and Circular, the Notice and the documents incorporated by reference herein or therein that are not reported financial results or other historical information of the Offerors or Fibrek, are forward-looking statements and involve risks and uncertainties relating to business outlook; assessment of market conditions; liquidity outlook, prospects, growth, strategies and the industry in which we operate; expected benefits resulting from the Offer and stated reasons to accept the Offer; and strategies for achieving our goals generally. Forward-looking statements may be identified by the use of forward-looking terminology such as the words should, would, could, will, may, expect, believe, anticipate, attempt, project and other terms with similar meaning to future events or potential impact on our business or Mercer shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management's current assumptions, beliefs and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. The potential risks and uncertainties that could cause our actual future financial condition, results of operations and performance to differ materially from those expressed or implied in this Notice of Variation and Extension, the Offer to Purchase and Circular, the Notice and the documents incorporated by reference herein or therein include, but are not limited to: Mercer Shares issued in connection with the Offer may have a market value lower than expected; the businesses of Mercer and Fibrek may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; the expected benefits, synergies and cost savings from the Offer may not be fully realized or not realized within the expected time frame; the possible delay in the completion of the steps required to be taken for our acquisition of Fibrek, including the possibility that any approvals or clearances required to be obtained from regulatory and other agencies and bodies will not be obtained in a timely manner; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees and suppliers; and all other potential risks and uncertainties set forth under the Section entitled Risk Factors in the Offer to Purchase and Circular, as amended by the Notice.

The completion of the Offer is subject to a number of terms and conditions. The conditions to the Offer may not be satisfied in accordance with their terms, and/or we may exercise our termination rights under the Support Agreement, in which case the Offer could be terminated. The outcome of the appeal of the decision of the Québec Court of Appeal may also have an impact on the completion of the Offer. Failure to complete the Offer could have a material adverse impact on the market price of the Fibrek Shares.

All forward-looking statements in this Notice of Variation and Extension, the Offer to Purchase and Circular, the Notice and the documents incorporated by reference herein or therein are expressly qualified by the cautionary statements contained or referred to in this section and in our other filings with the SEC and the Canadian securities regulatory authorities. We disclaim any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws.

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### MARKET AND INDUSTRY DATA

Information about industry or general economic conditions contained in this Notice of Variation and Extension, the Offer to Purchase and Circular, the Notice and the documents incorporated by reference herein or therein is derived from third-party sources and certain trade publications that we believe are widely accepted and accurate; however, we have not independently verified this information and cannot provide assurances of its accuracy.

### RECENT DEVELOPMENTS

On March 19, 2012, TSX accepted notice of the Special Warrant Financing, and conditionally approved the listing of the Fibrek Shares issuable on conversion of the Special Warrants. On March 22, 2012, Fibrek announced that it had been notified that Fairfax had filed an application for a hearing and review to the Ontario Securities Commission (the **OSC**) seeking to set aside and suspend the decision of the TSX until the application was heard by the OSC. As at the date hereof, the hearing before the OSC has been adjourned until April 13, 2012.

Effective March 23, 2012, the U.S. Federal Trade Commission granted our request for early termination of the statutory waiting period for U.S. competition and antitrust review.

On March 28, 2012, the Québec Court of Appeal overturned the previously announced decision of the Court of Québec, reinstating the cease trade order of the *Bureau de décision* against the Special Warrant Financing. On the same date, we announced that we, together with Fibrek, would seek permission from the Supreme Court of Canada to appeal the decision, which we are currently pursuing.

On April 2, 2012, we commenced an application before the *Bureau de décision* for a cease trade order and/or other appropriate relief in respect of the Abitibi Bid, including preventing Steelhead Partners, LLC and Fairfax from tendering their Fibrek Shares to the Abitibi Bid. Prior to that, on March 30, 2012, the OSC dismissed our parallel application. The OSC, without commenting on the merits of our application, determined that although it had jurisdiction to hear the application, the proper forum for the application was before the *Bureau de décision*.

Also on April 2, 2012, we received a favorable decision from the federal Minister of Industry following his review of the Offer under the *Investment Canada Act*.

On April 5, 2012, Fibrek announced that it had filed a motion with the Supreme Court of Canada seeking permission for an expedited process to hear both an application for leave to appeal and the appeal itself, if leave is granted, of the Québec Court of Appeal's decision.

### MARKET PRICES AND EXCHANGE RATE

On April 4, 2012, the closing sale price of Mercer Shares on the NASDAQ was \$7.73 and the closing sale price of the Fibrek Shares on TSX was C\$1.06.

On March 30, 2012, the date of the noon buying rates in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York for the conversion of Euros and Canadian dollars to U.S. dollars before the date hereof was 0.7496 per U.S. dollar and C\$0.9990 per U.S. dollar. Fibrek shareholders are encouraged to obtain current market quotations for Mercer Shares and Fibrek Shares and current exchange rate information prior to making any decision with respect to the Offer.

### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Our Proxy Statement on Schedule 14A filed with the SEC on March 26, 2012 (the **2012 Proxy Statement**) in respect of our annual meeting of shareholders to be held on May 31, 2012 is hereby incorporated by reference into, and forms an integral part of, the Offer to Purchase and Circular, as amended by the Notice and this Notice of Variation and Extension. For the purposes of the Offer to Purchase and Circular, as amended by the Notice and this Notice of Variation and Extension, the 2012 Proxy Statement will supersede and replace our Proxy Statement on Schedule 14A filed with the SEC on April 20, 2011, previously incorporated by reference.

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Any reports or documents that we file under Section 13(a), 13(c), 14 or 15(d) of the *Securities Exchange Act of 1934*, as amended (the **Exchange Act**) from the date of the Offer to Purchase and Circular to the date that the Fibrek Shares are accepted for payment or exchange pursuant to the Offer or the date that the Offer is terminated will be deemed to be automatically incorporated into and become a part of the Offer to Purchase and Circular. In particular, all of our SEC filings made pursuant to the Exchange Act after the date of our initial Registration Statement on Form S-4 (the **Registration Statement**), of which the Offer to Purchase and Circular, as amended forms a part, and prior to the effectiveness of the Registration Statement shall be deemed to be incorporated by reference into the Offer to Purchase and Circular, as amended. Any information contained in such subsequently filed reports that updates, modifies, supplements or replaces information contained in the Offer to Purchase and Circular, as amended, shall automatically supersede and replace such information. Any information that is modified or superseded by a subsequently filed report or document shall not be deemed, except as so modified or superseded, to constitute a part of the Offer to Purchase and Circular, as amended.

We will provide promptly without charge to you, upon oral or written request, a copy of any document incorporated by reference into the Offer to Purchase and Circular, as amended other than exhibits to these documents unless the exhibits are specifically incorporated by reference in these documents. Requests should be directed as follows:

Mercer International Inc.

700 West Pender Street

Suite 1120

Vancouver, British Columbia

Canada V6C 1G8

Telephone: (604) 684-1099

Attention: David M. Gandossi

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**NOTICE OF VARIATION AND EXTENSION**

*The Offer to Purchase and Circular, as amended by the Notice and this Notice of Variation and Extension, contains important information which should be read carefully before making a decision with respect to the Offer.*

April 5, 2012

**TO HOLDERS OF FIBREK SHARES:**

On April 5, 2012, by written notice given to the Depository and as set forth in this Notice of Variation and Extension, we amended our Offer to Purchase and Circular dated February 29, 2012, as amended by the Notice, pursuant to which we are offering to purchase, on the terms and subject to the conditions contained therein, all of the issued and outstanding Fibrek Shares (the **Original Offer**). Unless the context otherwise requires, capitalized terms used but not defined herein have the meanings set forth in the Offer to Purchase and Circular, as amended by the Notice.

Except as otherwise set forth in this Notice of Variation and Extension, the terms and conditions of the Original Offer set forth in the Offer to Purchase and Circular, as amended by the Notice, continues to be applicable in all respects. This Notice of Variation and Extension should be carefully read in conjunction with the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, in each case as may be amended by the Notice.

All references to the **Offer** in the Offer to Purchase and Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery, in each case as may be amended by the Notice, and this Notice of Variation and Extension mean the Original Offer, as amended further by this Notice of Variation and Extension.

**1. EXTENSION OF THE OFFER**

We are extending the expiry time of the Offer to 11:59 p.m. (Eastern time) on April 16, 2012.

In connection with the foregoing, the definition of **Expiry Time** included in the Offer to Purchase and Circular, as may be amended by the Notice, is deleted and the following definition is added to the **Glossary** section in the appropriate alphabetical order:

**Expiry Time** means 11:59 p.m., Eastern time, on April 16, 2012 or as may be extended.

Section 2 of the Offer to Purchase, **Time for Acceptance**, is deleted in its entirety and replaced with the following:

The Expiry Time is at 11:59 p.m., Eastern Time, on April 16, 2012 or, if later, the latest date and time to which the time of expiration of the Offer has been extended, as described in Section 5 of the Offer to Purchase, **Extension of the Expiry Time, Withdrawal, Variation or Change of the Offer**. We will not amend the Offer in such a manner as would cause the Expiry Time to occur earlier than 11:59 p.m., Eastern Time, on April 16, 2012.

The Expiry Time may be subject to extensions, depending on the timing of receipt of regulatory approvals and other factors.

In addition, all references to 5:00 p.m., Eastern Time, on April 6, 2012 in the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery that accompanied the Offer to Purchase and Circular, each as may be amended by the Notice, are amended to now refer to 11:59 p.m., Eastern Time, on April 16, 2012.

**2. TIME FOR ACCEPTANCE**

The Offer will remain open for acceptance until 11:59 p.m., Eastern Time, on April 16, 2012, unless extended or withdrawn by us.





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**3. MANNER OF ACCEPTANCE**

FibreK Shares which have not already been deposited pursuant to the Offer may be deposited under the Offer in accordance with the provisions of Section 3 of the Offer to Purchase, *Manner of Acceptance* .

**4. TAKE UP AND PAYMENT FOR DEPOSITED FIBREK SHARES**

If all conditions described in the Offer to Purchase and Circular have been satisfied or waived by us at or immediately prior to the Expiry Time, we will take up and promptly pay for Fibrek Shares validly deposited under the Offer and not properly withdrawn. Under Canadian Law, take up and payment must occur no later than ten days after the Expiry Time. All Fibrek Shares taken up under the Offer will be paid for promptly and, in any event, within three Business Days after having been taken up. Fibrek Shares deposited pursuant to the Offer after the first date on which Fibrek Shares have been taken up and paid for by us will be taken up and paid for not later than ten days after such deposit.

FibreK shareholders should refer to Section 6 of the Offer to Purchase, *Take Up and Payment for Deposited Fibrek Shares* for details regarding the take up of and payment for Fibrek Shares deposited under the Offer.

**5. WITHDRAWAL OF DEPOSITED SHARES**

FibreK Shares deposited under the Offer may be withdrawn by or on behalf of the depositing Fibrek shareholder (unless otherwise required or permitted by applicable Laws):

at any time before Fibrek Shares deposited under the Offer are taken up and paid for by us; or

at any time before the expiration of the tenth day after the date upon which:

- (i) this Notice of Variation and Extension;
- (ii) a notice of change relating to a change that has occurred in the information contained in the Offer to Purchase and Circular, and such change is one that would reasonably be expected to affect the decision of a Fibrek shareholder to accept or reject the Offer (other than a change that is not within our control or the control of our affiliates, unless it is a change in a material fact relating to Mercer Shares); provided that such change occurs before the Expiry Time or after the Expiry Time but before the expiration of all rights of withdrawal in respect of the Offer; or

(iii) any subsequent notice of variation concerning a further variation of the terms of the Offer; is first mailed, delivered or otherwise properly communicated, unless in either case the Fibrek Shares have been taken up before the date of such notice of change or variation.

The ten-day period referred to above may be extended to ten Business Days where required by U.S. securities Laws.

Notice of withdrawal of deposited Fibrek Shares must: (i) be made by a method that provides the Depositary with a timely written or printed copy of such notice; (ii) be made by or on behalf of the depositing Fibrek shareholder; (iii) be signed by or on behalf of the depositing Fibrek shareholder; (iv) specify such Fibrek shareholder's identity, the number of Fibrek Shares to be withdrawn, and the name of the registered Fibrek shareholder; and (v) be actually received by the Depositary within the applicable time limits specified above.

If certificates evidencing the Fibrek Shares to be withdrawn have been delivered or otherwise identified to the Depositary then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless the notice of withdrawal is signed by the registered owner of such Fibrek Shares or such Fibrek Shares have been deposited by or for the account of an

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Eligible Institution, the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution. If Fibrek Shares have been

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deposited pursuant to the procedures for book-entry transfer as described in Section 3 of the Offer to Purchase, Manner of Acceptance , any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Fibrek Shares or otherwise comply with the procedures of CDS or DTC, as applicable.

Withdrawals may not be rescinded and will take effect upon actual receipt by the Depositary of a properly completed notice of withdrawal. Any Fibrek Shares withdrawn will be deemed not properly deposited for the purposes of the Offer, but may be re-deposited at any time on or prior to the Expiry Time by following the applicable procedures described in Section 3 of the Offer to Purchase, Manner of Acceptance .

**6. STATUTORY RIGHTS**

Securities legislation in the provinces and territories of Canada provides security holders of Fibrek with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

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**APPROVAL AND CERTIFICATE OF MERCER INTERNATIONAL INC.**

The foregoing, together with the Offer to Purchase and Circular and the Notice, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated: April 5, 2012

(Signed) Jimmy S.H. Lee  
Jimmy S.H. Lee  
President and Chief Executive Officer

(Signed) David M. Gandossi  
David M. Gandossi  
Executive Vice President, Chief Financial  
Officer and Secretary

On behalf of the board of directors

(Signed) Eric Lauritzen  
Eric Lauritzen  
Director

(Signed) William McCartney  
William McCartney  
Director

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**APPROVAL AND CERTIFICATE OF MERC ACQUISITION INC.**

The foregoing, together with the Offer to Purchase and Circular and the Notice, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated: April 5, 2012

(Signed) Jimmy S.H. Lee  
Jimmy S.H. Lee  
President

On behalf of the board of directors

(Signed) David M. Gandossi  
David M. Gandossi  
Secretary

(Signed) Jimmy S.H. Lee  
Jimmy S.H. Lee  
President

(Signed) David M. Gandossi  
David M. Gandossi  
Secretary

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**THE DEPOSITARY FOR THE OFFER IS:**

**By Registered Mail, Hand or Courier**

Computershare Investor Services Inc.

100 University Avenue

9<sup>th</sup> Floor

Toronto, Ontario M5Y 2Y1

Attention: Corporate Actions

**By Mail**

Computershare Investor Services Inc.

P.O. Box 7021

31 Adelaide Street East

Toronto, Ontario M5C 3H2

**Inquiries**

Toll Free (North America): 1-800-564-6253

Overseas: 1-514-982-7555

E-mail: [corporateactions@computershare.com](mailto:corporateactions@computershare.com)

**ANY QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO THE**

**INFORMATION AGENT:**

Toll-Free (North America): 1-877-304-0211

Banks brokers or collect calls: 416-304-0211

Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)

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*This document is important and requires your immediate attention. If you have any questions as to how to deal with the transactions described in this document, you are encouraged to consult your investment dealer, stockbroker, bank manager, accountant, lawyer or other professional advisor. The Offer has not been approved or disapproved by any securities regulatory authority in Canada or the United States and no securities regulatory authority has expressed an opinion about, or passed upon the fairness or merits of the Offer contained in this document, the securities offered pursuant to the Offer or the adequacy of the information contained in this document. Any representation to the contrary is unlawful.*

March 19, 2012

**NOTICE OF VARIATION**

**by**

**MERCER INTERNATIONAL INC.**

**and**

**MERC ACQUISITION INC.,**

**a wholly-owned subsidiary of MERCER INTERNATIONAL INC.**

**OFFER TO PURCHASE**

**all of the outstanding common shares of**

**FIBREK INC.**

**for consideration per common share of Fibrek Inc. payable, at the election of each holder, in**

**one of the following forms:**

**C\$1.30 in cash (subject to proration as described below)**

**OR**

**C\$0.54 in cash plus 0.0903 of a share of common stock of MERCER INTERNATIONAL INC.**

**OR**

**0.1540 of a share of common stock of MERCER INTERNATIONAL INC. (subject to proration as described below)**

Mercer International Inc., a Washington corporation ( **Mercer** ), and MERC Acquisition Inc., a Canadian corporation, and a wholly-owned subsidiary of Mercer ( **Mercer Acquisition** ) and, together with Mercer, the **Offerors** ), hereby give notice that we are amending our Offer to Purchase and Circular dated February 29, 2012 (the **Offer to Purchase and Circular** ) pursuant to which we are offering to purchase (the **Offer** ) all of the issued and outstanding common shares of Fibrek Inc. ( **Fibrek** ) including any Fibrek common shares that may become issued and outstanding after the date of the Offer but before the Expiry Time (as defined below) upon the exercise of options issued under Fibrek's share option plan (the **Fibrek SOP** ) implemented on May 19, 2010 (the **Fibrek Shares** ) for the purpose of and as described in this Notice of Variation.



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The Offer, as hereby amended, will remain open for acceptance until 5:00 p.m., Eastern Time, on April 6, 2012, unless extended or withdrawn by us (the **Expiry Time** ).

This Notice of Variation supplements and should be read in conjunction with the Offer to Purchase and Circular. *Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Offer to Purchase and Circular unless the context otherwise requires, and we , us and our refer to the Offerors or to Mercer with its subsidiaries and controlled affiliates, either individually or collectively, as the context may require.*

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FibreK shareholders who have validly deposited and not withdrawn their Fibrek Shares do not need to take any further action to accept the Offer. Fibrek shareholders desiring to deposit all or any portion of their Fibrek Shares under the Offer should either: (i) complete and sign the Letter of Transmittal (printed on **BLUE** paper) previously provided to Fibrek shareholders in accordance with the instructions in the Letter of Transmittal and mail or deliver it, together with the certificate(s) evidencing deposited Fibrek Shares, and any other required documents, to Computershare Investor Services Inc. (the **Depository**) at its office specified in the Letter of Transmittal; (ii) deposit such Fibrek Shares pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase, **Manner of Acceptance**; or (iii) request such Fibrek shareholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such Fibrek shareholder. **Any Fibrek shareholder whose Fibrek Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact the Depository or its broker, investment dealer, bank, trust company or other nominee if such Fibrek shareholder desires to deposit such Fibrek Shares in the Offer.**

If a Fibrek shareholder desires to deposit Fibrek Shares pursuant to the Offer and: (i) the certificates evidencing such Fibrek Shares are not immediately available; (ii) such shareholder cannot deliver the certificates and all other required documents to the Depository before the Expiry Time; or (iii) such shareholder cannot comply with the procedures for book-entry transfer on a timely basis, such Fibrek Shares may nevertheless be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on **YELLOW** paper). See Section 3 of the Offer to Purchase, **Manner of Acceptance**.

Shares of Mercer common stock (**Mercer Shares**) are traded on the NASDAQ Global Market (**NASDAQ**) under the symbol **MERC** and the Toronto Stock Exchange (**TSX**) under the symbol **MRI.U**. Fibrek Shares are traded on TSX under the symbol **FBK**.

**The securities offered in the Offer involve certain risks. For a discussion of risk factors you should consider in evaluating the Offer, see the Section entitled **Risk Factors** beginning on page 22 of the Offer to Purchase and Circular.**

**NONE OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION, ANY CANADIAN SECURITIES REGULATORY AUTHORITY OR ANY OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE OFFER TO PURCHASE AND CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Questions or requests for assistance may be directed to The Laurel Hill Advisory Group Company (the **Information Agent**) at its address and telephone number set forth on the back cover of this Notice of Variation. Requests for additional copies of this document, the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent, and copies will be furnished promptly at our expense. Fibrek shareholders may also contact their brokers, investment dealers, banks, trust companies or other nominees for assistance concerning the Offer.

**We have not authorized anyone to provide any information or make any representation in connection with the Offer that is different from, or in addition to, the information and representations contained in this document, in the Offer to Purchase and Circular or in any materials regarding the Offer accompanying this document or the Offer to Purchase and Circular or incorporated by reference therein. Fibrek shareholders should not rely on any information or any representations regarding the Offer not contained in this document, the Offer to Purchase and Circular or in the documents regarding the Offer accompanying this document or the Offer to Purchase and Circular or incorporated by reference therein.**

**While the Offer is being made to all holders of Fibrek Shares, this document does not constitute an offer or a solicitation in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made in, nor will deposits be accepted in, any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, we may, in our sole discretion, take such action as we may deem necessary to make the Offer in any such jurisdiction.**

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**NOTICE TO SHAREHOLDERS IN CANADA**

We present our financial statements in Euros and prepare our financial statements in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ). Financial information in the Offer to Purchase and the Circular has been prepared in accordance with U.S. GAAP, and therefore may not be comparable to financial data prepared by many Canadian companies.

Fibrex shareholders in Canada should be aware that the disposition of Fibrex Shares and the acquisition of Mercer Shares by them as described herein or in the Offer to Purchase and Circular may have tax consequences both in Canada and the U.S. Such consequences may not be fully described herein or in the Offer to Purchase and Circular and such shareholders are encouraged to consult their tax advisors. See Section 17 of the Circular, **Material Canadian Federal Income Tax Considerations** and Section 18 of the Circular, **Material U.S. Federal Income Tax Considerations** .

Certain of the directors and officers of Mercer and certain of the experts named herein or in the Offer to Purchase and Circular may reside outside of Canada. Substantially all of the assets of these persons and of Mercer may be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts referred to above. It may also not be possible to enforce against Mercer, its directors and officers and certain of the experts named herein or in the Offer to Purchase and Circular judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

**NOTICE TO SHAREHOLDERS IN THE U.S.**

We present our financial statements in Euros and prepare our financial statements in accordance with U.S. GAAP. Financial statements for Fibrex included herein or in the Offer to Purchase and Circular have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differ from U.S. GAAP in certain material respects, and thus may not be comparable to financial statements of U.S. companies.

Fibrex shareholders in the U.S. should be aware that the disposition of Fibrex Shares and the acquisition of Mercer Shares by them as described herein or in the Offer to Purchase and Circular may have tax consequences both in the U.S. and in Canada. Such consequences may not be fully described herein or in the Offer to Purchase and Circular and such shareholders are encouraged to consult their tax advisors. See Section 18 of the Circular, **Material U.S. Federal Income Tax Considerations** and Section 17 of the Circular, **Material Canadian Federal Income Tax Considerations** .

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Mercer Acquisition is organized under the laws of Canada, that some or all of our officers and directors may reside outside the U.S., that some of the experts named herein or in the Offer to Purchase and Circular may reside outside the U.S., and that all or a substantial portion of our assets and of the assets of such persons may be located outside the U.S.

**NOTICE TO HOLDERS OF OPTIONS**

The Offer is made only for Fibrex Shares, including Fibrex Shares issued and outstanding before the Expiry Time upon the exercise of options issued under the Fibrex SOP and is not made for any stock options issued under the Fibrex SOP. Any holder of stock options issued under the Fibrex SOP who wishes to accept the Offer should, to the extent permitted by the terms of the security and applicable laws, exercise the options in order to obtain Fibrex Shares and deposit those Fibrex Shares pursuant to the Offer. Any such exercise must be completed sufficiently in advance of the Expiry Time to assure compliance with the procedures set forth in Section 3 of the Offer to Purchase, **Manner of Acceptance** . Pursuant to the Support Agreement, Fibrex has agreed that until the expiry date, subject to the terms of the Fibrex SOP and the receipt of any necessary approvals and in accordance with applicable securities laws, it shall take such actions as may be necessary or desirable, including amending the terms of the Fibrex SOP, to provide that the vesting of any unvested Eligible Options be accelerated and a cashless exercise of the Eligible Options be effected solely for the purpose of tendering under the Offer all Fibrex Shares issued in connection with such cashless exercise. Mercer and Fibrex have also agreed in the Support Agreement that all Conditional Option Exercises shall be deemed to have been exercised immediately prior to the take-up of the Fibrex Shares by Mercer.

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Mercer shall accept as validly tendered under the Offer all of the Fibrek Shares to be issued pursuant to the Conditional Option Exercise, provided that the holders of such Fibrek options confirm to Fibrek and Mercer that such Fibrek Shares are tendered pursuant to the Offer. The Support Agreement provides that Fibrek shall resolve prior to the Effective Time that all Eligible Options remaining and not exercised at the Effective Time shall be terminated for no consideration, which termination shall not require the consent of any holders of Fibrek options. The income tax consequences to holders of stock options issued under the Fibrek SOP are not described under Section 17 of the Circular, *Material Canadian Federal Income Tax Considerations* or under Section 18 of the Circular, *Material U.S. Federal Income Tax Considerations*. Any holders of options should consult their own tax advisors for advice with respect to the actual or potential income tax consequences to them in connection with a decision they may make to exercise or not to exercise their options prior to the Expiry Time or thereafter.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Statements in this Notice of Variation, the Offer to Purchase and Circular and the documents incorporated by reference herein or therein that are not reported financial results or other historical information of the Offerors or Fibrek, are forward-looking statements and involve risks and uncertainties relating to business outlook; assessment of market conditions; liquidity outlook, prospects, growth, strategies and the industry in which we operate; expected benefits resulting from the Offer and stated reasons to accept the Offer; and strategies for achieving our goals generally. Forward-looking statements may be identified by the use of forward-looking terminology such as the words *should*, *would*, *could*, *will*, *may*, *expect*, *believe*, *anticipate*, *attempt*, *project* and other terms with similar meaning indicating possible future events or potential outcomes on our business or Mercer shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management's current assumptions, beliefs and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. The potential risks and uncertainties that could cause our actual future financial condition, results of operations and performance to differ materially from those expressed or implied in this Notice of Variation, the Offer to Purchase and Circular and the documents incorporated by reference herein or therein include, but are not limited to: Mercer Shares issued in connection with the Offer may have a market value lower than expected; the businesses of Mercer and Fibrek may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; the expected benefits, synergies and cost savings from the Offer may not be fully realized or not realized within the expected time frame; the possible delay in the completion of the steps required to be taken for our acquisition of Fibrek, including the possibility that approvals or clearances required to be obtained from regulatory and other agencies and bodies will not be obtained in a timely manner; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees and suppliers; and all other potential risks and uncertainties set forth under the Section entitled *Risk Factors* in the Offer to Purchase and Circular.

The completion of the Offer is subject to a number of terms and conditions. The conditions to the Offer may not be satisfied in accordance with their terms, and/or we may exercise our termination rights under the Support Agreement, in which case the Offer could be terminated. The outcome of the appeal of the decision of the Court of Québec may also have an impact on the completion of the Offer. Failure to complete the Offer could have a material adverse impact on the market price of the Fibrek Shares.

All forward-looking statements in this Notice of Variation, the Offer to Purchase and Circular and the documents incorporated by reference herein or therein are expressly qualified by the cautionary statements contained or referred to in this section and in our other filings with the SEC and the Canadian securities regulatory authorities. We disclaim any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws.

**MARKET AND INDUSTRY DATA**

Information about industry or general economic conditions contained in this Notice of Variation, the Offer to Purchase and Circular and the documents incorporated by reference herein or therein is derived from third-party sources and certain trade publications that we believe are widely accepted and accurate; however, we have not independently verified this information and cannot provide assurances of its accuracy.

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**RECENT DEVELOPMENTS**

On February 29, 2012, Fibrek filed a directors' circular with the Canadian securities regulatory authorities wherein the Fibrek Board unanimously recommended that Fibrek shareholders **ACCEPT** our Offer and tender their Fibrek Shares to our Offer. The Fibrek Board also reaffirmed its recommendation that Fibrek shareholders **REJECT** the unsolicited offer made by Abitibi and that any Fibrek Shareholder who has tendered his or her Fibrek Shares to the unsolicited offer by Abitibi should **WITHDRAW** those Fibrek Shares and **TENDER** those Fibrek Shares to our Offer. Fibrek's directors' circular described in detail the reasons for their recommendation.

On March 5, 6 and 7, 2012, the Court of Québec heard the appeal of the decision of the *Bureau de décision*. On March 9, 2012, we announced that the Court of Québec ruled in favor of Mercer and Fibrek, reversing the cease trade order against the Special Warrants issued by the *Bureau de décision* on February 23, 2012.

On March 13, 2012, we commenced mailing to Mercer's shareholders the proxy materials regarding the special meeting of Mercer shareholders at which we will be seeking the Mercer Shareholder Approval.

On March 16, 2012, the Québec Court of Appeal granted Abitibi leave to appeal the decision of the Court of Québec. Such appeal is currently scheduled to be heard before the Québec Court of Appeal on March 22, 2012.

On March 19, 2012, we announced that we had received a no-action letter from Canada's Commissioner of Competition (the Commissioner), confirming that, at this time, the Commissioner does not intend to challenge Mercer's acquisition of Fibrek Shares under the Offer.

On March 19, 2012, in response to certain comments raised by the SEC on our registration statement on Form S-4 which contains the Offer to Purchase and Circular initially filed with the SEC on February 29, 2012 (the **S-4 Registration Statement**), Mercer filed Amendment No. 1 to the S-4 Registration Statement. This Notice of Variation has been prepared under Canadian securities Laws and regulations in order to give effect to Amendment No. 1 to the S-4 Registration Statement under Canadian take-over bid rules.

Also on March 19, 2012, we issued a press release announcing (i) the filing of Amendment No. 1 to the S-4 Registration Statement, and (ii) the filing and mailing to Fibrek shareholders of this Notice of Variation.

**MARKET PRICES AND EXCHANGE RATE**

On March 16, 2012, the closing sale price of Mercer Shares on the NASDAQ was \$7.76 and the closing sale price of the Fibrek Shares on TSX was C\$1.25.

On March 9, 2012, the date of the noon buying rates in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the **Noon Buying Rate**) for the conversion of Euros and Canadian dollars to U.S. dollars before the date hereof, the Noon Buying Rate for the conversion of Euros and Canadian dollars to U.S. dollars was 0.7629 per U.S. dollar and C\$0.9894 per U.S. dollar. Fibrek shareholders are encouraged to obtain current market quotations for Mercer Shares and Fibrek Shares and current exchange rate information prior to making any decision with respect to the Offer.

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**NOTICE OF VARIATION**

*The Offer to Purchase and Circular and this Notice of Variation contain important information which should be read carefully before making a decision with respect to the Offer.*

March 19, 2012

**TO HOLDERS OF FIBREK SHARES:**

On March 19, 2012, by written notice given to the Depository and as set forth in this Notice of Variation, we have amended our Offer to Purchase and Circular dated February 29, 2012 (the **Offer to Purchase and Circular**), pursuant to which we are offering to purchase, on the terms and subject to the conditions contained therein, all of the issued and outstanding Fibrek Shares (the **Original Offer**). Unless the context otherwise requires, capitalized terms used but not defined herein have the meanings set forth in the Offer to Purchase and Circular.

Except as otherwise set forth in this Notice of Variation, the terms and conditions set forth in the Offer to Purchase and Circular continue to be applicable in all respects. This Notice of Variation should be carefully read in conjunction with the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery.

All references to the **Offer** in the Offer to Purchase and Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and this Notice of Variation mean the Original Offer, as amended by this Notice of Variation.

**1. AMENDMENTS TO CERTAIN PROVISIONS APPLICABLE TO THE OFFER**

We have amended certain provisions applicable to the Offer as set forth below.

**Section 4 of the Offer to Purchase, Conditions of the Offer**

The following sentence shall be included at the end of Section 4 of the Offer to Purchase, **Conditions of the Offer** on page 39:

The Offer is not conditional upon the issuance or conversion of the Special Warrants.

**Section 4 of the Circular, Background to the Offer**

The following paragraph is added to the end of Section 4 of the Circular, **Background to the Offer** on page 50:

On March 5, 6 and 7, 2012, the Court of Québec heard the appeal of the decision of the *Bureau de décision*. On March 9, 2012, we announced that the Court of Québec ruled in favor of Mercer and Fibrek, reversing the cease trade order against the Special Warrants issued by the *Bureau de décision* on February 23, 2012. On March 16, 2012, the Québec Court of Appeal granted Abitibi leave to appeal the decision of the Court of Québec.

**Section 7 of the Circular, Certain Relationships between Fibrek and Us**

The following sentences are added to the end of the second paragraph under the heading **Special Warrant Agreement** in Section 7 of the Circular, **Certain Relationships between Fibrek and Us** on page 56:

On March 9, 2012, we announced that the Court of Québec ruled in favor of Mercer and Fibrek, reversing the cease trade order against the Special Warrants issued by the *Bureau de décision* on February 23, 2012. On March 16, 2012, the Québec Court of Appeal granted Abitibi leave to appeal the decision of the Court of Québec.

**Section 7 of the Circular, Certain Relationships between Fibrek and Us**

The last paragraph under the heading **Special Warrant Agreement** in Section 7 of the Circular, **Certain Relationships between Fibrek and Us** on page 57 is deleted and replaced with the following paragraphs:

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On March 5, 6 and 7, 2012, the Court of Québec heard the appeal of the decision of the *Bureau de décision*. On March 9, 2012, we announced that the Court of Québec ruled in favor of Mercer and Fibrek, reversing the cease trade order against the Special Warrants issued by the Bureau de décision on February 23, 2012. On March 16, 2012, the Québec Court of Appeal granted Abitibi leave to appeal the decision of the Court of Québec.

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As a result of the foregoing, and as the matter is before the Québec Court of Appeal, at this time, we cannot predict whether Fibrek will be permitted to issue the Special Warrants to us pursuant to the terms of the Special Warrant Agreement or at all.

### **2. TIME FOR ACCEPTANCE**

The Offer will remain open for acceptance until 5:00 p.m., Eastern Time, on April 6, 2012, unless extended or withdrawn by us.

### **3. MANNER OF ACCEPTANCE**

Fibrek Shares which have not already been deposited pursuant to the Offer may be deposited under the Offer in accordance with the provisions of Section 3 of the Offer to Purchase, *Manner of Acceptance* .

### **4. TAKE UP OF, AND PAYMENT FOR, DEPOSITED FIBREK SHARES**

If all conditions described in the Offer to Purchase and Circular have been satisfied or waived by us at or immediately prior to the Expiry Time, we will take up and promptly pay for Fibrek Shares validly deposited under the Offer and not properly withdrawn. Under Canadian Law, take up and payment must occur no later than ten days after the Expiry Time. All Fibrek Shares taken up under the Offer will be paid for promptly and, in any event, within three Business Days after having been taken up. Fibrek Shares deposited pursuant to the Offer after the first date on which Fibrek Shares have been taken up and paid for by us will be taken up and paid for not later than ten days after such deposit.

Fibrek shareholders should refer to Section 6 of the Offer to Purchase, *Take Up and Payment for Deposited Fibrek Shares* for details regarding the take up of and payment for Fibrek Shares deposited under the Offer.

### **5. WITHDRAWAL OF DEPOSITED SHARES**

Fibrek Shares deposited under the Offer may be withdrawn by or on behalf of the depositing Fibrek shareholder (unless otherwise required or permitted by applicable laws):

at any time before Fibrek Shares deposited under the Offer are taken up and paid for by us; or

at any time before the expiration of the tenth day after the date upon which:

    this Notice of Variation;

    a notice of change relating to a change that has occurred in the information contained in the Offer to Purchase and Circular, and such change is one that would reasonably be expected to affect the decision of a Fibrek shareholder to accept or reject the Offer (other than a change that is not within our control or the control of our affiliates, unless it is a change in a material fact relating to Mercer Shares); provided that such change occurs before the Expiry Time or after the Expiry Time but before the expiration of all rights of withdrawal in respect of the Offer; or

    any subsequent notice of variation concerning a further variation of the terms of the Offer; is first mailed, delivered or otherwise properly communicated, unless in either case the Fibrek Shares have been taken up before the date of such notice of change or variation.





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The ten-day period referred to above may be extended to ten Business Days where required by U.S. securities Laws.

Notice of withdrawal of deposited Fibrek Shares must: (i) be made by a method that provides the Depositary with a timely written or printed copy of such notice; (ii) be made by or on behalf of the depositing Fibrek shareholder; (iii) be signed by or on behalf of the depositing Fibrek shareholder; (iv) specify such Fibrek shareholder's identity, the number of Fibrek Shares to be withdrawn, and the name of the registered Fibrek shareholder; and (v) be actually received by the Depositary within the applicable time limits specified above.

If certificates evidencing the Fibrek Shares to be withdrawn have been delivered or otherwise identified to the Depositary then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless the notice of withdrawal is signed by the registered owner of such Fibrek Shares or such Fibrek Shares have been deposited by or for the account of an Eligible Institution, the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution. If Fibrek Shares have been deposited pursuant to the procedures for book-entry transfer as described in Section 3 of the Offer to Purchase, Manner of Acceptance, any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Fibrek Shares or otherwise comply with the procedures of CDS or DTC, as applicable.

Withdrawals may not be rescinded and will take effect upon actual receipt by the Depositary of a properly completed notice of withdrawal. Any Fibrek Shares withdrawn will be deemed not properly deposited for the purposes of the Offer, but may be re-deposited at any time on or prior to the Expiry Time by following the applicable procedures described in Section 3 of the Offer to Purchase, Manner of Acceptance.

## **6. STATUTORY RIGHTS**

Securities legislation in the provinces and territories of Canada provides security holders of Fibrek with, in addition to any other rights they may have at Law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

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**APPROVAL AND CERTIFICATE OF MERCER INTERNATIONAL INC.**

The foregoing, together with the Offer to Purchase and Circular, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated: March 19, 2012

(Signed) Jimmy S. H. Lee  
Jimmy S.H. Lee  
President and Chief Executive Officer

(Signed) David M. Gandossi  
David M. Gandossi  
Executive Vice President, Chief Financial  
Officer and Secretary

On behalf of the board of directors

(Signed) Eric Lauritzen  
Eric Lauritzen  
Director

(Signed) William McCartney  
William McCartney  
Director

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**APPROVAL AND CERTIFICATE OF MERC ACQUISITION INC.**

The foregoing, together with the Offer to Purchase and Circular, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated: March 19, 2012

(Signed) Jimmy S.H. Lee  
Jimmy S.H. Lee  
President

On behalf of the board of directors

(Signed) David M. Gandossi  
David M. Gandossi  
Secretary

(Signed) Jimmy S.H. Lee  
Jimmy S.H. Lee  
Director

(Signed) David M. Gandossi  
David M. Gandossi  
Director

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**THE DEPOSITARY FOR THE OFFER IS:**

**By Registered Mail, Hand or Courier**

Computershare Investor Services Inc.

100 University Avenue

9<sup>th</sup> Floor

Toronto, Ontario M5Y 2Y1

Attention: Corporate Actions

**By Mail**

Computershare Investor Services Inc.

P.O. Box 7021

31 Adelaide Street East

Toronto, Ontario M5C 3H2

**Inquiries**

Toll Free (North America): 1-800-564-6253

Overseas: 1-514-982-7555

E-mail: [corporateactions@computershare.com](mailto:corporateactions@computershare.com)

**ANY QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO THE**

**INFORMATION AGENT:**

Toll-Free (North America): 1-877-304-0211

Banks brokers or collect calls: 416-304-0211

Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)

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*This document is important and requires your immediate attention. If you have any questions as to how to deal with the transactions described in this document, you are encouraged to consult your investment dealer, stockbroker, bank manager, accountant, lawyer or other professional advisor. The Offer has not been approved or disapproved by any securities regulatory authority in Canada or the United States and no securities regulatory authority has expressed an opinion about, or passed upon the fairness or merits of the Offer contained in this document, the securities offered pursuant to the Offer or the adequacy of the information contained in this document. Any representation to the contrary is unlawful.*

February 29, 2012

**OFFER TO PURCHASE**

**all of the outstanding common shares of**

**FIBREK INC.**

**by**

**MERCER INTERNATIONAL INC.**

**and**

**MERC ACQUISITION INC.,**

**a wholly-owned subsidiary of MERCER INTERNATIONAL INC.,**

**for consideration per common share of Fibrek Inc. payable, at the election of each holder, in**

**one of the following forms:**

**C\$1.30 in cash (subject to proration as described below)**

**OR**

**C\$0.54 in cash plus 0.0903 of a share of common stock of MERCER INTERNATIONAL INC.**

**OR**

**0.1540 of a share of common stock of MERCER INTERNATIONAL INC. (subject to proration as described below)**

Mercer International Inc., a Washington corporation ( **Mercer** ), and MERC Acquisition Inc., a Canadian corporation, and a wholly-owned subsidiary of Mercer ( **Mercer Acquisition** and, together with Mercer, the **Offerors** ), hereby offer to purchase (the **Offer** ), upon the terms and subject to the conditions set forth in the Offer to Purchase and Circular and related letter of transmittal and election form (the **Letter of Transmittal** ), all of the issued and outstanding common shares of Fibrek Inc. ( **Fibrek** ), a Canadian corporation, including any Fibrek common shares that may become issued and outstanding after the date of the Offer but before the Expiry Time upon the exercise of options issued under Fibrek's share option plan (the **Fibrek SOP** ) implemented on May 19, 2010 (the **Fibrek Shares** ), for consideration per Fibrek Share payable, at the election of each holder, in one of the following forms:

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C\$1.30 in cash, subject to proration as described in Section 1 of the Offer to Purchase, The Offer (the **Cash Only Option** ); or

C\$0.54 in cash plus 0.0903 of a share of common stock (the **Mercer Shares** ) of Mercer (the **Cash and Share Option** ); or

0.1540 of a Mercer Share, subject to proration as described in Section 1 of the Offer to Purchase, The Offer (the **Shares Only Option** ).

**The Offer will be open for acceptance until 5:00 p.m., Eastern Time, on April 6, 2012, unless extended or withdrawn by us (the Expiry Time ). We will not amend the Offer in such a manner as would cause the Expiry Time of the Offer to occur earlier than such date and time or alter the withdrawal rights of Fibrek shareholders. Fibrek Shares deposited under the Offer may be withdrawn at any time prior to being taken up and paid for.**

**The board of directors of Fibrek, after consulting with its financial and legal advisors, has UNANIMOUSLY DETERMINED that the consideration to be offered for the Fibrek Shares pursuant to the Offer is fair to all Fibrek shareholders (other than those who have entered into lock-up agreements with any person other than Mercer with respect to their Fibrek Shares), that it is in the best interests of Fibrek to support and facilitate the Offer and UNANIMOUSLY RECOMMENDS that holders of Fibrek Shares deposit their Fibrek Shares to the Offer.**

The Offer represents, as at February 9, 2012, a premium of 30% over the unsolicited insider bid made by AbitibiBowater Inc. (the **Abitibi Bid** ), 81% over the closing price of the Fibrek Shares on November 28, 2011, the date of announcement of the Abitibi Bid, and 70% over the volume-weighted average trading price of the Fibrek Shares on the Toronto Stock Exchange (the **TSX** ) for the 20 trading days ending on such date.

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As at the close of business on February 28, 2012, there were 130,075,556 issued and outstanding Fibrek Shares. Based on this total, the maximum amount of cash consideration available under the Offer shall be C\$70,000,000 (the **Maximum Cash Consideration** ) and the maximum number of Mercer Shares available to be issued under the Offer shall be 11,741,496 (the **Maximum Share Consideration** ). The consideration payable to Fibrek shareholders having elected the Cash Only Option or the Shares Only Option will be prorated on each date on which Fibrek Shares are taken up under the Offer as necessary to ensure that the aggregate consideration payable under the Offer does not exceed the Maximum Cash Consideration and the Maximum Share Consideration. Such proration will be based on the number of Fibrek Shares acquired on such date in proportion to the number of issued and outstanding Fibrek Shares as of such date. See Section 1 of the Offer to Purchase, The Offer .

Mercer and Fibrek have entered into a support agreement dated February 9, 2012 (the **Support Agreement** ) pursuant to which Fibrek agreed to support and recommend the Offer, all subject to the terms and conditions set forth therein. See Section 7 of the Circular, Certain Relationships Between Fibrek and us .

In connection with the Offer, we have entered into lock-up agreements pursuant to which certain directors and officers of Fibrek have agreed to support the Offer. See Section 7 of the Circular, Certain Relationships Between Fibrek and us Arrangements Between us and the Directors and Officers of Fibrek , for additional details on such lock-up agreements.

Mercer Shares are traded on the NASDAQ Global Market ( **NASDAQ** ) under the symbol **MERC** and on the TSX under the symbol **MRI.U** . Fibrek Shares are traded on the TSX under the symbol **FBK** .

**The securities offered in the Offer involve certain risks. For a discussion of risk factors you should consider in evaluating the Offer, see the Section entitled Risk Factors .**

**NONE OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC ), ANY STATE SECURITIES COMMISSION, ANY CANADIAN SECURITIES REGULATORY AUTHORITY OR ANY OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFER TO PURCHASE AND CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**NOTICE TO SHAREHOLDERS IN CANADA**

We present our financial statements in Euros and prepare our financial statements in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ). Financial information in the Offer to Purchase and the Circular has been prepared in accordance with U.S. GAAP, and therefore may not be comparable to financial data prepared by many Canadian companies.

Fibrek shareholders in Canada should be aware that the disposition of Fibrek Shares and the acquisition of Mercer Shares by them as described herein may have tax consequences both in Canada and the U.S. Such consequences may not be fully described herein and such shareholders are encouraged to consult their tax advisors. See Section 17 of the Circular, Material Canadian Federal Income Tax Considerations and Section 18 of the Circular, Material U.S. Federal Income Tax Considerations .

Certain of the directors and officers of Mercer and certain of the experts named herein may reside outside of Canada. Substantially all of the assets of these persons and of Mercer may be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts referred to above. It may also not be possible to enforce against Mercer, its directors and officers and certain of the experts named herein judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

**NOTICE TO SHAREHOLDERS IN THE U.S.**

We present our financial statements in Euros and prepare our financial statements in accordance with U.S. GAAP. Financial statements for Fibrek included herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differ from U.S. GAAP in certain material respects, and thus may not be comparable to financial statements of U.S. companies.

Fibrek shareholders in the U.S. should be aware that the disposition of Fibrek Shares and the acquisition of Mercer Shares by them as described herein may have tax consequences both in the U.S. and in Canada. Such consequences may not be fully described herein and such shareholders are encouraged to consult their tax advisors. See Section 18 of the Circular, Material U.S. Federal Income Tax Considerations and Section 17 of the Circular, Material Canadian Federal Income Tax Considerations .





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**The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that Mercer Acquisition is organized under the laws of Canada, that some or all of our officers and directors may reside outside the U.S., that some of the experts named herein may reside outside the U.S., and that all or a substantial portion of our assets and of the assets of such persons may be located outside the U.S.**

**NOTICE TO HOLDERS OF OPTIONS**

The Offer is made only for Fibrek Shares, including Fibrek Shares issued and outstanding before the Expiry Time upon the exercise of options issued under the Fibrek SOP and is not made for any stock options issued under the Fibrek SOP. Any holder of stock options issued under the Fibrek SOP who wishes to accept the Offer should, to the extent permitted by the terms of the security and applicable laws, exercise the options in order to obtain Fibrek Shares and deposit those Fibrek Shares pursuant to the Offer. Any such exercise must be completed sufficiently in advance of the Expiry Time to assure compliance with the procedures set forth in Section 3 of the Offer to Purchase, *Manner of Acceptance*. Pursuant to the Support Agreement, Fibrek has agreed that until the expiry date, subject to the terms of the Fibrek SOP and the receipt of any necessary approvals and in accordance with applicable securities laws, it shall take such actions as may be necessary or desirable, including amending the terms of the Fibrek SOP, to provide that the vesting of any unvested Eligible Options be accelerated and a cashless exercise of the Eligible Options (as defined herein) be effected solely for the purpose of tendering under the Offer all Fibrek Shares issued in connection with such cashless exercise. Mercer and Fibrek have also agreed in the Support Agreement that all Conditional Option Exercises (as defined herein), shall be deemed to have been exercised immediately prior to the take-up of the Fibrek Shares by Mercer. Mercer shall accept as validly tendered under the Offer all of the Fibrek Shares to be issued pursuant to the Conditional Option Exercise, provided that the holders of such Fibrek options confirm to Fibrek and Mercer that such Fibrek Shares are tendered pursuant to the Offer. The Support Agreement provides that Fibrek shall resolve prior to the Effective Time (as defined herein) that all Eligible Options remaining and not exercised at the Effective Time shall be terminated for no consideration, which termination shall not require the consent of any holders of Fibrek options. The income tax consequences to holders of stock options issued under the Fibrek SOP are not described under Section 17 of the Circular, *Material Canadian Federal Income Tax Considerations* or under Section 18 of the Circular, *Material U.S. Federal Income Tax Considerations*. Any holders of options should consult their own tax advisors for advice with respect to the actual or potential income tax consequences to them in connection with a decision they may make to exercise or not to exercise their options prior to the Expiry Time or thereafter.

**The Depositary for the Offer is:**

**The Information Agent for the Offer is:**

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The consideration payable in the form of Mercer Shares under the Offer will be subject to adjustment for fractional shares. No fractional Mercer Shares will be issued under the Offer.

Based on 130,075,556 issued and outstanding Fibrek Shares as at the close of business on February 28, 2012, and assuming that all outstanding Fibrek Shares are deposited and taken up under the Offer, we estimate that the number of Mercer Shares that Fibrek shareholders will receive in the Offer will represent approximately 17% of the Mercer Shares outstanding immediately following the issuance of such Mercer Shares.

The Offer is subject to certain conditions, which are described in Section 4 of the Offer to Purchase, Conditions of the Offer including, without limitation, there being validly deposited or tendered under the Offer and not withdrawn, at the Expiry Time, a number of Fibrek Shares which, together with the Fibrek Shares and any Special Warrants (as defined herein) held by Mercer and its affiliates, represent at least 50.1% of the aggregate number of Fibrek Shares outstanding on a fully-diluted basis. Subject to applicable law and the Support Agreement, we reserve the right to withdraw the Offer and to not take up and pay for any Fibrek Shares deposited pursuant to the Offer unless each of the conditions of the Offer is satisfied or waived by us at or immediately prior to the Expiry Time. The Offer is not subject to any financing condition.

Upon the purchase of Fibrek Shares pursuant to the Offer, additional Mercer Shares will be listed under the same symbol for existing Mercer Shares on the NASDAQ and the TSX. We will apply to the NASDAQ and the TSX to list Mercer Shares to be issued to Fibrek shareholders in connection with the Offer. It is a condition of the Offer that Mercer Shares to be issued in the Offer shall have been approved for listing on the NASDAQ and on the TSX. Listing of Mercer Shares to be issued in the Offer will be subject to us fulfilling the listing requirements of the NASDAQ and the TSX. See Section 12 of the Circular, Stock Exchange Listing Applications .

In the Offer to Purchase and Circular, **we** , **us** and **our** refer to the Offerors or to Mercer with its subsidiaries and controlled affiliates, either individually or collectively, as the context may require.

Any Fibrek shareholder desiring to deposit all or any portion of such shareholder's Fibrek Shares under the Offer should either: (i) complete and sign the accompanying Letter of Transmittal (printed on BLUE paper) in accordance with the instructions in the Letter of Transmittal and mail or deliver it together with the certificate(s) evidencing deposited Fibrek Shares, and any other required documents, to the Depositary (as defined herein) at its office specified in the Letter of Transmittal; (ii) deposit such Fibrek Shares pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase, Manner of Acceptance ; or (iii) request such Fibrek shareholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such Fibrek shareholder. **Any Fibrek shareholder whose Fibrek Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact the Depositary or its broker, investment dealer, bank, trust company or other nominee if such Fibrek shareholder desires to deposit such Fibrek Shares in the Offer.**

If a Fibrek shareholder desires to deposit Fibrek Shares pursuant to the Offer and: (i) the certificates evidencing such Fibrek Shares are not immediately available; (ii) such shareholder cannot deliver the certificates and all other required documents to the Depositary before the Expiry Time; or (iii) such shareholder cannot comply with the procedures for book-entry transfer on a timely basis, such Fibrek Shares may nevertheless be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on **YELLOW** paper). See Section 3 of the Offer to Purchase, Manner of Acceptance .

If Fibrek Shares validly deposited under the Offer are taken up and paid for, we will, to the extent within our control and subject to applicable laws, acquire, directly or indirectly, all of the issued and outstanding Fibrek Shares not deposited under the Offer by way of one or more Second Step Transactions (as defined herein). The terms of any such Second Step Transaction will provide that the consideration offered for Fibrek Shares under any Second Step Transaction, including the consideration options, will be the same as that offered and paid to Fibrek shareholders under the Offer (subject to proration). See Section 15 of the Circular, Acquisition of Fibrek Shares not Deposited .

The cash portion of the Offer Consideration (as defined herein) payable under the Offer will be denominated and paid in Canadian dollars.

We have engaged The Laurel Hill Advisory Group Company to act as information agent (the **Information Agent** ) for the Offer and have engaged Computershare Investor Services Inc. to act as depositary (the **Depositary** ) for the Offer.

Questions or requests for assistance may be directed to the Information Agent at its address and telephone number set forth on the back cover of the Offer to Purchase and Circular. Requests for additional copies of the Offer to Purchase and Circular, the accompanying Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent, and copies will be furnished promptly at our expense. Fibrek shareholders may also contact their brokers, investment dealers, banks, trust companies or other nominees for assistance concerning the Offer.



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We have not authorized anyone to provide any information or make any representation in connection with the Offer that is different from, or in addition to, the information and representations contained in the Offer or in any materials regarding the Offer accompanying this document or incorporated by reference herein or therein. Fibrek shareholders should not rely on any information or any representations regarding the Offer not contained in the Offer to Purchase and Circular or in the documents accompanying the Offer to Purchase and Circular.

While the Offer is being made to all holders of Fibrek Shares, this document does not constitute an offer or a solicitation in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made in, nor will deposits be accepted in, any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, we may, in our sole discretion, take such action as we may deem necessary to make the Offer in any such jurisdiction.

Unless otherwise specified, the information contained in this document speaks only as of the date of this document. All websites referred to in the Offer to Purchase and Circular and Letter of Transmittal are inactive textual references only, meaning that the information contained on such websites is not incorporated by reference into the Offer to Purchase and Circular or the Letter of Transmittal, and you should not consider information contained on such websites as part of the Offer to Purchase and Circular or the Letter of Transmittal, unless expressly specified in the Offer to Purchase and Circular or the Letter of Transmittal.

THIS OFFER TO PURCHASE AND CIRCULAR AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION, AND YOU SHOULD CAREFULLY READ BOTH IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER.

THE OFFER TO PURCHASE AND CIRCULAR INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT MERCER FROM DOCUMENTS FILED WITH THE SEC AND THE CANADIAN SECURITIES REGULATORY AUTHORITIES THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS OFFER TO PURCHASE AND CIRCULAR. SUCH INFORMATION IS AVAILABLE AT THE INTERNET WEBSITES MAINTAINED BY THE SEC AND CANADIAN SECURITIES REGULATORY AUTHORITIES AT WWW.SEC.GOV AND WWW.SEDAR.COM, RESPECTIVELY. PLEASE SEE THE SECTION ENTITLED WHERE YOU CAN FIND ADDITIONAL INFORMATION . YOU MAY ALSO REQUEST COPIES OF THESE DOCUMENTS FROM US, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO THE INFORMATION AGENT AT ITS ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE BACK COVER OF THIS OFFER TO PURCHASE AND CIRCULAR. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN MARCH 29, 2012 OR FIVE BUSINESS DAYS PRIOR TO THE EXPIRY TIME OF THE OFFER, WHICHEVER IS LATER.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Statements in the Offer to Purchase, the Circular and the documents incorporated by reference herein that are not reported financial results or other historical information of the Offerors or Fibrek, are forward-looking statements and involve risks and uncertainties relating to business outlook; assessment of market conditions; liquidity outlook, prospects, growth, strategies and the industry in which we operate; expected benefits resulting from this Offer and stated reasons to accept the Offer; and strategies for achieving our goals generally. Forward-looking statements may be identified by the use of forward-looking terminology such as the words should , would , could , will , may , expect , believe , anticipate , attempt , project and other terms with similar meaning indicating possible future events or potential impact on our business or Mercer shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management's current assumptions, beliefs and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. The potential risks and uncertainties that could cause our actual future financial condition, results of operations and performance to differ materially from those expressed or implied in this Offer to Purchase and Circular and the documents incorporated by reference in the Offer to Purchase and Circular include, but are not limited to: Mercer Shares issued in connection with the Offer may have a market value lower than expected; the businesses of Mercer and Fibrek may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; the expected benefits, synergies and cost savings from the Offer may not be fully realized or not realized within the expected time frame; the possible delay in the completion of the steps required to be taken for our acquisition of Fibrek, including the possibility that approvals or clearances required to be obtained from regulatory and other agencies and bodies will not be obtained in a timely manner; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees and suppliers; and all other potential risks and uncertainties set forth under the Section entitled Risk Factors .



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The completion of the Offer is subject to a number of terms and conditions. The conditions to the Offer may not be satisfied in accordance with their terms, and/or we may exercise our termination rights under the Support Agreement, in which case the Offer could be terminated. The outcome of the appeal of the decision of the Bureau de décision may also have an impact on the completion of the Offer. Failure to complete the Offer could have a material adverse impact on the market price of the Fibrek Shares.

All forward-looking statements in the Offer to Purchase, the Circular and the documents incorporated by reference herein are expressly qualified by the cautionary statements contained or referred to in this section and in our other filings with the SEC and the Canadian securities regulatory authorities. We disclaim any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws.

**MARKET AND INDUSTRY DATA**

Information about industry or general economic conditions contained in the Offer to Purchase, the Circular and the documents incorporated by reference herein is derived from third-party sources and certain trade publications that we believe are widely accepted and accurate; however, we have not independently verified this information and cannot provide assurances of its accuracy.

**REPORTING CURRENCIES AND FINANCIAL PRINCIPLES**

In the Offer to Purchase and Circular, all references to  $\text{€}$  refer to Euro, all references to  $\text{C\$}$  refer to Canadian dollars and all references to  $\text{US\$}$  refer to U.S. dollars, unless otherwise indicated.

Our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 and the notes thereto are prepared in accordance with U.S. GAAP.

**INFORMATION CONCERNING FIBREK**

Except as otherwise indicated, the information concerning Fibrek contained herein has been taken from or is based upon Fibrek's (and other) publicly available documents and records. Although Mercer has no knowledge that would indicate that any statements contained herein concerning Fibrek taken from or based upon such documents and records are untrue or incomplete, neither Mercer nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, including any of Fibrek's financial information or statements, or for any failure by Fibrek to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to Mercer. Mercer has limited means of verifying the accuracy or completeness of any of the information contained herein that is derived from Fibrek's publicly available documents or records or whether there has been any failure by Fibrek to disclose events that may have occurred or may affect the significance or accuracy of any information.

**EXCHANGE RATES**

Our reporting currency and our financial statements are reported in Euros, as a significant majority of our business transactions are originally denominated in Euros. We translate non-Euro denominated assets and liabilities at the rate of exchange on the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the period.

The following table sets out exchange rates, based on the noon buying rates in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the **Noon Buying Rate**) for the conversion of Euros and Canadian dollars to U.S. dollars in effect at the end of the following periods, the average exchange rates during these periods (based on daily Noon Buying Rates) and the range of high and low exchange rates for these periods:

	Years Ended December 31,				
	2011	2010	2009	2008	2007
	( /US\$)				
End of period	0.7708	0.7536	0.6977	0.7184	0.6848
High for period	0.6723	0.6879	0.6623	0.6246	0.6729
Low for period	0.7736	0.8362	0.7970	0.8035	0.7750
Average for period	0.7186	0.7541	0.7176	0.6826	0.7304

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	(C\$/US\$)				
End of period	1.0168	1.0009	1.0461	1.2240	0.9881
High for period	0.9448	0.9960	1.0289	0.9717	0.9168
Low for period	1.0605	1.0776	1.2995	1.2971	1.1852
Average for period	0.9887	1.0298	1.1412	1.0660	1.0740

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On February 24, 2012, the date of the most recent weekly publication of the Noon Buying Rate before the date hereof, the Noon Buying Rate for the conversion of Euros and Canadian dollars to U.S. dollars was 0.7428 per U.S. dollar and C\$0.9988 per U.S. dollar.

In addition, certain financial information relating to our Celgar mill is stated in Canadian dollars while we report our financial results in Euros. The following table sets out exchange rates, based on the noon rate provided by the Bank of Canada (the **Bank of Canada Noon Rate**), for the conversion of Canadian dollars to Euros in effect at the end of the following periods, the average exchange rates during these periods (based on Bank of Canada Noon Rates) and the range of high and low exchange rates for these periods:

	2011	Years Ended December 31, (C\$/ )			2007
		2010	2009	2008	
End of period	1.3193	1.3319	1.5000	1.7046	1.4428
High for period	1.2847	1.2478	1.4936	1.4489	1.3448
Low for period	1.4305	1.5067	1.6920	1.7316	1.5628
Average for period	1.3761	1.3671	1.5851	1.5603	1.4690

On February 10, 2012, the date on which we announced our intention to make the Offer, the Bank of Canada Noon Rate for the conversion of Canadian dollars to Euros was C\$1.3208 per Euro.

The following table sets forth the average exchange rate for one U.S. dollar expressed in Canadian dollars for each period indicated and the exchange rate at the end of such period, based on the noon exchange rate published by the Bank of Canada Noon Rate:

	2011	Years Ended December 31, (C\$/ )			2007
		2010	2009	2008	
High for period	1.0604	1.0778	1.3000	1.2969	1.1853
Low for period	0.9449	0.9946	1.0292	0.9719	0.9170
End of period	1.0170	0.9946	1.0466	1.2246	0.9881
Average for period	0.9891	1.0299	1.1420	1.0660	1.0748

	Jan. 2011	Feb. 2011	Mar. 2011	Apr. 2011	May 2011	Jun. 2011	Jul. 2011	Aug. 2011	Sep. 2011	Oct. 2011	Nov. 2011	Dec. 2011
High for period	1.0022	0.9955	0.9918	0.9691	0.9809	0.9861	0.9668	0.9910	1.0389	1.0604	1.0487	1.0406
Low for period	0.9862	0.9739	0.9686	0.9486	0.9490	0.9643	0.9449	0.9580	0.9752	0.9935	1.0126	1.0105
End of period	1.0022	0.9739	0.9718	0.9486	0.9688	0.9643	0.9538	0.9784	1.0389	0.9935	1.0197	1.0170
Average for period	0.9938	0.9876	0.9766	0.9582	0.9680	0.9768	0.9553	0.9828	1.0026	1.0198	1.0258	1.0238

On February 10, 2012, the date on which we announced our intention to make the Offer, the exchange rate for one U.S. dollar expressed in Canadian dollars based on the Bank of Canada Noon Rate was C\$1.0016. On February 27, 2012, being the latest practicable date immediately prior to the date of this Offer to Purchase and Circular, the exchange rate for one U.S. dollar expressed in Canadian dollars based on the Bank of Canada Noon Rate was C\$0.9983.

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