

NEWS RELEASE - JUNE 1, 2009

AGREEMENT SETS STAGE FOR REDEVELOPMENT OF PRINCE ALBERT PULP MILL SITE

An agreement has been reached that sets the stage for the potential redevelopment of, and an innovative new use for, the Prince Albert pulp mill site.

Energy and Resources Minister Bill Boyd today announced the government's signing of a Letter of Intent with Iogen Energy and Domtar for the proposed development of a first-of-its-kind cellulosic-based ethanol plant and bioenergy facility at the site.

Under the agreement, Iogen Energy will advance its business planning around a plant that would convert cereal straw to cellulosic ethanol, a low CO₂ fuel that can be used in today's vehicles. If the final investment decision is positive, the multi-million dollar project, in partnership with Royal Dutch Shell, would also include a power plant producing green electricity from forest and ethanol plant residues.

Iogen/Shell expects to make a final investment decision on the project after design and detailed feasibility work is completed. If the project proceeds, the company would purchase mill assets from Domtar that are required for the new facility.

The government would then assume ownership for the remaining mill property and be responsible for existing environmental obligations associated with the decommissioning of the pulp mill site. In exchange, Domtar would pay an environmental settlement fee to the province to compensate for its share of environmental site obligations.

"Redevelopment of this mill site has been a priority for us, for our forest industry and for the people of the area," Boyd said. "A final decision still needs to be made by the company, but this agreement is an important first step in our commitment to find new uses for the mill facilities, new markets for our forest and agricultural resources and new forestry jobs for Saskatchewan people."

"A project like this is not only a potential win-win for our forest industry and area farmers, but it also showcases new technology and new approaches by a leading Canadian energy company."

Iogen will conduct public consultations June 15-17 with communities and First Nations in the area around the evaluation of the pulp mill site. It will also proceed with detailed engineering studies and necessary environmental approvals.

"The signing of this agreement is an essential next step for our project in Saskatchewan," Iogen Chief Operating Officer Pat Foody said. "It allows us to proceed with the development and assessment work that will provide the needed input into the eventual decision whether to proceed."

"Domtar will continue to work co-operatively with the Government of Saskatchewan and Iogen/Shell to bring this project to fruition," Domtar Senior Vice-President of Corporate Development Patrick Loulou said.

If the project goes ahead, the government would also commit to purchase green power produced from the plant and provide new growth tax incentives related to technology commercialization and transportation.

The existing Prince Albert Pulp Mill and associated facilities are owned by Domtar and have not operated since April 2006.

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