



PRESS RELEASE
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**CelluForce celebrates the inauguration of the world's first
NanoCrystalline Cellulose demonstration plant**

- **New Canadian technology**
- **Construction of demonstration plant completed on time**
- **30 jobs created**
- **15 technical collaboration agreements in place**

Montréal, January 26, 2012 – CelluForce officially inaugurated today the world's first NanoCrystalline Cellulose (NCC) demonstration plant at the Domtar pulp and paper mill site in Windsor, Quebec.

Jean Moreau, President and CEO of CelluForce, was accompanied by the Canadian Minister of Natural Resources, the Honourable Joe Oliver; Québec's Minister for Finance, Alain Paquet; John D. Williams, President and CEO of Domtar; and Pierre Lapointe, President and CEO of FPInnovations.

CelluForce is ramping up its production of NCC with a target of reaching a 1,000 kg (1 metric ton) per day production rate in 2012. Trials integrating NCC into the manufacturing process of different products are currently taking place through technical collaboration agreements between CelluForce and 15 companies based in Canada, the United States, Europe and Asia in four main industrial sectors: paints and coatings, films and barriers, textiles, and composites.

Plant construction extended over a 14-month period and was completed on time. The Canadian and Québec governments made a significant contribution to the financing of the \$36 million plant with \$23.2 million coming from Natural Resources Canada (Pulp and Paper Green Transformation Program and Transformative Technologies Program) and \$10.2 million from Québec's Natural Resources and Wildlife Department.

Grateful to all those who have contributed thus far to this exciting venture, Jean Moreau declared: “This is the stellar result of the winning combination of Domtar’s operational expertise with FPIInnovations’ technical and scientific knowledge to develop an effective manufacturing process for NanoCrystalline Cellulose. Governments were receptive to our project, which was in line with their innovation and forestry industry strategies, while our enthusiastic employees were thrilled to participate in such a unique and innovative initiative. Today we celebrate a milestone that enables us to be the first in the world on the path to creating a significant market for NCC. There is an exciting future ahead for NCC and CelluForce.”

“Our investment in the CelluForce project is part of a larger story at Domtar around unlocking greater value from wood fiber,” added John D. Williams, Domtar President and Chief Executive Officer. “We are thrilled to be partners in this world-class venture that aligns so squarely with our business growth objective to become a global leader in fiber innovation.”

Pierre Lapointe, President and CEO of FPIInnovations stated that “This is a significant milestone in Canadian innovation history. We have demonstrated that through investment in public-private partnerships, Canada is taking a leadership position in developing and deploying game changing innovations, such as NCC, to help the transformation of the forest industry and to create wealth for Canadians. We are very proud that this innovation developed by FPIInnovations’ research team is now moving from the laboratories to the marketplace. This is a great day for FPIInnovations’ staff and all our partners.”

NCC is an advanced material derived from wood fibre that improves the strength, durability and toughness of products. It can reduce damage caused by wear, abrasion and light. This high-value nanomaterial can also be incorporated into systems to make light reflective structures (tunable from ultraviolet to infrared), impermeable to gas and stable over time. NCC can transform the performance of existing products as well as help create new, unique and improved products. Natural, renewable, recyclable, compostable and bio-degradable, NCC also has the potential to become a contributor to the green economy in numerous industrial sectors in the coming decades.

NCC’s remarkable properties will lead to commercial applications largely exceeding those of traditional wood fibre products. CelluForce will, on a worldwide basis, market NanoCrystalline Cellulose for strength applications under the CelluForce Impact™ brand, and optical applications under the CelluForce Allure™ brand.

About CelluForce

CelluForce is the world leader in the commercial development of NanoCrystalline Cellulose (NCC). The company is a joint venture of Domtar Corporation and FPIInnovations. CelluForce manufactures NCC in the world’s first plant of its kind, located in Windsor, Québec, develops new applications for it, markets and sells it. The company currently has a workforce of 30 employees and its head office is in Montreal.

About FPInnovations

FPInnovations is a not-for-profit world leader that specializes in the creation of scientific solutions in support of the Canadian forest sector's global competitiveness and responds to the priority needs of its industrial and government members. It is ideally positioned to perform research, innovate and deliver state-of-the-art solutions for every area of the sector's value chain, from forestry operations to consumer and industrial products. FPInnovations' staff numbers more than 500. Its research laboratories are located in Québec City, Montréal, Thunder Bay, Edmonton and Vancouver, and it has technology transfer offices across Canada. For more information about FPInnovations, visit: www.fpinnovations.ca

About Domtar

Domtar Corporation (NYSE: UFS) (TSX: UFS) is the largest integrated manufacturer and marketer of uncoated freesheet paper in North America and the second largest in the world based on production capacity, and is also a manufacturer of papergrade, fluff and specialty pulp. The Company designs, manufactures, markets and distributes a wide range of business, commercial printing and publishing as well as converting and specialty papers including recognized brands such as Cougar[®], Lynx[®] Opaque Ultra, Husky[®] Opaque Offset, First Choice[®] and Domtar EarthChoice[®] Office Paper, part of a family of environmentally and socially responsible papers. Domtar also produces a complete line of incontinence care products and distributes washcloths marketed primarily under the Attends[®] brand name. Domtar owns and operates Ariva[™], an extensive network of strategically located paper distribution facilities. The Company employs approximately 8,800 people. To learn more, visit www.domtar.com

For further information concerning CelluForce, please visit www.celluforce.com.

[Link to the Nanocrystalline cellulose factsheet](#)

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[Link to Natural Resources of Canada news release](#)

[Link to Québec's Natural Resources and Wildlife news release](#)

[Link to the Forest Products Association of Canada \(FPAC\) news release](#)

News Release

2012/9

January 26, 2012

Minister Joe Oliver Helps Open World's First Commercial-scale Nanocrystalline Cellulose Plant

WINDSOR, QUEBEC — The Honourable Joe Oliver, Minister of Natural Resources, today delivered a keynote address to celebrate the official opening of the new CelluForce facility, the world's first commercial-scale producer of nanocrystalline cellulose (NCC), in Windsor, Quebec.

Thanks to a joint investment by the Governments of Canada and Quebec, this new facility represents a landmark in the development of a new series of renewable industrial and consumer products created from wood fibre.

"The Government of Canada is investing \$23.2 million in the transformation of Canada's forest sector by encouraging the development and commercialization of state-of-the-art Canadian technology," said Minister Oliver. "Supporting innovative projects such as this one is essential to expanding and diversifying markets both at home and abroad and to creating new economic opportunities for forest-dependent communities."

This project was developed by FPInnovations and Domtar Inc. with support from the Government of Canada and the Government of Quebec. The Government of Canada contributed \$12 million under the Pulp and Paper Green Transformation Program (PPGTP) and \$11.2 million under the Transformative Technologies-Pilot Scale Demonstration Program, for a total of \$23.2 million. In addition, the Government of Quebec contributed \$10.2 million. This new facility is expected to produce one tonne of nanocrystalline cellulose per day and has created 30 jobs in the region.

Technological innovations like nanocrystalline cellulose offer the prospect of opening new, high-value markets to Canada's forest sector. NCC may be used in the development of products such as paints, coatings, cosmetics, films, barriers, textiles and advanced materials.

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Abundant, renewable and biodegradable, nanocrystalline cellulose has been shown to be non-toxic, a significant advantage over most other existing nanomaterials.

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An investment of \$10.2 million by the Government of Québec

**INAUGURATION OF THE WORLD'S FIRST NANOCRYSTALLINE
CELLULOSE PLANT**

Windsor, January 26, 2012 – Mr. Alain Paquet, Minister for Finance, on behalf of the Minister of Natural Resources and Wildlife and Minister responsible for Plan North, Mr. Clément Gignac, took part today in the inauguration of the Celluforce plant, the world's first nanocrystalline cellulose (NCC) precommercialization plant. Located on the grounds of Domtar's pulp and paper plant in Windsor, this project has become a reality thanks to \$10.2 million of financial assistance from the Ministry of Natural Resources and Wildlife.

The support for this project, for which Québec possesses unique know-how, falls within the context of the Forest Biorefinery mobilizing project of the 2010-2013 Québec Research and Innovation Strategy launched in June 2010.

"Our government is proud to collaborate financially in the realization of this project and to be here today to participate in the inauguration of the CelluForce plant. For Québec, the development of NCC represents a most promising avenue towards economic growth for decades to come. In order to counteract fluctuations in demand in the pulp and paper sector and to remain competitive, our forest industry needs to create new, sustainable industrial and commercial products based on wood fibre. The project that we are launching today is an example of our willingness to support this economic sector, which is so important to Québec and its regions", stated Mr. Paquet.

Celluforce is a joint venture created by FPInnovations and Domtar. The project was made possible thanks to a total investment of \$40.8 million of which \$10.2 million was provided by the Québec Government. The Windsor plant will be the first in the world to produce nanocrystalline cellulose.

NCC is a nanomaterial with unique properties that can be extracted from wood thanks to a process patented by FPInnovations. It is an abundant resource, renewable, recyclable and without risk to the environment. Its characteristics make it possible to revolutionize numerous applications such as security papers, packaging, coatings, cosmetics, paints, certain construction products and components for the transportation industry.

"In addition to consolidating the 825 jobs at Domtar's pulp and paper plant, this project will create about 20 positions needed to operate the pilot plant and market the new product. We can be proud of the expertise that will be developed on home soil, which will contribute to increasing the competitiveness of the Québec forest sector", concluded Minister Paquet.

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New commercial NCC plant proves growing momentum for innovative forest products

January 26, 2012-OTTAWA: The Forest Products Association of Canada (FPAC) says the opening of the world's first nano-crystalline cellulose (NCC) plant in Canada is clear evidence of the rapid transformation of the forest sector and its growing role in the emerging bio-economy.

Leading edge research by FPInnovations has led to the official opening today of the CelluForce plant in Windsor Quebec which will fabricate NCC for eventual use in such products as paints and coatings, films and barriers, textiles, and composites.

“This kind of development underscores the new business model that consolidates the economics of wood and pulp and paper production with the extraction of innovative new bio-energy, bio-chemicals and bio-materials,” says the President and CEO of FPAC, Avrim Lazar. “Extracting more value from every tree harvested is going to have an extraordinary impact for Canada economically, environmentally and socially.”

FPAC, with the collaboration of FPInnovations, had led a breakthrough study called the *New Face of the Canadian Forest Industry: the Emerging Bio-Revolution* that did exhaustive research on how to best position the next generation forest products industry. It concluded that the forest products industry in Canada was uniquely positioned to take advantage of the new bio-economy and exploit a potential global market of \$200 billion for bio-products made from renewable wood fibre.

“There is an immense economic potential that will keep Canada's forest industry and communities that depend on it on a strong footing for both today and tomorrow.” says Lazar. “Governments have been welcome partners in the exciting re-invention of our industry and we welcome their continued support to help us compete with forest industries in other countries that are also aggressively pursuing these opportunities.”

FPAC has also set up the Bio-Pathways Partnership Network to bring together sectors such as the chemical, energy, auto and aerospace industries to promote collaboration with forest products companies on the new innovative products.

“With this new network, we are inviting other sectors to partner with FPAC members to take advantage of the potential of the bio-economy with exciting new products, new technologies and new markets.” says Lazar. “It's now time to embrace the growing potential of the new forest products industry.”

FPAC provides a voice for Canada's wood, pulp, and paper producers nationally and internationally in government, trade, and environmental affairs. The \$57-billion-a-year forest products industry represents 2% of Canada's GDP and is one of Canada's largest employers operating in hundreds of communities and providing 240,000 direct jobs across the country.

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