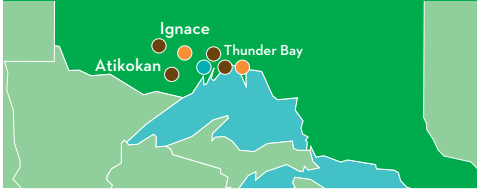




Northern Ontario Operations



KEY STATISTICS (AS AT DECEMBER 31, 2017)

Workforce

Number of employees	956
Indirect employees*	3,107

Annual capacity

535,000 metric tons of market pulp and newsprint
562 million board feet of lumber
45,000 metric tons of wood pellets

Economic impact (M CA\$)

Payroll and benefits	\$ 85.1
All other operating costs	166.6
Total cost of wood and recycled fiber	175.5
Amount spent to purchase energy**	43.6
Amount paid in taxes	2.8

TOTAL

Northern Ontario region	\$ 473.7
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* Research by the Economic Policy Institute indicates that for every 100 jobs in the paper industry, 325 additional jobs are supported in supplier industries and in local communities due to the re-spending of wages.

** Does not take into account the power supply from the cogeneration plant at Thunder Bay.

Thunder Bay is one of Resolute Forest Products' most significant pulp and paper operations. The mill is a local landmark, operating since 1919. While name and ownership of the facility have changed over the years, its importance to the local community as an employer, taxpayer, community supporter and engaged neighbour has been ongoing.

In 2017, Resolute continued to build on the successful integration of its Atikokan, Ignace and Thunder Bay network of sawmills in Northwestern Ontario. Significant investments were made in sustainable development at our Thunder Bay operations, and to further strengthen our commitment to Aboriginal peoples, the company's Aboriginal Procurement Policy Guidelines were implemented.

Supporting Sustainability

Our Northern Ontario operations are committed to sustainability and have undertaken multiple initiatives:

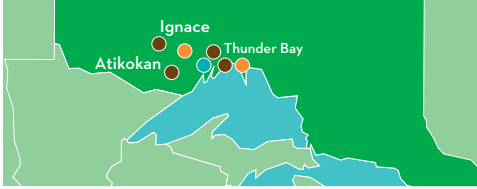
- ▶ As part of company-wide success in reducing absolute direct and indirect GHG emissions by 76% over 2000 levels, our Thunder Bay pulp and paper mill has achieved a 33% reduction in direct emissions (scope 1) and a 43% reduction in indirect emissions (scope 2).
- ▶ In 2015, Resolute received the Northern Ontario Business "Judges' Choice" Award for its Thunder Bay wood pellet plant in recognition of the innovative work in lowering greenhouse gas (GHG) emissions by turning waste sawdust into biomass fuel.
- ▶ Our Thunder Bay pulp and paper mill responsibly sources wood fibre through certification to the Sustainable Forest Initiative® (SFI®) standard as well as the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council® (FSC®) chain-of-custody standards.
- ▶ All operations in Northern Ontario also maintain third-party sustainable and responsible forest management certifications from at least one of three standards (SFI®, PEFC and FSC®), in addition to being certified to the ISO 14001 environmental management standard.

OPERATIONS

- Atikokan sawmill
- Ignace sawmill
- Northwestern Ontario woodlands
- Thunder Bay pulp and paper mill
- Thunder Bay sawmill
- Thunder Bay pellet plant
- Thunder Bay woodlands



Northern Ontario Operations



Supporting Sustainability (cont'd)

The mill achieved the milestone of 500,000 hours without a recordable injury in 2017, while our Atikokan and Ignace woodlands operations, as well as Ignace sawmill, completed the year without a single, recordable injury. For every 250,000 hours injury-free, we reward our operations with an amount to donate to local organizations. Last year, \$10,000 were given to Thunder Bay organizations on behalf of the mill's employees.

We are currently making significant investments in sustainable development at our Thunder Bay operations:

- ▶ A clean energy project to improve energy efficiency will reduce the use of natural gas by recovering waste heat from its exhaust streams and optimizing condensate returns by installing efficient steam traps. By mid-2019, the \$11.5-million project is expected to provide annual natural gas cost savings of more than 35%, while lowering the mill's annual GHG emissions by over 20% - or approximately 43,000 metric tons of CO₂ equivalents per year.
- ▶ We are also investing \$3.5 million in a strategic R&D partnership to establish a biorefinery pilot plant at our Thunder Bay mill. The project will focus on developing new ways to efficiently produce and commercialize innovative biochemicals derived from wood. The \$21-million initiative has the support of the municipal, Ontario and Canadian governments.

Collaborations with Aboriginal Peoples

In 2017, we implemented Aboriginal Procurement Policy Guidelines to further strengthen our commitment to Aboriginal peoples. Our goal is to provide equitable access to commercial opportunities and to promote the economic participation of Aboriginal peoples and businesses in the forest products sector. Partnerships and business ventures with First Nations include:

- ▶ Our Thunder Bay sawmill, located on Fort William First Nation, which employs approximately 200 workers, many from this First Nation community. The mill was the first in Canada to work under regulations created by the First Nations Commercial and Industrial Development Act, which facilitates industrial development with First Nations on their land.
- ▶ Memorandums of agreement, including significant contracts for construction and transportation, which have resulted in \$100 million in economic opportunities in Ontario for First Nations in the region, namely the Nigigoonsiminikaaning, Kiashke Zaaging Anishinaabek, Lac des Mille Lacs, Seine River, Couchiching, Mitaanjigamiing and Lac La Croix First Nations.
- ▶ An agreement to purchase over 1.5 million seedlings annually from the Wabigoon Lake Ojibway Nation tree nursery, established in the late 1990s with the company's help. This venture supports our forest regeneration activities in Ontario.