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February 8, 2019

Mayor June Caul  
Town of Fort Frances  
320 Portage Avenue  
Fort Frances, ON P9A 3P9

Dear Mayor Caul:

I am writing in response to your letter of February 6, 2019. First, I would like to thank you and Doug for making yourselves available with short notice to participate on the call Tuesday evening with Seth Kursman and me. We sincerely appreciate your willingness to discuss issues in an open and transparent manner.

As we discussed, Resolute has signed a backstop agreement to transfer the Fort Frances mill property to a community redeveloper. The agreement lays out the environmental remediation required as well as a number of key technical steps to transition the property. The final transaction is not expected to close until May at the earliest. Resolute signed the backstop agreement in order to crystalize the terms we negotiated with this buyer and to secure their funding commitment, among other things.

The buyer is a restorative development company, specializing in the integrated revitalization of distressed industrial properties. They leverage public and private funding, investing in large industrial projects in North America. They have experience leading decommissioning, site recovery and restorative site development, achieving important long-term gains for regional municipalities, public and private investors, and various other partners they work with.

As we also reviewed during our call, Resolute recognizes the recent interest from certain market participants, and we are therefore running a parallel process whereby other interested parties can prepare binding offers for the assets by March 15, 2019. In order to receive information from Resolute and participate in the process, prospective bidders will be required to sign a non-disclosure agreement. We will make information available in a virtual data room and prospective bidders will also be permitted a site visit.

Please be assured that our highest priority in our exit strategy is making sure that the site is handled in accordance with all applicable laws, including environmental, and at all levels, including municipal.

Again, thank you for your personal engagement since your election this past fall. A collaborative working relationship is important as we move forward.

Best regards,

A handwritten signature in blue ink, appearing to read 'Michael Martel', written over a light blue horizontal line.

Michael Martel  
Vice President, Wood Products Operations - Ontario

cc: Doug Brown, Fort Frances Town Council