

TAB A

**CANADIAN SECURITY
AGREEMENT**

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THIS AGREEMENT is made as of April 1, 2008.

TO: Wells Fargo Bank, National Association, in its capacity as collateral trustee for the benefit of the Secured Parties (together with its successors and assigns in such capacity, "Collateral Trustee")

GRANTED BY: Abitibi-Consolidated Company of Canada (together with its successors and assigns, the "Issuer")

AND BY: Each of the Persons listed on the signature pages hereto as a grantor, and any other Person that becomes a party hereto (each, together with its successors and assigns, and together with the Issuer, a "Grantor", and collectively, the "Grantors")

RECITALS:

A. Reference is made to (a) that certain indenture (as amended, supplemented, restated, extended, renewed or replaced from time to time, the "Indenture") dated as of the date hereof by and among the Issuer, Abitibi-Consolidated Inc. (together with its successors and assigns, "Holdings"), the other Grantors from time to time party thereto, and Wells Fargo Bank, National Association, in its capacity as trustee (together with its successors and assigns in such capacity, the "Trustee"), and (b) that certain collateral trust agreement (as amended, supplemented, restated, extended, renewed or replaced from time to time, the "Collateral Trust Agreement") dated as of the date hereof by and among Holdings, the Issuer, the Grantors from time to time party thereto, the Trustee and Collateral Trustee.

B. As security for its Secured Obligations, each Grantor has agreed to grant to Collateral Trustee, for the benefit of the Secured Parties, a security interest in the Collateral of such Grantor.

THEREFORE, the parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Defined Statutory Terms

Unless the context otherwise requires or unless otherwise specified, all the terms used in this Agreement without initial capitals, which are defined in the PPSA or the STA, have the same meanings in this Agreement as in the PPSA or the STA, as applicable.

1.2 Definitions

All initially capitalized terms used and not defined elsewhere in this Agreement have the meanings given to them in the Indenture or the Collateral Trust Agreement, as the case may be, and the following words and terms have the meanings set out below:

"Agreement" means this security agreement (including, for the avoidance of doubt, the preamble and recitals, definitions incorporated herein by reference and any exhibits and schedules attached hereto) as it and they may be amended, supplemented, extended, renewed, restated or otherwise modified from time to time;

"CIPO" means the Canadian Intellectual Property Office;

"Collateral" means, subject to Section 2.6, certain of each Grantor's present and after acquired personal property, including all undertakings, property, rights and assets of every nature and kind, now owned or subsequently acquired and at any time and from time to time existing or in which any such Grantor has or acquires an interest, wherever situate, and, in each case, consisting of:

- (i) Equipment;
- (ii) Intellectual Property Rights;
- (iii) Fixed Asset Collateral Insurance;
- (iv) Pledged Securities;
- (v) each Fixed Asset Collateral Account and all property deposited therein;
- (vi) to the extent not otherwise included above, all Documents of Title, Contracts, Collateral Records and Collateral Support directly and to the extent relating to any of the foregoing;
- (vii) all Proceeds of any of the foregoing received by the applicable Grantor prior to the occurrence of a Fixed Asset Debt Default (or following the cure and/or waiver thereof), but only so long as such Proceeds are held in the Fixed Asset Collateral Account; and
- (viii) all Proceeds of any of the foregoing received by the applicable Grantor after the occurrence of and during the continuance of a Fixed Asset Debt Default;

"Collateral Records" means books, records, ledgers, files, correspondence, customer lists, supplier lists, blueprints, technical specifications, manuals, computer software and related documentation, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection or use thereof or realization thereupon;

"Collateral Support" means any property or right, title or interest therein assigned, hypothecated or otherwise securing any Collateral or the payment or performance thereof, including any security agreement or other agreement granting a lien or security interest in such property;

"Contracts" means any contracts, agreements, indentures, licences, commitments, entitlements, consents, permits, engagements or other arrangements, whether written or unwritten, to which any Grantor is now or subsequently a party or has a benefit, right, or in which any Grantor now has or subsequently acquires an interest;

"Copyrights" means all of the following (a) all copyrights and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof;

"Designs" means all of the following: (a) all industrial designs and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications

in connection therewith, including all registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof;

"Documents of Title" means all or any part of any documents of title, whether negotiable or non-negotiable, including all warehouse receipts and bills of lading, in which any Grantor now or subsequently has an interest;

"Equipment" means all goods in which any Grantor now or subsequently has an interest other than Inventory or consumer goods, including all tools, apparatus, fixtures, plant, machinery and furniture;

"Equivalent Amount" in one currency on any day means the amount of such currency that would result from Collateral Trustee converting into such currency another currency at approximately 12:00 noon (New York time) on such day in accordance with Collateral Trustee's customary practice;

"Fixed Asset Collateral Account" means any "Collateral Proceeds Account" (as defined in Section 4.10 of the Indenture) established by a Grantor pursuant to the Indenture;

"Fixed Asset Collateral Insurance" means all insurance policies (regardless of whether Collateral Trustee is the loss payee or an additional insured or named insured thereof) solely to the extent covering any or all of any Collateral;

"Fixed Asset Equity Interests" means those shares of capital stock, membership interests, partnership interests or beneficial interests of the respective issuers as set out on Schedule 4.1(f);

"Intellectual Property Rights" means all rights in, arising out of, or associated with Copyrights, Designs, Patents, Trade-marks and trade secrets, whether registered or not or the subject of a pending application for registration, that are now or in the future owned by or licensed to any Grantor;

"Joinder" has the meaning specified in Section 8.1;

"Patents" means all of the following: (a) all letters patent of invention and all applications for letters patent, all design patents and all registrations and recordings thereof, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or political subdivision thereof, and (b) all reissues, continuations, continuations-in-part, extensions, divisions, and re-examinations thereof;

"Pledged Securities" means all the Fixed Asset Equity Interests and any substitutions, additions and proceeds arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of the issuers of the Fixed Asset Equity Interests or any other event and any securities acquired pursuant to the exercise of a right or offer granted or made by any Grantor to the extent that any such right or offer arises out of the ownership of any Pledged Securities;

"PPSA" means the *Personal Property Security Act* (Ontario); provided, however, if the validity, attachment, perfection (or opposability), effect of perfection or of non-perfection or priority of Collateral Trustee's security interest in any Collateral are governed by the personal property security laws or laws relating to movable property of any jurisdiction in Canada other than the Province of Ontario, PPSA shall include those personal property security laws or laws relating to movable property in such other jurisdiction for the purpose of the provisions hereof relating to

such validity, attachment, perfection (or opposability), effect of perfection or of non-perfection or priority and for the definitions related to such provisions;

"Proceeds" means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Collateral and any insurance or payment or claim thereto or in respect thereof that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds;

"Secured Obligations" has the meaning specified in Section 3.1;

"Security Interest" means the security interest granted by each Grantor pursuant to Section 2.1;

"STA" means the *Securities Transfer Act* (Ontario);

"Trade-marks" means all of the following: (a) all trade-marks, trade names, corporate names, business names, brands and brand names, trade dress, uniform resource locators, domain names, tag lines, designs, graphics, logos and other commercial symbols or business identifiers or indicia of origin, (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing;

"US Collateral" means personal property to the extent which, pursuant to the PPSA, the validity, attachment, perfection, effect of perfection or of non-perfection or priority with respect to a security interest in such personal property would be governed by the laws of the United States of America or any political subdivision thereof; and

"US\$" and "US Dollars" means the lawful money of the United States of America.

1.3 Certain Rules of Interpretation

In this Agreement:

- (a) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of any Grantor may be found.
- (b) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement, and a reference to an "Article" or a "Section" means the specified article or section of this Agreement.
- (c) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".
- (d) **No Strict Construction** – The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

- (e) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.
- (f) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.
- (g) **Statutory references** – A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, revises, restates, supplements or supersedes any such statute or any such regulation or, in each case, any provision thereof.
- (h) **Time** – Time is of the essence in the performance of the parties' respective obligations.

1.4 Entire Agreement

This Agreement and the other Fixed Asset Debt Documents constitute the entire agreement between the parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the other Fixed Asset Debt Documents.

1.5 Schedules

The schedules to this Agreement, as listed below, are an integral part of this Agreement:

<u>Schedule</u>	<u>Description</u>
4.1(f)	Fixed Asset Equity Interests
4.1(g)	Relevant Jurisdictions
4.1(h)	Intellectual Property Rights

1.6 Currency Matters

Unless stated otherwise, all calculations, comparisons, measurements or determinations under this Agreement shall be made in US Dollars. For the purpose of such calculations, comparisons, measurements or determinations, amounts denominated in other currencies shall be converted into the Equivalent Amount of US Dollars on the date of calculation, comparison, measurement or determination.

ARTICLE 2 SECURITY INTEREST

2.1 Security Interest

As continuing security for the payment and the performance of each of the Secured Obligations, each Grantor grants to Collateral Trustee, for the benefit of the Secured Parties, a first priority, continuing, specific and fixed security interest in all of such Grantor's Collateral.

2.2 Fixed Nature of Security Interest

The Security Interest is intended to operate as a fixed and specific charge of all of the Collateral presently existing, and with respect to all future Collateral, to operate as a fixed and specific charge of such future Collateral.

2.3 Attachment

Each Grantor acknowledges that value has been given and that it has not agreed to postpone the time of attachment of the Security Interest. The Security Interest of each Grantor is intended to attach, as to all Collateral, and with respect to any particular item of Collateral, upon the execution by such Grantor of this Agreement or a Joinder, as applicable, and such Grantor obtaining rights in such item of Collateral or the power to transfer rights in such item of Collateral to a secured party.

2.4 Leases

The last day of any term reserved by any real property lease or sublease, written or unwritten, or any agreement to lease or sublease real property, now held or subsequently acquired by any Grantor is excepted out of the Security Interest. As further security for the payment of the Secured Obligations, such Grantor agrees that it will stand possessed of the reversion of such last day of the term and shall hold it in trust for Collateral Trustee for the purpose of this Agreement. Such Grantor shall assign and dispose of the same in such manner as Collateral Trustee may from time to time direct in writing without cost or expense to the Secured Parties. Upon any sale, assignment, sublease or other disposition of such lease or sublease or agreement to lease or sublease, Collateral Trustee shall, for the purpose of vesting the residue of any such term in any purchaser, sublessee or such other acquiror of the real property lease or sublease, agreement to lease or sublease or any interest in any of them, be entitled by deed or other written instrument to assign to such other person, the residue of any such term in place of such Grantor and to vest the residue freed and discharged from any obligation whatsoever respecting the same.

2.5 Exception Respecting Trade-marks

Notwithstanding Section 2.1, Grantors' grant of security in trade-marks (as defined in the *Trade-marks Act* (Canada)) under this Agreement shall be limited to a grant by Grantors of a security interest in all of Grantors' right, title and interest in such trade-marks.

2.6 Certain Limited Exclusions

Notwithstanding anything to the contrary in this Agreement, in no event shall the Collateral include or the Security Interest attach to the interests of any Grantor in any Contract if and to the extent that the grant of the Security Interest therein (i) is prohibited by law, or (ii) pursuant to the terms and provisions of such Contract, requires the consent of a third party unless such consent has been obtained (except to the extent that any such terms or provisions are not effective at law to limit or restrict the grant of the Security Interest, in which case this Agreement shall apply to the applicable Contract without regard to this Section 2.6). In each such case, the applicable Grantor shall use commercially reasonable best efforts to

obtain promptly (but in any event within 30 days after the date hereof, or, if the applicable Grantor acquires an interest in any such Contract after the date hereof, within 30 days after such acquisition) the consent of any necessary third party to the grant of the Security Interest in the applicable Contract under this Agreement and to its assignment by Collateral Trustee to any third party as a result of the exercise by Collateral Trustee of remedies. Upon such consent being obtained or waived, or such legal prohibition ceasing to be applicable, this Agreement shall apply to the applicable Contract without regard to this section and without the necessity of any further assurance to effect such assignment. Unless and until such consent is obtained as provided above or such legal prohibition shall cease to be applicable, such Grantor shall, to the extent it is not prohibited from doing so by law or the provisions of the applicable Contract, hold all benefit to be derived from such Contract in trust for Collateral Trustee (including such Grantor's beneficial interest in any Contract which may be held in trust for Collateral Trustee by a third party), as additional security for payment of the Secured Obligations and shall deliver up all such benefit to Collateral Trustee, promptly upon demand by Collateral Trustee; provided, that the exclusions provided for in Section 2.6 shall not extend to any Proceeds of any such Contract.

2.7 Pledged Securities

- (a) Each Grantor has delivered to and deposited with Collateral Trustee all security certificates evidencing Pledged Securities held by such Grantor as at the date of this Agreement together with all other necessary documents and effective endorsements to enable Collateral Trustee or its agent or nominee, as Collateral Trustee may direct, to be registered as the owner of and to transfer or sell or cause to be transferred or sold such Pledged Securities upon any enforcement of Collateral Trustee's rights and remedies.
- (b) If any Grantor acquires any security certificates evidencing Pledged Securities after the date of this Agreement, such Grantor shall forthwith deliver and deposit all such security certificates to Collateral Trustee, its agent or nominee, together with all other necessary documents and effective endorsements to enable Collateral Trustee or its agent or nominee to be registered as the owner of and to transfer or sell or cause to be transferred or sold such Pledged Securities upon any enforcement of Collateral Trustee's rights and remedies.
- (c) To the extent that any Pledged Securities are uncertificated securities registered in the name of any Grantor or its nominee or agent, such Grantor shall immediately:
 - (i) cause the issuer of such Pledged Securities to register Collateral Trustee or its agent or nominee, as Collateral Trustee may direct, as the registered owner of such Pledged Securities; or
 - (ii) deliver to Collateral Trustee an irrevocable agreement of the issuer of such Pledged Securities, in form and substance reasonably satisfactory to Collateral Trustee, that such issuer will comply with instructions that are originated by Collateral Trustee without the further consent of such Grantor.
- (d) Each Grantor shall cause each issuer of Pledged Securities to record on its securities register that such Pledged Securities have been pledged to Collateral Trustee.

ARTICLE 3 OBLIGATIONS SECURED

3.1 Obligations

The Collateral constitutes and will constitute continuing security for the following obligations (collectively, the "Secured Obligations") of any Grantor to any Secured Party:

- (a) **Indebtedness** – The prompt payment, as and when due and payable, of all Fixed Asset Debt Obligations.
- (b) **Performance of Agreements** – The strict performance and observance by any Grantor of all agreements, warranties, representations, covenants and conditions of such Grantor made pursuant to this Agreement or any other Fixed Asset Debt Document, in each case as now in effect or as subsequently entered into, amended, restated, supplemented, renewed, extended or replaced from time to time.

ARTICLE 4 GRANTOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

Each Grantor hereby represents and warrants to Collateral Trustee and the Secured Parties on the date hereof the matters set out below:

- (a) **Third Parties** – Each of the Contracts constituting Collateral is genuine and enforceable in accordance with its terms against the applicable counterparty, subject to bankruptcy, creditors' rights and equitable principles.
- (b) **No Other Corporate Names or Styles** – It does not carry on business under or use any name or style other than the names specified in this Agreement, including any names in the French language.
- (c) **Ownership of Collateral** – Each Grantor has good and valid rights in and title to all of its existing Collateral, and will have valid rights in and title to all after-acquired Collateral.
- (d) **PPSA Matters** – The filing of financing statements under the PPSA and related fixture filings are the only filings, recordings, or registrations necessary to establish a legal, valid and perfected security interest in favour of Collateral Trustee in all of the Collateral, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary in any jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.
- (e) **Security Interest** – The Security Interest constitutes a legal, valid and perfected security interest in all the Collateral securing the payment and performance of the Secured Obligations. The Security Interest is and shall be prior to any other Lien on any of the Collateral, other than any Permitted Lien that has priority as a matter of law; and no Grantor has granted nor has it agreed to grant a Lien (other than Permitted Liens) in or any right to acquire an interest in any of the Collateral other than pursuant to this Agreement. No adverse claim exists with respect to any financial asset constituting Collateral.

(f) Ownership of Pledged Securities

- (i) Each Grantor is the registered and beneficial owner of, and has good title to, the Pledged Securities held by such Grantor and none of the rights of such Grantor arising as the legal and beneficial owner of the Pledged Securities have been surrendered, cancelled or terminated;
- (ii) The Pledged Securities have been duly issued and are outstanding as fully paid and non-assessable securities;
- (iii) The Pledged Securities listed on Schedule 4.1(f) constitute the percentage of issued and outstanding shares of capital stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof, in each case, on a fully diluted basis, as indicated on such Schedule 4.1(f);
- (iv) Except as set out on Schedule 4.1(f), the Pledged Securities listed on Schedule 4.1(f) represent all of the issued and outstanding capital stock of the applicable issuers and all of the warrants and options relating thereto as of the date of this Agreement;
- (v) The jurisdiction and registered or chief executive offices of the issuers of Pledged Securities which are uncertificated securities are as set forth in Schedule 4.1(f);
- (vi) No delivery has occurred in respect of any Pledged Securities that constitute uncertificated securities of the issuers of any Pledged Securities other than any delivery in favour of Collateral Trustee; and
- (vii) No Grantor has given its consent to any agreement whereby any of the issuers of any Pledged Securities agree to comply with instructions that are originated by any Person other than such Grantor in respect of any Pledged Securities that constitute uncertificated securities, without the further consent of such Grantor, other than any such consents given by such Grantor relating to agreements for instructions to be originated by Collateral Trustee.

- (g) Relevant Jurisdictions** – Schedule 4.1(g) identifies such Grantor's jurisdiction of organization, its full address (including postal code or zip code), chief executive office, all corporate offices and all places of business and, if the same is different, the address at which Collateral Records and the books and records of such Grantor are located, the address from which the invoices and accounts of such Grantor are issued and warehouses and other locations at which any tangible Collateral located in Canada is held or stored.

(h) Intellectual Property Rights

- (i) Except as disclosed in Schedule 4.1(h), no Grantor has any interest in, title to, or the right to use any Design, Patent, Trade-mark or Copyright that is the subject of an application certificate, filing, registration, or other document issued by or filed with the CIPO or any similar office or agency in any other country or any other political subdivision thereof;
- (ii) No Patent that is material to the conduct of such Grantor's business has become invalidated or dedicated to the public and such Grantor has marked any products

covered by a Patent with the relevant patent number as necessary to establish and preserve its rights under applicable patent laws;

- (iii) With respect to each Trade-mark used in the conduct of such Grantor's business, (A) such Trade-mark is in full force free from any claim of abandonment or invalidity for non use, (B) such Grantor has maintained the quality of products and services offered under such Trade-mark, (C) such Grantor has displayed such Trade-mark with notice of any registration to the extent necessary to establish and preserve its rights under applicable law, and (D) such Grantor has not knowingly used or knowingly permitted the use of such Trade-mark in violation of any third party rights;
 - (iv) For each work covered by a Copyright, such Grantor has published, reproduced, displayed, adopted and distributed the work with appropriate copyright notice as necessary to establish and preserve its rights under applicable copyright laws;
 - (v) It is not aware of any facts or circumstances that could reasonably be expected to result in any Intellectual Property Rights used in the conduct of its business becoming abandoned, lost or dedicated to the public. There are no proceedings outstanding, or to the knowledge of such Grantor, threatened, (including any such proceeding at the CIPO or any court or similar office of any country) regarding such Grantor's ownership of any Intellectual Property Rights, its right to register the same, or its right to keep and maintain the same; and
 - (vi) It has taken all necessary steps that are consistent with the practice in any proceeding before CIPO or any office or agency in any political subdivision of Canada or in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Intellectual Property Rights of such Grantor (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trade-marks, Copyrights and Industrial Designs that is used in the conduct of such Grantor's business.
- (i) **Information** – All information supplied by any Grantor from time to time with respect to any of the Collateral is and will be accurate and complete in all material respects.

All representations and warranties of any Grantor made in this Agreement or in any certificate or other document delivered by or on behalf of such Grantor to or for the benefit of Collateral Trustee are material, shall survive and shall not merge upon the execution and delivery of this Agreement and shall continue in full force and effect. Collateral Trustee shall be deemed to have relied upon such representations and warranties notwithstanding any investigation made by or on behalf of Collateral Trustee at any time.

4.2 Covenants

Each Grantor covenants and agrees that:

- (a) **Notification to Collateral Trustee** – It shall promptly notify Collateral Trustee of:
 - (i) **Claims and Liens** – any claim, adverse claim or Lien made or asserted against any of the Collateral other than Permitted Liens;
 - (ii) **Material Adverse Effect** – any event that could reasonably be expected to have a material adverse effect on the value of the Collateral, the ability of any Grantor

or Collateral Trustee to dispose of the Collateral or any material portion thereof, or the rights and remedies of Collateral Trustee in relation thereto; and

- (iii) **Loss or Damage** – all loss or damage to or loss of possession of all or any part of the Collateral other than by disposition in accordance with the terms of the Indenture.
- (b) **Maintain the Collateral** – It shall take all reasonable steps to preserve and protect each material item of the Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of its Trade-marks, consistent with the quality of the products and services as of the date hereof. It shall perform all of the obligations undertaken by it relating to or arising in connection with each item of the Collateral, including in accordance with any Contract relating thereto, all in accordance with and pursuant to the terms and provisions thereof.
- (c) **No Accessions or Fixtures** – It shall prevent the Collateral from becoming an accession to any property other than the Collateral or from becoming a fixture to any real property unless the Security Interest ranks prior to the interests of all other Persons in such real property.
- (d) **Marking the Collateral** – It shall, at the request of Collateral Trustee, acting reasonably, mark or otherwise take appropriate steps to identify the Collateral to indicate clearly that it is subject to the Security Interest.
- (e) **Delivery of Documents** – It shall deliver to Collateral Trustee promptly upon request:
 - (i) **Documents** – any Documents of Title, and upon such delivery, where applicable, duly endorse the same for transfer in blank or as Collateral Trustee may direct;
 - (ii) **Contracts and Agreements** – all material Contracts; and
 - (iii) **Other Information** – such information concerning the Collateral, the Grantor and the Grantor's business and affairs as Collateral Trustee may reasonably request.
- (f) **Changes and Other Names** – It shall not, without giving 30 days (or such lesser period as Collateral Trustee may agree) prior written notice to Collateral Trustee, (i) change its name nor add a French form of name as it appears in official filings in the jurisdiction of its organization; (ii) change its registered office, head office, chief executive office, places of business, domicile (within the meaning of the *Civil Code of Quebec*), corporate offices or warehouses or locations at which any Collateral is held or stored, or the location of the Collateral Records or its books and records; (iii) change the type of entity that it is; or (iv) change its jurisdiction of incorporation or organization. It shall provide Collateral Trustee with an revised Schedule 4.1(g) upon any change described in this Section 4.2(f) taking effect.
- (g) **No Affecting the Security** – It shall not do, permit or suffer to be done anything to adversely affect the ranking, validity or perfection of the Security Interest.
- (h) **Negative Pledge** – It shall not grant a security interest or other Lien, other than Permitted Liens, in any of the Collateral to any Person other than Collateral Trustee.

- (i) **Defend Collateral** – It shall, at its own expense, take any and all actions necessary to (x) defend title to the Collateral, having a value of US\$50,000 individually or in the aggregate, against any and all Persons, adverse claims or Liens, and against any and all suits, actions or proceedings, and (z) defend the Security Interest and the priority thereof against any Lien or adverse claim not expressly permitted to exist and to rank prior to the Security Interest.
- (j) **No Transfer** – It shall not sell, dispose of, assign, convey or otherwise transfer any of the Collateral, or any rights thereunder except as permitted under the terms of the Indenture. For greater certainty, no such sale, disposition, assignment, conveyance or other transfer shall be to or in favour of any Restricted Subsidiary of Holdings unless such Restricted Subsidiary of Holdings is a Grantor hereunder.
- (k) **Equipment**
 - (i) It shall not deliver any Document of Title in respect of any Equipment to any Person other than the issuer of such Document of Title to claim the Equipment evidenced therefor, to third parties who are transporting Equipment or who have purchased any Equipment pursuant to a transaction not prohibited by the Indenture, or Collateral Trustee;
 - (ii) If any Equipment in excess of US\$25,000 individually or US\$100,000 in the aggregate is in possession or control of any warehouseman, bailee or other third party (other than a consignee under a consignment for which such Grantor is the consignor or any Equipment in transit or in temporary possession of a third party who is repairing, improving or modifying such Equipment) located in Canada, it shall join with Collateral Trustee in notifying the third party of the Security Interest and shall obtain an acknowledgment from such third party that such third party is holding the Equipment for the benefit of Collateral Trustee and will permit Collateral Trustee to have access to the Equipment for purposes of inspecting such Equipment or, following a Fixed Asset Debt Default, to remove same from such premises if Collateral Trustee so elects; and with respect to any Equipment in excess of US\$25,000 individually or US\$100,000 in the aggregate subject to a consignment for which such Grantor is the consignor, it shall file appropriate financing statements against the consignee and take such other action as may be reasonably necessary to ensure that it has a first priority perfected security interest in such Equipment;
 - (iii) Other than Equipment in transit or Equipment in temporary possession of a third party for the purposes of repair, improvement or modification of such Equipment, it shall keep all Equipment located in Canada having a value in excess of US\$25,000 in the aggregate and any Documents of Title evidencing such Equipment in the locations specified on Schedule 4.1(g) (as such schedule may be amended or supplemented from time to time in accordance with this Section 4.2(k)(iii)), unless it shall have notified Collateral Trustee in writing of any change in such locations at least thirty (30) days (or such lesser period as Collateral Trustee may agree) prior to any change in such, identifying such new locations and providing such other information in connection therewith as Collateral Trustee may reasonably request. It shall provide Collateral Trustee with an revised Schedule 4.1(g) upon any change described in this Section 4.2(k)(iii) taking effect; and

- (iv) With respect to any Equipment located in Canada having a value in excess of US\$50,000 individually or US\$200,000 in the aggregate, which is a "serial numbered good", "motor vehicle" or other type of property in respect of which the PPSA permits the filing of a financing statement which includes the serial number, vehicle identification number or other similar description in order to better protect the interests of secured parties, upon the reasonable request of Collateral Trustee, it shall (A) provide information with respect to any such Equipment, and (B) file financing statements which include a description of such Equipment by serial number, vehicle identification number or other applicable description.

(l) **Pledged Securities**

- (i) **Additional Certificates** - If any Grantor shall become entitled to receive or shall receive any security certificate, option or right in respect of the Pledged Securities, such Grantor shall accept such security certificates as Collateral Trustee's agent, hold such security certificates in trust for Collateral Trustee and forthwith deliver them to Collateral Trustee (or to Collateral Trustee's agent or nominee, as Collateral Trustee may direct) in the exact form received, together with the documents and effective endorsements to enable Collateral Trustee or its nominee to be registered as owner, to be held by Collateral Trustee as additional security for the Secured Obligations. Any sums paid in respect of the Pledged Securities upon the liquidation or dissolution of an Issuer shall be paid to Collateral Trustee to be held by it as part of the Pledged Securities. In case any distribution of capital shall be made in respect of the Pledged Securities or any property shall be distributed with respect to the Pledged Securities pursuant to the recapitalization, reclassification or reorganization of the capital of any Issuer, the property so distributed shall be delivered to Collateral Trustee or its agent or nominee as Collateral Trustee may direct to be held by it as part of the Pledged Securities. If any money or property paid or distributed in respect of the Pledged Securities shall be received by any Grantor, such Grantor shall, until such money or property is paid or delivered to Collateral Trustee, hold the money or property in trust for Collateral Trustee, segregated from other funds of such Grantor, as part of the Pledged Securities;
- (ii) **No Granting of Control** - It shall not:
 - (A) deliver any Pledged Securities that constitute uncertificated securities to any Person other than Collateral Trustee; or
 - (B) consent to any agreement whereby any issuer of any Pledged Securities agrees to comply with instructions that are originated by any Person other than Collateral Trustee in respect of any Pledged Securities that constitute uncertificated securities.
- (iii) **Change of Jurisdiction** - It shall forthwith notify Collateral Trustee of any change of jurisdiction (including a change in the jurisdiction of incorporation or organization), name, registered office, head office, chief executive office or principal place of business of an issuer of any Pledged Securities.

(m) **Intellectual Property Rights**

- (i) It agrees that it will not do any act or omit to do any act whereby any Patent that is used in the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary to establish and preserve its rights under applicable patent laws;
- (ii) It will, for each Trade-mark used in the conduct of such Grantor's business, (i) maintain such Trade-mark in full force free from any claim of abandonment or invalidity for non use, (ii) maintain the quality of products and services offered under such Trade-mark, (iii) display such Trade-mark with notice of any registration to the extent necessary to establish and preserve its rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trade-mark in violation of any third party rights;
- (iii) It will, for each work covered by a Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary to establish and preserve its rights under applicable copyright laws;
- (iv) It shall notify Collateral Trustee promptly if it knows or has reason to know that any Intellectual Property Rights used in the conduct of its business may become abandoned, lost or dedicated to the public, or of any final determination (including the institution of, or any such determination in, any proceeding at the CIPO or any court or similar office of any country) regarding such Grantor's ownership of any Intellectual Property Rights, its right to register the same, or its right to keep and maintain the same;
- (v) In the event that any Grantor (i) files an application or registration for any Intellectual Property Rights with CIPO or any office or agency in any political subdivision of Canada or in any other country or any political subdivision thereof, either itself or through any agent, employee, licensee or designee or (ii) obtains rights to or develops any new Intellectual Property Rights or any reissue, division, continuation, renewal, extension or continuation-in-part of any existing Intellectual Property Rights, whether pursuant to any licence or otherwise; the provisions of Section 2.1 hereof shall automatically apply thereto and such Grantor shall give to Collateral Trustee prompt notice thereof and execute and deliver any and all agreements, instruments, documents and papers as necessary or desirable under applicable law to evidence Collateral Trustee's Security Interest in such Intellectual Property Rights, and each Grantor hereby appoints Collateral Trustee as its attorney in fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable;
- (vi) It will take all necessary steps that are consistent with the practice in any proceeding before CIPO or any office or agency in any political subdivision of Canada or in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Intellectual Property Rights of such Grantor (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trade-marks, Copyrights and Industrial Designs that is used in the conduct of any Grantor's business as conducted or proposed to be conducted, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties;

- (vii) In the event that any Grantor has reason to believe that any Collateral consisting of Intellectual Property Rights used in the conduct of any Grantor's business has been infringed, misappropriated or diluted by a third party, such Grantor shall promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral and promptly shall notify Collateral Trustee of the initiation of such suit;
- (viii) No Grantor shall abandon or otherwise permit any Intellectual Property Rights used in the conduct of any Grantor's business to become invalid, and each Grantor shall use its best efforts to obtain all requisite consents or approvals by the licensor of each licence that constitutes Collateral owned by such Grantor to effect the assignment of all such Grantor's right, title and interest thereunder to Collateral Trustee or its designee;
- (ix) It shall execute, authenticate and deliver any and all assignments, agreements, instruments, documents and papers necessary or desirable under applicable law to evidence Collateral Trustee's Security Interest in such Intellectual Property Rights of such Grantor relating thereto or represented thereby, each Grantor hereby appoints Collateral Trustee as its attorney in fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable; and
- (x) It shall, at its own expense, as soon as practicable after the date hereof, make such filings and take such other actions as are reasonably necessary in each jurisdiction in which such Grantor owns any Intellectual Property Rights in order to perfect and protect the Security Interest with respect to such Intellectual Property Rights in such jurisdiction.

ARTICLE 5 RIGHT TO DEAL

5.1 Rights before Default

Until the occurrence of a Fixed Asset Debt Default and subject to the terms of this Agreement, each Grantor is entitled to deal with the Collateral in accordance with the Indenture; provided that no such action shall be taken which would impair the effectiveness of the Security Interest or the value of the Collateral or which would be inconsistent with or violate the provisions of this Agreement, any other Fixed Asset Debt Document. Upon the occurrence and during the continuance of a Fixed Asset Debt Default, each Grantor shall and shall be deemed to hold all Proceeds in trust, separate and apart from other property, for the benefit of Collateral Trustee, until all amounts owing by the Grantors to the Secured Parties have been paid in full.

5.2 Pledged Securities

Until the occurrence and during the continuance of a Fixed Asset Debt Default, the Grantors shall be entitled to exercise all voting rights in respect of the Pledged Securities and to give consents, waivers, directions, notices and ratifications and take other action in respect thereof, provided, however, that no votes shall be cast or consent, waiver, direction, notice or ratification given or action taken which would:

- (a) be prejudicial to the Security Interest;

- (b) impair or reduce the value of or restrict the transferability, in any material respect, of the Pledged Securities; or
- (c) be inconsistent with or violate any provisions of this Agreement, any other Fixed Asset Debt Document.

5.3 Dividends and Distributions and Use of Pledged Securities

Until the occurrence and during the continuance of a Fixed Asset Debt Default, each Grantor shall be entitled to receive and deal with (except as restricted by this Agreement, any other Fixed Asset Debt Document) any interest and regular cash dividends and other distributions at any time payable on or with respect to the Pledged Securities held by such Grantor, and Collateral Trustee shall immediately deliver to such Grantor the interest or regular cash dividends received by Collateral Trustee; provided that any noncash dividends, interest, principal or other distributions that would constitute Pledged Securities, whether resulting from a subdivision, combination or reclassification of the outstanding Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, amalgamation, acquisition or other exchange of assets to which any Issuer may be a party or otherwise, shall be and become part of the Pledged Securities, and, if received by a Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of Collateral Trustee and shall be forthwith delivered to Collateral Trustee in the same form as so received (with any necessary endorsement reasonably requested by Collateral Trustee).

5.4 Rights and Duties of Collateral Trustee

Upon the occurrence and during the continuance of a Fixed Asset Debt Default, all of the Grantors' rights pursuant to Sections 5.1, 5.2 and 5.3 shall cease and Collateral Trustee may enforce any Grantor's rights with respect to the Pledged Securities held by such Grantor. Upon and during the continuance of a Fixed Asset Debt Default, such Grantor shall and shall be deemed to hold all Pledged Securities not under the control of Collateral Trustee in trust, separate and apart from other property and assets of such Grantor, for the benefit of Collateral Trustee until the payment in full of all Secured Obligations, and shall forthwith transfer control of such Pledged Securities to Collateral Trustee, or its nominee or agent, as Collateral Trustee may direct. Collateral Trustee and its nominee shall not have any duty of care with respect to the Pledged Securities other than to use the same care in the custody and preservation of the Pledged Securities as it would with its own property. Collateral Trustee or its nominee may take no steps to defend or preserve any Grantor's rights against the claims or demands of others. Collateral Trustee or its nominee, however, shall use reasonable efforts to give the applicable Grantor notice of any claim or demand of which it becomes aware to permit such Grantor to have a reasonable opportunity to defend or contest the claim or demand.

ARTICLE 6 REMEDIES

6.1 Collateral Trustee's Rights and Remedies

Upon the occurrence and during the continuance of a Fixed Asset Debt Default, all of the Secured Obligations shall, at Collateral Trustee's option and without notice to any Grantor, become immediately due and payable and Collateral Trustee may, in its discretion, proceed to enforce payment and performance of the Secured Obligations and to exercise any or all of the rights and remedies contained in this Agreement or otherwise afforded by law, in equity or otherwise. Collateral Trustee shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable law and Collateral Trustee expressly retains all rights and remedies not inconsistent with the provisions in this Agreement including all the rights it may have under the PPSA. Without limitation, Collateral Trustee

may, upon the occurrence and during the continuance of a Fixed Asset Debt Default and to the extent permitted by applicable law:

- (a) **Appointment of Receiver** – Appoint by instrument in writing a receiver (which term shall for the purposes of the Fixed Asset Debt Documents include a receiver and manager or agent) of any Grantor and of all or any part of the Collateral and remove or replace such receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver. Any such receiver appointed by Collateral Trustee, with respect to responsibility for its acts, shall, to the extent permitted by applicable law, be deemed the agent of the Grantors and not of Collateral Trustee. References to “Collateral Trustee” in this Article include, where the context permits, any receiver so appointed and the officers, employees, servants or agents of such receiver.
- (b) **Enter and Repossess** – Immediately and without notice enter any Grantor’s premises and repossess, disable or remove the Collateral.
- (c) **Retain the Collateral** – Retain and administer the Collateral in Collateral Trustee’s sole and unfettered discretion, which discretion each Grantor acknowledges is commercially reasonable.
- (d) **Dispose of the Collateral** – Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are waived by each Grantor to the extent permitted by law. Collateral Trustee may, to the extent permitted by law, at its discretion, establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions shall be credited against the Secured Obligations only as they are actually received. Collateral Trustee may, to the extent permitted by law, enter into, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any related loss. Any such disposition may take place whether or not Collateral Trustee has taken possession of the Collateral.
- (e) **Foreclosure** – Foreclose upon the Collateral.
- (f) **Pledged Securities** –
 - (i) **Exercise of Rights** – Direct, by written notice to the applicable Grantor and to any issuer of Pledged Securities that all or part of the rights of the Grantors in the Pledged Securities, including the right to vote, give consents, entitlement orders, instructions, directions, waivers or ratifications and take other actions and receive interest or regular cash dividends, payments or other distributions shall cease, and upon such election all such rights shall become vested in Collateral Trustee or as it may direct;
 - (ii) **Rights as Owners** – Transfer and register in its name or in the name of its nominee the whole or any part of any Pledged Securities (if it has not already done so), exercise any or all of the rights and privileges attaching to the Pledged Securities and deal with the Pledged Securities as if Collateral Trustee were the absolute owner of the Pledged Securities (including the right to exchange at its discretion, any and all of the Pledged Securities upon the applicable Issuer’s amalgamation, merger, consolidation, reorganization, recapitalization, restructuring or other readjustment or upon such issuer’s exercise of any right, privilege or option pertaining to any of the Pledged Securities and to deposit and

deliver any and all of the Collateral with any committee, depository, transfer agent, registrar, securities intermediary, clearing agency or other designated agency upon such terms and conditions as it may determine) and collect, draw upon, receive, appropriate and sell all or any part of the Pledged Securities; and

- (iii) **Application to Debt** – Apply any dividends, interest, distributions and other payments payable to Collateral Trustee in respect of the Pledged Securities to the Secured Obligations, accordance with Section 6.3.
- (g) **Bankruptcy Claims** – File proofs of claims or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to any Grantor.
- (h) **Enforcing Third Party Obligations** – In any Grantor's name, perform, at such Grantor's expense, any and all of such Grantor's obligations or covenants relating to the Collateral and enforce performance by any other parties of their obligations in relation to the Collateral and settle any disputes with other parties upon terms that Collateral Trustee deems appropriate, in its discretion.
- (i) **Carry on Business** – Carry on or concur in the carrying on of all or any part of the business of any Grantor and may, in any event, to the exclusion of all others, including such Grantor, enter upon, occupy and use all premises of or occupied or used by such Grantor and use any of the personal property (which shall include fixtures) of such Grantor for such time and such purposes as Collateral Trustee sees fit. Collateral Trustee shall not be liable to any Grantor for any neglect in so doing or in respect of any related rent, costs, charges, depreciation or damages.
- (j) **Payment of Liens** – Pay any Liens or other claims that may exist or be threatened against the Collateral, and any amount so paid together with costs, charges and expenses incurred shall be added to the Secured Obligations.
- (k) **Payment of Deficiency** – If the proceeds of realization are insufficient to pay all monetary Secured Obligations, the Grantors shall forthwith pay or cause to be paid to Collateral Trustee any deficiency and Collateral Trustee may sue any Grantor to collect the amount of such deficiency; and
- (l) **Dealing with Collateral** – Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to Collateral Trustee advisable and without notice to any Grantor. Collateral Trustee may charge on its own behalf and pay to others sums for expenses incurred and for services rendered (expressly including legal, consulting, broker, management, receivership and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add all such sums to the Secured Obligations.

6.2 Assemble the Collateral

To assist Collateral Trustee in the implementation of such rights and remedies, each Grantor will, at its own risk and expense and immediately upon Collateral Trustee's request, assemble and prepare for

removal such items of the Collateral as are selected by Collateral Trustee as shall, in Collateral Trustee's sole judgment, have a value sufficient to cover all the Secured Obligations.

6.3 Allocation of proceeds

All monies collected or received by Collateral Trustee in respect of the Collateral shall be applied by Collateral Trustee in accordance with Section 3.3 of the Collateral Trust Agreement.

6.4 Waivers and Extensions by Collateral Trustee

Collateral Trustee may waive default or any breach by any Grantor of any of the provisions contained in this Agreement pursuant to the Collateral Trust Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived and no act or omission of any Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of any Grantor or the rights of any Secured Party resulting therefrom. Any such waiver must be in writing and signed by Collateral Trustee.

Collateral Trustee may also grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with any Grantor's guarantors or sureties and others and with the Collateral and other securities as Collateral Trustee may see fit without prejudice to the liability of such Grantor to the Secured Parties, or Collateral Trustee's rights, remedies and powers under this Agreement. No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by Collateral Trustee to any Grantor shall operate as a waiver, alteration or amendment of the rights of Collateral Trustee or otherwise preclude Collateral Trustee from enforcing such rights.

6.5 Remedies Cumulative

For greater certainty, it is expressly understood and agreed that the rights and remedies of Collateral Trustee under this Agreement are cumulative, non-exclusive and are in addition to and not in substitution for any rights or remedies provided by law or equity; and any single or partial exercise by Collateral Trustee of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement shall not be deemed to be a waiver of, or to alter, affect or prejudice, any other right or remedy to which Collateral Trustee may be lawfully entitled for such default or breach.

6.6 Statutory Waivers by Grantors

To the fullest extent permitted by law, each Grantor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of Collateral Trustee or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

6.7 Effect of Possession or Receiver

As soon as Collateral Trustee takes possession of any Collateral or appoints a receiver, all powers, functions, rights and privileges of the Grantors with respect to the Collateral shall cease, unless specifically continued by the written consent of Collateral Trustee or the receiver.

6.8 Set-off or Compensation

In addition to and not in limitation of any rights granted now or after the date of this Agreement at law, upon the occurrence and during the continuance of a Fixed Asset Debt Default, Collateral Trustee may at any time and from time to time without notice to any Grantor (it being expressly waived by each Grantor)

set-off and compensate and apply any and all securities accounts, futures accounts, deposits, general or special, term or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by Collateral Trustee, or to appropriate any other properties or assets at any time held by Collateral Trustee, to or for the credit of or the account of any Grantor, against and on account of the Secured Obligations, even if any of them are contingent or unmatured.

6.9 Sale of Pledged Securities

Collateral Trustee shall give to the applicable Grantor notice of any sale pursuant to Subsection 6.1(d). Any sale pursuant to this Section 6.9 may be made, whether commercially reasonable or not, with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as Collateral Trustee in its sole discretion deems fit, with power to vary or rescind any sale or buy in at any public sale and resell without being answerable for any loss. Collateral Trustee may sell the Pledged Securities for a consideration payable by instalments either with or without taking security for the payment of the instalments and may make and deliver to any purchaser good and sufficient conveyances of the Pledged Securities and give receipts for the purchase money, and the sale shall be a perpetual bar, both at law and in equity, against each Grantor and all those claiming an interest by, from, through or under such Grantor. If there is a sale pursuant to this Section 6.9, each Grantor agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchanges on which any of the Pledged Securities may be listed and posted for trading to permit the sale of the Pledged Securities in compliance with the applicable laws, rules, by-laws or policies.

Without limiting the generality of Section 6.1(d), each Grantor acknowledges that when disposing of any of the Pledged Securities, Collateral Trustee may be unable to effect a public sale of any or all of the Pledged Securities, or to sell any or all of the Pledged Securities as a control block sale at more than a stated premium to the "market price" of any securities forming part of the Pledged Securities, by reason of certain provisions contained in applicable securities laws and applicable securities laws of other jurisdictions but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire the Pledged Securities as principal and to comply with any other resale restrictions provided for in the applicable securities laws and other applicable securities laws. Each Grantor acknowledges and agrees that any private sale may result in prices and other terms less favourable to the seller than if the sale were a public sale or a control block sale and, notwithstanding such circumstances, agrees that any private sale shall not be deemed to have been made in a commercially unreasonable manner solely by reason of its being a private sale. Collateral Trustee shall be under no obligation to delay a sale of any of the Pledged Securities for the period of time necessary to permit the issuer of the Pledged Securities to qualify the Pledged Securities for public sale under the applicable securities laws or under applicable securities laws of other jurisdictions even if the issuer would agree to do so, or to permit a prospective purchaser to make a formal offer to all or substantially all holders of any class of securities forming any part of the Pledged Securities.

In addition, since United States federal and state securities laws may impose certain restrictions on the method by which a sale of the Pledged Securities may be effected, each Grantor agrees that Collateral Trustee may attempt to sell in the United States all or any part of the Pledged Securities by a private placement. In so doing, Collateral Trustee may solicit offers to buy all or any part of the Pledged Securities for cash, from a limited number of investors deemed by Collateral Trustee, in its sole discretion, to be responsible parties who might be interested in purchasing the Pledged Securities. If Collateral Trustee shall solicit offers from not less than five investors, then the acceptance by Collateral Trustee of the highest offer obtained shall be deemed to be a commercially reasonable method of disposition of the Pledged Securities.

6.10 Limitation of Liability

Collateral Trustee shall not be liable or accountable:

- (a) by reason of any entry into or taking possession of all or any of the Collateral, to account as mortgagee in possession or for anything except actual receipts, or for any loss on realization or any act or omission for which a secured party in possession might be liable; or
- (b) for any failure to (i) exercise or exhaust any of its rights and remedies, (ii) take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral, or (iii) protect the Collateral from depreciating in value or becoming worthless, and shall not, in each case, be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of Collateral Trustee, any Grantor or any other Person in respect of same.

Collateral Trustee shall not by virtue of these presents be deemed to be a mortgagee in possession of the Collateral. Each Grantor releases and discharges Collateral Trustee and the receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to such Grantor or any Person claiming through or under such Grantor by reason or as a result of anything done or not done by Collateral Trustee or any successor or assign claiming through or under Collateral Trustee or the receiver under the provisions of this Agreement unless such claim be the result of gross negligence or wilful misconduct.

6.11 Redemption of Collateral

At any time before Collateral Trustee has: (a) disposed of the Collateral; or (b) elected irrevocably to retain all or part of the Collateral, a Grantor may redeem the Collateral by tendering payment of the aggregate amount of the outstanding Secured Obligations at such time.

6.12 Grant of License to Use Intellectual Property Rights

For the purpose of enabling Collateral Trustee to exercise rights and remedies under this Agreement at such time as Collateral Trustee shall be lawfully entitled to exercise such rights and remedies, each Grantor shall, upon request by Collateral Trustee at any time after and during the continuance of a Fixed Asset Debt Default, grant to Collateral Trustee an irrevocable non-exclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or, solely to the extent necessary to exercise such rights and remedies, sublicense any of the Grantors' Intellectual Property Rights, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof; provided, however, that nothing in this Section 6.12 shall require any Grantor to grant any license that is prohibited by any rule of law, statute or regulation or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of acceleration, modification or cancellation under any contract, license, agreement, instrument or other document evidencing, giving rise to a right to use or theretofore granted, to the extent permitted by the Indenture, with respect to such property; provided, further, that such licenses to be granted hereunder with respect to Trade-marks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trade-marks are used sufficient to preserve the validity of such Trade-marks. The use of such license by Collateral Trustee may be exercised, at the option of Collateral Trustee, during the continuation of a Fixed Asset Debt Default; provided that any permitted license, sublicense or other transaction entered into by Collateral Trustee in accordance herewith shall be binding upon Grantors notwithstanding any subsequent cure of a Fixed Asset Debt Default.

ARTICLE 7 POWER OF ATTORNEY

7.1 Grant

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Grantor irrevocably constitutes and appoints Collateral Trustee as the true and lawful attorney of such Grantor with power of substitution in the name of such Grantor to do any and all acts and things, complete any endorsements or registrations and execute and deliver all agreements, documents and instruments as Collateral Trustee, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies, provided that such power of attorney shall not be exercised until a Fixed Asset Debt Default has occurred and is continuing. Each Grantor ratifies and agrees to ratify all acts of any attorney taken or done in accordance with this Section 7.1. This power of attorney being coupled with an interest shall not be revoked or terminated by any act and shall remain in full force and effect until this Agreement has been terminated.

ARTICLE 8 ADDITIONAL GRANTORS

8.1 Addition of New Grantors

Additional Persons may from time to time after the date of this Agreement become Grantors under this Agreement by executing and delivering to Collateral Trustee a supplemental agreement (together with all schedules thereto, a "Joinder") to this Agreement, in substantially the form attached hereto as Exhibit A. Effective from and after the date of the execution and delivery by any Person to Collateral Trustee of a Joinder:

- (a) such Person shall be, and shall be deemed for all purposes to be, a Grantor under this Agreement with the same force and effect, and subject to the same agreements, representations (except that such representations shall be deemed to be given as of the date such Grantor executes a Joinder), indemnities, liabilities, obligations, liens and Security Interest, as if such Person had been an original signatory to this Agreement as a "Grantor"; and
- (b) all Collateral of such Person shall be, and shall be deemed for all purposes to be, "Collateral" of such Person for the purposes of this Agreement and subject to the "Security Interest" granted by such Person in accordance with the provisions of this Agreement as security for the due payment and performance of the Secured Obligations of such Person.

The execution and delivery of a Joinder by any additional Person shall not require the consent of any Grantor and all of the liabilities and obligations of any Grantor under this Agreement, and the Security Interest granted by each Grantor shall remain in full force and effect and shall not be affected or diminished by the addition or release of any other Grantor hereunder.

ARTICLE 9 GENERAL

9.1 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "Notice") shall be in writing and shall be sufficiently given if delivered in accordance with the Collateral Trust Agreement.

9.2 Continuing Security

The Security Interest is not in substitution for any other security for the Secured Obligations or for any other agreement between the parties creating a security interest in all or part of the Collateral, whether made before or after this Agreement, and such security and such agreements shall be deemed to be continuing and not affected by this Agreement unless Collateral Trustee and the Grantors expressly provide to the contrary in writing.

9.3 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the necessary Persons as required pursuant to the Collateral Trust Agreement.

9.4 Assignment and Enurement

This Agreement may be assigned by Collateral Trustee in accordance with the Collateral Trust Agreement and any such assignee shall be entitled to exercise any and all discretions, powers and rights of Collateral Trustee under this Agreement. No Grantor may assign this Agreement or any of its rights or obligations under this Agreement. All of Collateral Trustee's rights under this Agreement shall enure to the benefit of its successors and assigns and all of any Grantor's obligations under this Agreement shall bind such Grantor and its successors.

9.5 Further Assurances

Each Grantor shall at all times do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and shall provide such further documents or instruments required by Collateral Trustee as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the Security Interest and the priority accorded to them by law or under this Agreement.

9.6 Access; Right of Inspection

Collateral Trustee shall have full and free access during normal business hours and upon reasonable prior notice, to all Collateral Records and the books, correspondence and records of each Grantor; provided that, prior notice shall not be required upon the occurrence and during the continuance of any Fixed Asset Debt Default. Collateral Trustee and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and each Grantor agrees to render to Collateral Trustee, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. Collateral Trustee and its representatives shall at all times also have the right to enter any premises of each Grantor and inspect any property of each Grantor where any of the Collateral of such Grantor granted pursuant to this Agreement is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein; provided that as long as no Fixed Asset Debt Default has occurred and is continuing, Collateral Trustee and/or its representatives shall enter such premises during normal business hours and upon reasonable prior notice. As long as no Fixed Asset Debt Default has occurred and is continuing, the Collateral Trustee shall, and shall cause its representatives to, endeavour to minimize the cost and disruption of the Grantors' business resulting from any such access and inspection.

9.7 Filings

Each Grantor will promptly effect all registrations, filings, recordings and all re-registrations, re-filings and re-recordings of or in respect of this Agreement and the Security Interest in all offices in all jurisdictions and at such times as may be necessary or of advantage in perfecting, maintaining and protecting the validity, effectiveness and priority of such Security Interest. Collateral Trustee is, however, authorized, at its option, to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against such Grantor as it may deem necessary or appropriate to perfect, maintain or protect the Security Interest.

9.8 Execution and Delivery

This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts, facsimiles or other electronic means shall together constitute one and the same agreement.

Each Grantor acknowledges receiving a copy of this Agreement and hereby waives any right it has to receive a copy of any financing statement or financing change statement with respect to any registrations made at the Ontario Personal Property Registry, or any similar registries in other jurisdictions, pursuant hereto.

9.9 Security Interest Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate any Lender to make any advance or loan or further advance, or bind any Lender to grant or extend any credit to the Grantors, but the Security Interest shall take effect forthwith (a) with respect to Grantors party hereto on the date hereof, upon the execution of this Agreement by such Grantors, and (b) with respect to any Person that becomes a Grantor after the date hereof, upon the execution of a Joinder by such Grantor.

9.10 Reasonableness

Each Grantor acknowledges that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of the Secured Parties and any receiver against any Grantor, its business and any Collateral upon the occurrence of a Fixed Asset Debt Default, are commercially reasonable and not manifestly unreasonable.

9.11 Discharge

Upon the occurrence of the conditions set forth in the Collateral Trust Agreement, the Security Interest shall automatically terminate and all rights to the Collateral shall revert to the Grantors. Upon such termination, Collateral Trustee shall upon request in writing by the Grantors deliver up this Agreement to the Grantors and shall at the expense of the Grantors cancel and discharge the Security Interest and execute and deliver to the Grantors such documents as shall be requisite to discharge the Security Interest.

9.12 Attornment

Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province of Ontario in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect

any right that Collateral Trustee may otherwise have to bring any action or proceeding relating to this Agreement against any Grantor or its properties in the courts of any jurisdiction. Each Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

9.13 Paramountcy of Indenture, Collateral Trust Agreement and Intercreditor Agreement

- (a) Notwithstanding anything herein to the contrary, the Security Interest granted to the Collateral Trustee pursuant to this Agreement and the exercise of any right or remedy by such Collateral Trustee hereunder are subject to the terms of the Collateral Trust Agreement. In the event of any conflict between the terms of the Collateral Trust Agreement and this Agreement, the terms of the Collateral Trust Agreement will govern.
- (b) Notwithstanding anything herein to the contrary, this Agreement and the terms hereof are subject, in all respects, to the terms of Intercreditor Agreement, to the extent applicable hereto.
- (c) If there is a conflict, inconsistency, ambiguity, or difference between any provision of this Agreement and the Indenture, the provision of the Indenture shall prevail, and such provision of this Agreement shall be amended to the extent only to eliminate any such conflict, inconsistency, ambiguity or difference; provided, that no right or remedy of or for the benefit of any Secured Party in this Agreement which may be in addition to the rights and remedies of or for the benefit of such Secured Party in the Indenture, nor any obligation (including, for the avoidance of any doubt, with respect to any representation, warranty, or covenant) of any Grantor in this Agreement which may be in addition to the obligations of such Grantor contained in the Indenture shall constitute a conflict, inconsistency, ambiguity or difference for the purposes of this Section 9.13.

9.14 US Collateral

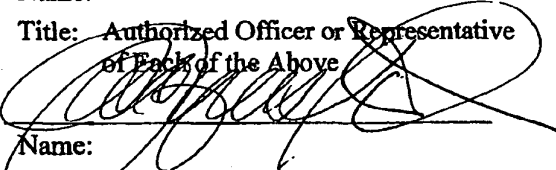
Notwithstanding anything contained in this Agreement to the contrary, no representation, warranty or covenant provided in this Agreement shall apply to any personal property of any Grantor if at the time such representation or warranty is made or deemed to be made, or if at the time such covenant is to be performed, as the case may be, such personal property is US Collateral.

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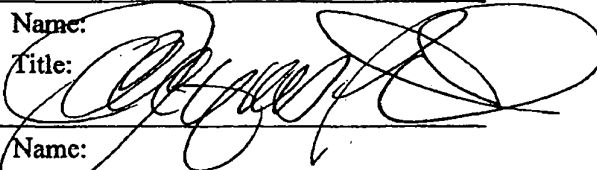
IN WITNESS WHEREOF each Grantor and Collateral Trustee have duly executed this Agreement.

GRANTORS:

**ABITIBI-CONSOLIDATED COMPANY OF CANADA
ABITIBI-CONSOLIDATED INC.
1508756 ONTARIO INC.
6169678 CANADA INCORPORATED
3834328 CANADA INC.
ABITIBI-CONSOLIDAED NOVA SCOTIA INCORPORATED
TERRA NOVA EXPLORATIONS LTD.
THE JONQUIERE PULP COMPANY
THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY
SCRAMBLE MINING LTD.
ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
MARKETING DONOHUE INC.
3224112 NOVA SCOTIA LIMITED
DONOHUE RECYCLING INC.**

By: 
Name: _____
Title: Authorized Officer or Representative
of Each of the Above
By: 
Name: _____
Title: Authorized Officer or Representative
of Each of the Above

PRODUITS FORESTIERS SAGUENAY INC.

By: 
Name: _____
Title: _____
By: 
Name: _____
Title: _____

COLLATERAL AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION

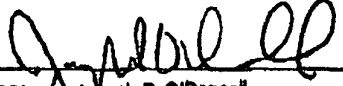
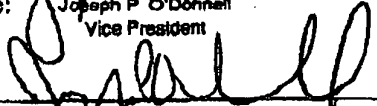
By: 
Name: Joseph P. O'Donnell
Title: Vice President
By: 
Name: Joseph P. O'Donnell
Title: Vice President

EXHIBIT A

FORM OF JOINDER

JOINDER AGREEMENT

THIS JOINDER is made as of _____, 20__ in favour of Wells Fargo Bank, National Association, as Collateral Trustee for the benefit of the Secured Parties (together with its successors and assigns in such capacity, the "Collateral Trustee")

RECITALS:

A. Reference is made to that certain Canadian Security Agreement (as amended, supplemented, restated, extended, renewed or replaced from time to time, the "Pledge") dated as of April 1, 2008 by and among Abitibi-Consolidated Company of Canada, the other Grantors from time to time party thereto, Wells Fargo Bank, National Association, in its capacity as collateral trustee (together with its successors and assigns in such capacity, "Collateral Trustee").

B. Section 8.1 of the Pledge provides that additional Persons may from time to time after the date of the Pledge become Grantors under the Pledge by executing and delivering to the Agent a supplemental agreement to the Pledge in the form of this Joinder.

C. The undersigned (the "New Grantor") is a [wholly-owned Subsidiary] of the Issuer and has agreed to execute and deliver this Joinder to Collateral Trustee.

THEREFORE, the parties agree as follows:

1. Capitalized terms used but not otherwise defined in this Joinder have the meanings given to such terms in the Pledge.
2. The New Grantor has received a copy of, and has reviewed, the Pledge and is executing and delivering this Joinder to Collateral Trustee pursuant to Section 8.1 of the Pledge.
3. Effective from and after the date this Joinder is executed and delivered to Collateral Trustee by the New Grantor:
 - (a) the New Grantor shall be, and shall be deemed for all purposes to be, a "Grantor" under the Pledge with the same force and effect, and subject to the same agreements, representations (except that such representations shall be deemed to be given as of the date hereof), indemnities, liabilities, obligations (including, without limitation, the granting of Security Interest thereunder), as if the New Grantor had been, as of the date of this Joinder, an original signatory to the Pledge as a "Grantor"; and
 - (b) all Collateral of the New Grantor shall be, and shall be deemed for all purposes to be, "Collateral" of the New Grantor for the purposes of the Pledge and subject to the Security Interest granted by the New Grantor in accordance with the provisions of the Pledge as security for the due payment and performance of the Secured Obligations of the New Grantor to any Secured Party in accordance with the provisions of the Pledge.

In furtherance of the foregoing, the New Grantor, as continuing security for the repayment and the performance of each of the Secured Obligations, grants to Collateral Trustee, a first continuing, specific and fixed security interest in all of such New Grantor's Collateral. Each

reference to a "Grantor" in the Pledge shall be deemed to include the New Grantor. The terms and provisions of the Pledge are incorporated by reference in this Joinder.

4. The New Grantor represents and warrants to Collateral Trustee that (a) this Joinder has been duly authorized, executed and delivered by the New Grantor and constitutes a legal, valid and binding obligation of the New Grantor enforceable against the New Grantor in accordance with its terms, subject to bankruptcy, insolvency and equitable remedies, (b) the attached supplements to the schedules to the Pledge completely set forth all additional information required pursuant to the Pledge and the New Grantor hereby agrees that such supplements to the schedules shall constitute part of the schedules to the Pledge, and (c) except as otherwise set forth in such supplements, each of the representations and warranties made or deemed to have been made by it under the Pledge as a "Grantor" thereunder are true and correct on the date of this Joinder.
5. Upon this Joinder bearing the signature of any Person claiming to have authority to bind the New Grantor coming into the possession of Collateral Trustee, this Joinder and the Pledge shall be deemed to be finally and irrevocably executed and delivered by, and be effective and binding on, and enforceable against, the New Grantor free from any promise or condition affecting or limiting the liabilities of the New Grantor and the New Grantor shall be, and shall be deemed for all purposes to be, a "Grantor" under the Pledge. No statement, representation, agreement or promise by any officer, employee or agent of Collateral Trustee or any Lender, unless expressly set forth in this Joinder, forms any part of this Joinder or has induced the New Grantor to enter into this Joinder, the Pledge or in any way affects any of the agreements, obligations or liabilities of the New Grantor under this Joinder and the Pledge.
6. This Joinder may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts, facsimiles or other electronic means shall together constitute one and the same agreement.
7. This Joinder is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of any Grantor may be found.
8. This Joinder may be assigned by Collateral Trustee in accordance with the Collateral Trust Agreement and any such assignee shall be entitled to exercise any and all discretions, powers and rights of Collateral Trustee under this Joinder. No New Grantor may assign this Joinder or any of its rights or obligations under this Joinder. All of Collateral Trustee's rights under this Joinder shall enure to the benefit of its successors and assigns and all of any Grantor's obligations under this Joinder shall bind such Grantor and its successors.
9. The New Grantor hereby waives any right it has to receive a copy of any financing statement or financing change statement with respect to any registrations made at the Ontario Personal Property Registry, or any similar registries in other jurisdictions, pursuant hereto.

[Signature page follows.]

IN WITNESS OF WHICH the New Grantor has duly executed this Agreement.

[NEW GRANTOR]

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE 4.1(F)

Fixed Asset Equity Interests:

<u>Grantor</u>	<u>Issuer</u>	<u>Class of Shares/Units</u>	<u>Number of Shares/Units</u>	<u>Percentage of Outstanding Shares/Units</u>
Abitibi-Consolidated Company of Canada	Manicouagan Power Company	Common Shares	928,110	60%
		Preferred Shares	45,000	
	Abitibi-Consolidated Hydro Inc.	Class A Common Shares	75	75%
	ACH Limited Partnership	Common LP units	14,250,000	75%
		Preferred units	1,000	

Issuers of Pledged Securities which are uncertificated:

NIL

SCHEDULE 4.1(g)**Relevant Jurisdictions**

Grantor	Jurisdiction or Organization	Address	Chief Executive Office	Address at which Collateral Records and books and records are located or accounts are issued
Abitibi- Consolidated Inc.	Canada	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Abitibi- Consolidated Company of Canada	Québec	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Abitibi- Consolidated Canadian Office Products Holdings Inc.	Canada	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	79 Wellington Street West, Suite 3000, Toronto, Ontario, Canada M5K 1N2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
1508756 Ontario Inc.	Ontario	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Donohue Recycling Inc.	Ontario	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2

Grantor	Jurisdiction of Organization	Address	Chief Executive Office	Address at which Collateral Records and books and records are located or accounts are issued
Marketing Donohue Inc.	Québec	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street Suite 800, Montreal, Quebec Canada H3B 5H2
6169678 Canada Incorporated	Canada	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
3834328 Canada Inc.	Canada	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Abitibi- Consolidated Nova Scotia Incorporated	Nova Scotia	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Les Explorations Terra Nova Ltée	Québec	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
La Compagnie de Pulpe de Jonquière	Québec	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2

Grantor	Jurisdiction or Organization	Address	Chief Executive Office	Address at which Collateral Records and books and records are located accounts are issued
The International Bridge and Terminal Company	Canada	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Scramble Mining Ltd.	Ontario	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
3224112 Nova Scotia Limited	Nova Scotia	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2	1155 Metcalfe Street, Suite 800, Montreal, Quebec Canada H3B 5H2
Produits Forestiers Saguenay Inc.	Québec	4910,Boulevard Talbot, Laterrière, Québec G7N 1A3	4910,Boulevard Talbot, Laterrière, Québec G7N 1A3	4910, Boulevard Talbot, Laterrière, Québec G7N 1A3

OTHER PLACES OF BUSINESS**PAPER MILLS**

Name	Address	Owner (Nominee)
Alma	1100 Mélançon Street West Alma, Québec G8B 7G2 Canada	Abitibi-Consolidated Company of Canada
Amos	801 des Papetiers Street Amos, Québec J9T 3X5 Canada	Abitibi-Consolidated Company of Canada
Baie-Comeau	20 Marquette Avenue Baie-Comeau, Québec G4Z 1K6 Canada	Abitibi-Consolidated Company of Canada
Beaupré	1 du Moulin Street Beaupré, Québec G0A 1E0 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Belgo (closed)	Cascades Avenue, P.O. 850 Shawinigan, Québec G9N 6W5 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Clermont	100 Donohue Street Clermont, Québec G4A 1A7 Canada	Abitibi-Consolidated Company of Canada
Fort Frances	145 Third Street West Fort Frances, Ontario P9A 3N2 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Fort William (closed)	1735 City Road Thunder Bay, Ontario P7B 6T7 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Grand Falls	Grand Falls-Windsor 7 Mill Road, P.O. Box 500 Grand Falls, Newfoundland A2A 2K1 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Iroquois Falls	1 Park Street Iroquois Falls, Ontario P0K 1E0 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Kénogami	3750 Champlain Street Jonquiére, Québec G7S 5J7 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Kenora (closed)	504 Ninth Street North Kenora, Ontario P9N 3Y1 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Laurentide	100 and 255 -1 st Street Shawinigan (Grand-Mère), Qc	Abitibi-Consolidated Company of

	G9T 7J1 Canada	Canada
Mackenzie (idled)	Donohue Way P.O. Box 250 Mackenzie, British Columbia V0J 2C0 Canada	Abitibi-Consolidated Company of Canada
Stephenville (closed)	1143 Connecticut DR P.O. Box 40 Stephenville, Newfoundland, A2N 2Y8 Canada	Abitibi-Consolidated Company of Canada (Abitibi-Consolidated Inc.)
Thorold	2 Allanburg Road, P.O. Box 1040 Thorold, Ontario L2V 3Z5 Canada	Abitibi-Consolidated Company of Canada (1508756 Ontario Inc.)

SAWMILLS

Sawmill	Location	Owner
Champneuf	241 Principale Street Champneuf, Québec J0Y 1E0 Canada	Abitibi-Consolidated Company of Canada
Château-Richer	7499, boulevard Sainte-Anne Château-Richer, Québec G0A 1N0 Canada	Abitibi-Consolidated Company of Canada
Chibougamau	Chibougamau, Québec Canada	Abitibi-Consolidated Company of Canada
Comtois	2050 Route N805 Lebel-sur-Quévillon, Québec J0Y 1X0 Canada	Abitibi-Consolidated Company of Canada
Outardes	1 Chemin de la Scierie Pointe-aux-Outardes, Québec G5C 2S9 Canada	Abitibi-Consolidated Company of Canada
Gestofo	Saint-Raymond, Québec	Abitibi-Consolidated Company of Canada
Girardville	2250 St-Joseph Line North Girardville, Québec G0W 1R0 Canada	Abitibi-Consolidated Company of Canada
La Doré	5850 Desjardins Avenue La Doré, Québec G8J 1B4 Canada	Abitibi-Consolidated Company of Canada
Laterrière	4910 and 5030 Talbot Boulevard, Saguenay (Borough Laterrière), Québec G7N 1A3 (4910) or G7N 1V4 (5030) Canada	Produits Forestiers Saguenay Inc.

Mackenzie (2)	Donohue Way, Mackenzie, British Columbia V0J 2C0 Canada	Abitibi-Consolidated Company of Canada
Manseau	490 St-Georges, P.O. 39 Manseau, Québec G0X 1V0 Canada	Abitibi-Consolidated Company of Canada
Normandin	1165 Industrielle Avenue, Normandin, Québec G8M 4S9 Canada	Abitibi-Consolidated Company of Canada
Petit-Saguenay	225, Route 170 Petit-Saguenay, Québec G0V 1N0 Canada	Produits Forestiers Saguenay Inc.
Roberval	1181 Saint-Joseph Street Roberval, Québec G8H 2M3 Canada	Abitibi-Consolidated Company of Canada
Saint-Hilarion	130 Cartier South Drive Saint-Hilarion, Québec G0A 3V0 Canada	Abitibi-Consolidated Company of Canada
Saint-Prime	714 Principale Street Saint-Prime, Québec G8J 1T8 Canada	Abitibi-Consolidated Company of Canada
St-Fulgence	1903 Tadoussac Boulevard, Saint- Fulgence, Québec G0V 1S0 Canada	Produits Forestiers Saguenay Inc.
St-Raymond	175 St-Alexis Street Saint-Raymond, Québec G3L 1S1 Canada	Abitibi-Consolidated Company of Canada
Saint-Thomas	300 du Moulin Avenue Saint-Thomas-Didyme, Québec G0W 1P0 Canada	Abitibi-Consolidated Company of Canada
Scieries Saguenay (closed)	La Baie, Québec Canada	Produits Forestiers Saguenay Inc.
Senneterre	300 6th Avenue, P.O. 1179 Senneterre, Québec J0Y 2M0 Canada	Abitibi-Consolidated Company of Canada
Manseau	Manseau, Québec Canada	Abitibi-Consolidated Company of Canada

HYDRO ASSETS

<u>Name</u>	<u>Location</u>	<u>Owner</u>
Grand Falls	Grand Falls-Windsor, Newfoundland	Abitibi-Consolidated Company of Canada

Chicoutimi River Generating Station	Saguenay (Chicoutimi), Québec	Abitibi-Consolidated Company of Canada
Jonquière	Saguenay (Jonquière), Québec	Abitibi-Consolidated Company of Canada
Bésy	Saguenay (Jonquière), Québec	Abitibi-Consolidated Company of Canada
Jim-Gray Dam and Generating Station	St-David-de-Falardeau, Québec	Abitibi-Consolidated Company of Canada
Adam Cunningham Generating Station	St-David-de-Falardeau, Québec	Abitibi-Consolidated Company Of Canada
Murdock Wilson	Saguenay (Jonquière), Québec	Abitibi-Consolidated Company of Canada
Chutes-aux Galets Dam and Generating Station	St-David-de-Falardeau, Québec	Abitibi-Consolidated Company of Canada
Lake Onatchiway Dam and Reservoir	Saguenay, Québec	Abitibi-Consolidated Company of Canada

LEASES

Grantor	Name of the premises	Location
Donohue Recycling Inc.	Toronto Recycling Center	95 Commissionners Street, Toronto, Ontario, Canada M5A 1A6
Abitibi-Consolidated Inc.	Vancouver	1130 West Pender Street, Vancouver, British-Columbia V6E 4A4
Abitibi-Consolidated Inc.	Montreal Head Office	1155 Metcalfe Street (8th and 9th floors), Montréal, Québec H3B 5H2

OTHER LOCATIONS AT WHICH COLLATERAL IS HELD OR STORED (THIRD-PARTY OWNED WAREHOUSE)

Owner of Collateral	Warehouse	Location
Abitibi-Consolidated Company of Canada	Bison Warehouse	1817 Wellington Avenue Winnipeg, MB R3E 0K4 Canada
Abitibi-Consolidated Company of	Groupe Goyette (Entreposage	1300 Nobel

Owner of Collateral	Warehouse	Location
Canada	Maska)	Boucherville, QC J4B 5H3 Canada
Abitibi-Consolidated Company of Canada	Groupe Goyette (Entreposage Maska)	2985 Boul. Casavant Ouest St. Hyacinthe, QC Canada
Abitibi-Consolidated Company of Canada	Groupe Goyette	1465 Du Pont Shawinigan, QC G9N 8G9 Canada
Abitibi-Consolidated Company of Canada	Metro Canada Logistics - BWW	767 Credistone Road Concord ON L4K 5P5 Canada
Abitibi-Consolidated Company of Canada	NorthGate Whsing. and Dist.	1331 Mckeen Ave. North Vancouver, BC V7P 3H9 Canada
Abitibi-Consolidated Company of Canada	Trealship Services Inc.	60 Highfield Park Halifax, NS B3A 4R9 Canada
Abitibi-Consolidated Company of Canada	Van Link	915 Cliveden Avenue Annacis Island Business Park, BC V3M 5R6 Canada
Abitibi-Consolidated Company of Canada	XTL Warehouse	75 Rexdale Etobicoke, ON M9W 1P1
Abitibi-Consolidated Company of Canada	XTL Warehouse	1700 Chemin St-Francois, Dorval, QC H9P 2P6 Canada
Abitibi-Consolidated Company of Canada	Abitibi-Consolidated Baie Comeau	20 Rue Marquette Baie-Comeau, QC G4Z 1K6 Canada
Abitibi-Consolidated Company of Canada	American Color Graphics	3565 Eagle Street Stevensville, ON L0S 1S0 Canada
Abitibi-Consolidated Company of Canada	Abitibi-Consolidated Mackenzie	F.F.I. Road (Bag 2800), Mackenzie, BC V0J 2C0 Canada
Abitibi-Consolidated Company of Canada	Agressive Trucking Terminal	19909 92 Erme Avenue Langley, BC V1M 3B6 Canada
Abitibi-Consolidated Company of Canada	Ceres Terminal	4755 Barrington St., P.O. Box 8958 Halifax, NS B3K 5M6 Canada
Abitibi-Consolidated Company of Canada	CN Tascherau	Hickmore St. Lachine, QC H8T 2J9 Canada
Abitibi-Consolidated Company of Canada	Cast Terminal	Port of Montreal Montreal, QC H3B 5H2

Owner of Collateral	Warehouse	Location
Abitibi-Consolidated Company of Canada	Centrem	555 Centennial Road, Vancouver, BC V6A 1A2 Canada
Abitibi-Consolidated Company of Canada	GT Precision Express	10000 Maurice Duplessis, Montreal, QC H1C 2A2 Canada
Abitibi-Consolidated Company of Canada	Halterm Ltd	Marginal Road P.O. Box 1057, Via Cornerbrook Halifax, NS B3J 2X1 Canada
Abitibi-Consolidated Company of Canada	Innovative Converting	2900 Loyalist Street Cornwall, ON K6H 6C8 Canada
Abitibi-Consolidated Company of Canada	Pro-Conversion	1050 Blvd Queen North, Sherbrooke, QC J1J 3T8 Canada
Abitibi-Consolidated Company of Canada	CP	2250 43rd Avenue Lachine, QC, H8T 2J9
Abitibi-Consolidated Company of Canada	Spedimar SRL	c/o Cis Spa, Via Delle Cateratte, 66 Livorno, IT 57122
Abitibi-Consolidated Company of Canada	Logistec	500 Chemin Du Havre Pointe-Au-Pic, QC G5A 2Y9 Canada
Abitibi-Consolidated Company of Canada	Racine Terminal	Port of Montreal Section 62, C.P. 360, Succ. K, Montreal, QC H1N 3L3 Canada
Abitibi-Consolidated Company of Canada	Terminal Systems Inc	2 Roberts Bank Delta, BC V4M 4G5 Canada
Abitibi-Consolidated Company of Canada	Termont - Shed 68	P.O. Box 36, Station K, Montreal, QC H1N 3K9
Abitibi-Consolidated Company of Canada	Vanterm	1300 Stewart Street Vancouver, BC V6C 2T8 Canada

SCHEDULE 4.1(H)

INTELLECTUAL PROPERTY RIGHTS

OWNER	PATENT/APP. NUMBER	FILING/ISSUE DATE	COUNTRY	TITLE	STATUS
ABITIBI-CONSOLIDATED INC.	2547276	May 19, 2006	Canada	Coated mechanical pulp paper	Pending
ABITIBI-CONSOLIDATED INC.	5560882	October 1, 1996	United States	Method of overmolding an underwater cable equipment	Issued

Patents Registered with the U.S. Patent and Trademark Office

Owner	Record Owner	Asset Type	Title	Registration/ Application Number	Issue/Filing Date	Outstanding Security Interests
Abitibi Consolidated Inc.	Abitibi-Price Corp.	Patent	Simulated ceramic tile	4,579,767	04/01/1986	
Abitibi Consolidated Inc.	Abitibi-Price, Inc.	Patent	Calendar hood	6,207,019	03/27/2001	
Abitibi Consolidated Inc.	Abitibi-Price Inc.	Patent	High consistency peroxide bleaching	4,938,842	07/03/1990	
Abitibi Consolidated Inc.	Abitibi-Price Inc.	Patent	Tin compounds for brightness improvement of jack pine ultra	4,549,929	10/29/1985	
Abitibi Consolidated Inc.	Abitibi-Price Inc.	Patent	METHOD FOR REDUCED SULFUR DIOXIDE FORMATION IN REFINER BLEACHING	5,607,547	03/04/1997	Co-assigned to Chemtrade Performance Chemicals US, LLC and Abitibi-Price; subject to a security interest granted in favor of the Bank of Nova Scotia on 12/30/2002

<u>Owner</u>	<u>Record Owner</u>	<u>Asset Type</u>	<u>Title</u>	<u>Registration/ Application Number</u>	<u>Issue/Filing Date</u>	<u>Outstanding Security Interests</u>
Abitibi Consolidated Inc.	Abitibi-Price Inc.	Patent	METHOD AND APPARATUS FOR COATING PULP PRODUCTS	5,622,599	04/22/1997	
Abitibi Consolidated Inc.	Abitibi Paper Company Ltd.	Patent	Microbial culture system	4,559,305	12/17/1985	
Abitibi Consolidated Inc.	Abitibi Paper Company Ltd.	Patent	Foam flotation activated sludge process	4,211,645	07/08/1980	
Abitibi Consolidated Inc.	Abitibi Paper Company Ltd.	Patent	Method for controlling caliper and edge and corner delamination of hardboard	4,168,200	09/18/1979	
Abitibi Consolidated Inc.	Abitibi Paper Company Ltd.	Patent	Short cycle pressed fiberboard manufacturing process	4,038,131	07/26/1977	
Abitibi Consolidated Inc.	Abitibi Paper Company Ltd.	Patent	Production of hardboard in a closed water system	4,009,073	02/22/1977	
Abitibi Consolidated Inc.	Abitibi Paper Company, Ltd.	Patent	Humidification of panels of cellulosic material	3,950,574	03/13/1976	
Abitibi-Consolidated Inc.	Abitibi Consolidated Inc.	Patent	Method and apparatus to remove inorganic scale from a supercritical water oxidation reactor	6,056,883	05/02/2000	
Abitibi-Consolidated Inc.	Abitibi-Consolidated Inc.	Patent	Coated Mechanical Pulp Paper	11/750,794	05/18/2007	

Copyrights

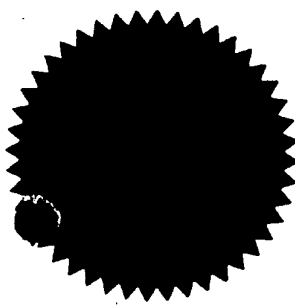
Copyright Title	Reg. No.	Status	Category of Work	Authors	Country	Owner
PQM - Paper Quality Management System	1018641	Registered. 2004-02-24	Literacy	David Maggs; Gurdip Sing Bhartt; Cynthia Hayward; Dmyto Gmidash; Marie Daez; Dave Keenan	Canada	Abitibi- Consolidated Inc.
La Compagnie Gaspesia Limitée, 1937-1987		Registered, 1987-08-17	Text	English/French version: Hilton J. Wilson, for hire of Abitibi- Price Inc.	United States	Abitibi- Consolidated Inc. (Registered under former name « Abitibi-Price Inc. »)
PDM system: a guide to pressroom data management		Registered, 1982-10-28	Visual Material	n/a	United States	Abitibi- Consolidated Inc. (Registered under former name « Abitibi-Price Sales Corporation»)
615 data and data structure for area commonly referred to as seine river forest	443148	Registered. 1995-05-17	Literary/Artistic	Kelly Mitchell	Canada	Abitibi- Consolidated Inc. (Registered under former name « Rainy River Forest Products Inc.»)
GIS data and data structure for area commonly referred to as the manitou forest	443318	Registered. 1995-05-23	Literary/Artistic	Kelly Mitchell	Canada	Abitibi- Consolidated Inc. (Registered under former name « Rainy River Forest Products Inc.»)
PDM system : a guide to pressroom data management	TX0001013612	10/28/1982			United States	Abitibi- Consolidated Inc. (Registered under former name « Abitibi-Price Sales Corp. »)
La Compagnie Gaspesia Limitee, 1937-1987.	TX0002144180	08/01/1987				Abitibi Consolidated Inc. (Registered under former name « Abitibi-Price, Inc. »)



TAB B

DEED OF HYPOTHEC

Minute No.
1063



DEED OF HYPOTHEC AND ISSUE OF DEBENTURES

ON THIS twenty-eighth (28th) day of March, two thousand eight (2008).

BEFORE Mtre. Marc Daigneault, notary, practising in the City of Montreal, Province of Québec.

APPEARED:

WELLS FARGO BANK, NATIONAL ASSOCIATION, a legal person, having a place of business at Corporate Trust Services, 213 Court Street, Suite 703, Middletown, CT 06457, herein acting as "*fondé de pouvoir*" under Article 2692 of the *Civil Code of Québec* and represented by Constantine Troulis, its authorized representative, hereunto duly authorized for the purposes hereof as he so declares;

PARTY OF THE FIRST PART

AND:

COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA, a legal person existing under the laws of the Province of Québec, having its head office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its shareholders, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE SECOND PART

AND:

ABITIBI-CONSOLIDATED INC., a legal person existing under the laws of Canada, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains

hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE THIRD PART

AND:

LES EXPLORATIONS TERRA NOVA LTÉE
TERRA NOVA EXPLORATIONS LTD, a legal person existing under the laws of the Province of Québec, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE FOURTH PART

AND:

LA COMPAGNIE DE PULPE DE JONQUIÈRE
THE JONQUIERE PULP COMPANY, a legal person existing under the laws of the Province of Québec, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE FIFTH PART

AND:

THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY, a legal person existing under the laws of Canada, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and

represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE SIXTH PART

AND:

SCRAMBLE MINING LTD., a legal person existing under the laws of the Province of Ontario, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE SEVENTH PART

AND:

3224112 NOVA SCOTIA LIMITED, a legal person existing under the laws of the Province of Nova Scotia, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE EIGHTH PART

AND:

MARKETING DONOHUE INC., a legal person existing under the laws of the Province of Québec, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of

Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE NINTH PART

AND:

DONOHUE RECYCLING INC. - RECYCLAGE DONOHUE INC., a legal person existing under the laws of the Province of Ontario, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE TENTH PART

AND:

1508756 ONTARIO INC., a legal person existing under the laws of the Province of Ontario, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE ELEVENTH PART

AND:

3834328 CANADA INC., a legal person existing under the laws of Canada, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE TWELFTH PART

AND:

6169678 CANADA INCORPORATED, a legal person existing under the laws of Canada, having its registered office at 7 Mill Road, P.O. Box 500, in the City of Grand Falls, Province of Newfoundland and Labrador, A2A 2K1, herein acting and represented by undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE THIRTEENTH PART

AND:

ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED, a legal person existing under the laws of the Province of Nova Scotia, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE FOURTEENTH PART

AND:

PRODUITS FORESTIERS SAGUENAY INC. SAGUENAY FOREST PRODUCTS INC., a legal person existing under the laws of the Province of Québec, having its registered office at 4910 Talbot Boulevard, in the City of La Terrière, Province of Québec, G7N 1A3, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a power of attorney, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE FIFTEENTH PART

AND:

ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC., a legal person existing under the laws of Canada, having its registered office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Québec, H3B 5H2, herein acting and represented by the undersigned signatory, duly authorized for the purposes hereof in virtue of a resolution of its board of directors, a certified copy or duplicate of which remains hereto annexed after having been acknowledged as true and signed for identification by the said representative in the presence of the undersigned notary.

PARTY OF THE SIXTEENTH PART

WHEREAS ACCC has, under its governing law and constating documents, the power to issue, re-issue, sell or pledge its debt obligations and to mortgage, hypothecate, pledge or otherwise create the security in all or any property of ACCC, now owned or subsequently acquired, to secure any obligation of ACCC or of a third party, and is duly authorized to create and issue Debentures as hereinafter provided and to secure the same as provided for by this Deed.

WHEREAS ACCC is desirous of creating, issuing and securing Debentures in the manner hereinafter set forth.

WHEREAS each of the other Grantors has, under its governing law and constating documents, the power to mortgage, hypothecate, pledge or otherwise create a security in all or any of its property, now owned or subsequently acquired, to secure any obligation of such Grantor or a third party, and is duly authorized to secure the Debentures as provided for by this Deed.

WHEREAS all necessary corporate proceedings and resolutions have been duly taken and passed by each Grantor and other actions have been taken to authorize the execution of this Deed and the issue and securing of the Debentures in conformity therewith.

WHEREAS as continuing collateral security for the fulfilment of the Obligations, each Grantor has agreed to hypothecate all of its right, title and interest both present and future, in and to the property, assets and rights more fully described herein.

NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture or the Collateral Trust Agreement, as applicable. As used herein, the following terms have the following meanings unless there is something in the subject matter or context inconsistent therewith:

"ACCC" means COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA and its successors and permitted assigns.

"Applicable Laws" means, in respect of any Person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, ordinances, decrees, orders in council, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorizations, approvals, orders of governmental bodies and all applicable orders and decrees of courts and arbitrators having force of law.

"Attorney" means WELLS FARGO BANK, NATIONAL ASSOCIATION, as *fondé de pouvoir* for the Debentureholders, and includes its successors and assigns in such capacity.

"CIPO" means the Canadian Intellectual Property Office.

"Collateral" means collectively the Immovable Property and the Movable Property.

"Collateral Support" all movable property hypothecated or otherwise securing any Collateral and any hypothec or other agreement granting a hypothec or other security interest on such movable property.

"Collateral Trust Agreement" means the collateral trust agreement dated or to be dated on or about April 1, 2008 by and among ACCC, Abitibi-Consolidated Inc., the other guarantors from time to time party thereto, Wells Fargo Bank, National Association, as trustee under the Indenture, and Wells Fargo Bank, National Association, as collateral trustee, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Collateral Trustee" means WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Trustee under the Collateral Trust Agreement, together with any successor Collateral Trustee appointed in accordance with the terms of the Collateral Trust Agreement.

"Copyright Licenses" means any and all agreements, licenses and covenants providing for the granting of any right in or to Copyrights or otherwise providing for a covenant not to sue.

"Copyrights" means all of the following (a) all copyrights and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Debentureholder" or "Holder" means a Person entered as a holder of Debentures in the register maintained for that purpose by the Attorney.

"Debentures" means the debentures which have been or may be issued hereunder by ACCC.

"Demand Debenture" means the demand debenture (Ontario) by Abitibi-Consolidated Inc. in favour of the Collateral Trustee dated or to be dated on or about April 1, 2008, charging real property including the mill located at Thorold, Ontario, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Designs" means all of the following: (a) all industrial designs and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Documents of Title" means the universality consisting of all right, title and interest in and to all or any part of any documents of title, whether

negotiable or non-negotiable, including all warehouse receipts and bills of lading.

"Equipment" means the universality consisting of all right, title and interest from time to time in and to all present and future equipment now owned or hereafter acquired including, without limitation, all machinery, apparatus, tools, manufacturing equipment, processing equipment, computer equipment, building materials, construction materials, fittings, appliances, apparatus, telecommunications equipment, interior improvements, hardware, furniture, fixtures, furnishings, motor vehicles and rolling stock and all additions to, substitutions for, replacements of or accessions to any of the above and all attachments, components, parts and accessories.

"Equity Interests" means the shares, units and partnership interests issued by an Issuer and the certificates representing any such shares, units and partnership interests, as described in Schedule "D".

"Event of Default" means either (i) the failure to pay, when due, any amount owing under the Debentures or (ii) the occurrence of a Fixed Asset Debt Default.

"Fixed Asset Collateral Account" means collectively, the universality of all claims and other rights, present and future, deriving from any segregated bank account or segregated deposit account established for the purposes of depositing collateral proceeds in accordance with the terms of the Indenture.

"Fixed Asset Collateral Claims" means the universality consisting of all right, title and interest from time to time in and to all claims and rights of action directly related to the infringement, impairment, damage or destruction of any Collateral.

"Fixed Asset Collateral Insurance" means the universality consisting of all right, title and interest in and to all present and future Insurance solely to the extent covering any Collateral and all payments and Proceeds thereof that are directly attributable to any other Collateral.

"Fixed Asset Debt Default" has the meaning assigned to such term in the Collateral Trust Agreement.

"Fixed Asset Debt Documents" has the meaning assigned to such term in the Collateral Trust Agreement.

"Grantor" means each of the parties hereto (other than the Attorney), namely ACCC, Abitibi-Consolidated Inc., Les Explorations Terra Nova Ltée Terra Nova Explorations Ltd, La Compagnie de Pulpe de Jonquière The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Donohue Recycling Inc. - Recyclage Donohue

Inc., 1508756 Ontario Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, Abitibi-Consolidated Nova Scotia Incorporated, Produits Forestiers Saguenay Inc. Saguenay Forest Products Inc. and Abitibi-Consolidated Canadian Office Products Holdings Inc. and their respective successors and permitted assigns and "Grantors" is the collective reference thereto.

"Immovable Property" means (i) the universality consisting of all right, title and interest from time to time in all future or after-acquired immovable properties, (ii) the immovable property described in Schedule "B" hereto (the **"Specifically Described Immovable Property"**), (iii) all present and future structures and works of a permanent nature located from time to time in, on or upon any of said immovable properties, including, without limitation, all buildings, facilities, accessories, structures and other improvements, (iv) all present and future property which is deemed by law to be immovable and which is located or incorporated from time to time in, on or upon any of said immovable properties, and (v) all alterations, additions, reconstructions or expansions to and replacements to any of the said immovable property, (vi) all present and future Rents produced by such immovable properties.

"Indenture" means the indenture dated or to be dated on or about April 1, 2008 by and among ACCC, as issuer, Abitibi-Consolidated Inc., the other guarantors from time to time party thereto and Wells Fargo Bank, National Association, as trustee, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Insurance" means all insurance policies covering any or all of the Collateral (regardless of whether the Attorney is named as a loss payee thereunder).

"Intellectual Property" means the universality consisting of all right, title and interest from time to time in and to all present and future Copyrights, Designs, Patents, Trademarks, Licenses and trade secrets, whether registered or not or the subject of a pending application for registration, that are now or in the future owned by or licensed including those described in Schedule "C" hereof.

"Intercreditor Agreement" means that certain intercreditor agreement dated or to be dated on or about April 1, 2008, by and among ACCC, Abitibi-Consolidated Inc., certain subsidiaries and affiliates of Abitibi-Consolidated Inc. from time to time party thereto, the collateral agent under the Term Loan Facility and Wells Fargo Bank, National Association, as collateral trustee, as amended, supplemented, restated, modified, renewed or replaced (whether upon or after termination or otherwise), in whole or in part from time to time, or any other successor agreement and whether among the same or any other parties.

"Issuer" means any of the corporations, legal persons, partnerships, limited partnerships or, as the case may be, other entities listed under the heading "Issuer" in Schedule "D" hereof, and their respective successors.

"Licenses" means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired.

"Movable Property" means collectively, the following, both present and future, and wheresover situated:

- (a) Equipment;
- (b) Intellectual Property;
- (c) Fixed Asset Collateral Insurance;
- (d) the universality consisting of all right, title and interest in and to all present and future claims and other rights in and to the Fixed Asset Collateral Account and all property deposited therein;
- (e) Fixed Asset Collateral Claims;
- (f) Securities;
- (g) to the extent not otherwise included above, all Documents of Title, Records and Collateral Support directly relating to any of the foregoing;
- (h) to the extent not otherwise included above, all Proceeds, rents and profits of or in respect of any of the foregoing received prior to the occurrence of a Fixed Asset Debt Default (or following the cure and/or waiver thereof) but only so long as such Proceeds, rents and profits are credited to the Fixed Asset Collateral Account; and
- (i) to the extent not otherwise included above, all Proceeds, rents and profits of or in respect of any of the foregoing arising or received after the occurrence of and during the continuance of a Fixed Asset Debt Default.

"Obligations" means the due payment of the Debentures and the due payment and performance of all present and future obligations of the Grantors under this Deed.

"Patent Licenses" means all agreements, licenses and covenants providing for the granting of any right in or to Patents or otherwise providing for a covenant not to sue.

"Patents" means all of the following: (a) all letters patent of invention and all applications for letters patent, all design patents and all registrations and recordings thereof, including registrations, recordings and

applications in CIPO or in any similar office or agency in any other country or political subdivision thereof, and (b) all reissues, continuations, continuations-in-part, extensions, divisions, and re-examinations thereof.

~~"Permitted Liens"~~ has the meaning ascribed thereto in the Indenture.

"Person" means any individual, legal person, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited or unlimited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity.

"Proceeds" means the universality consisting of all right, title and interest from time to time in and to all proceeds and movable property in any form derived directly or indirectly from any dealing with all or any part of the Collateral and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.

"Records" means the universality consisting of all right, title and interest from time to time in and to all original copies of all documents, instruments or other writings or electronic records or other records evidencing the Collateral.

"Rents" means the universality consisting of all right, title and interest from time to time, in and to all present and future (i) rent, percentage rent, additional rent and other amounts payable or derived from leases related to the whole or any part of the Immovable Property or securing obligations thereunder; and (ii) indemnities and insurance proceeds received, which may be received or entitled in connection with such rents and other amounts.

"Securities" means all right, title and interest in and to the Equity Interests, and including all warrants and options relating to such Equity Interests and any substitutions, additions and proceeds arising out of any consolidation, subdivision, reclassification, conversion, or similar increase or decrease in or alteration of the capital of an Issuer or any other event and any securities acquired pursuant to the exercise of a right or offer to the extent that any such right or offer arises out of the ownership of any shares, units or other interests in the capital of an Issuer, including without limitation, all rights to properties, assets, distributions, liquidating distributions and allocations of profits and losses in respect of such Securities and all additional shares, units or other interests in the capital of an Issuer from time to time acquired in any manner (which shall be deemed to be part of the Collateral), and the certificates representing any such additional shares, units or other interests in the capital of an Issuer, and all dividends, distributions, instruments and other property or proceeds from

time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such additional shares, units or other interests.

"Security Agreement" means the Canadian security agreement dated or to be dated on or about April 1, 2008 among, *inter alios*, the Grantors and the Collateral Trustee, as it may be amended, restated, supplemented or otherwise modified from time to time.

"this Deed", "these presents" and similar expressions refer to this deed including all schedules, amendments, supplements, extensions, renewals, replacements or restatements from time to time.

"Trademark Licenses" means any and all agreements, licenses and covenants providing for the granting of any right in or to Trademarks or otherwise providing for a covenant not to sue or permitting co-existence.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, business names, brands and brand names, trade dress, uniform resource locators, domain names, tag lines, designs, graphics, logos and other commercial symbols or business identifiers or indicia of origin, (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.

Section 1.2 Severability

If any one or more of the provisions contained in this Deed or the Debentures shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Attorney, be severable from and shall not affect any other provision of this Deed or the Debentures, as the case may be, but this Deed or the Debentures shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Deed or the Debentures.

Section 1.3 Interpretation and Headings

Each Grantor acknowledges that this Deed is the result of negotiations between the parties and shall not be construed in favour of or against any party by reason of the extent to which any party or its legal counsel participated in its preparation or negotiation. The words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Deed including, without limitation, these additional provisions, and not to any particular Section or other portion thereof or hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words in the singular include the plural and words in the plural include the singular. Words importing the

masculine gender include the feminine and neuter genders where the context so requires. Words importing the neuter gender include the masculine and feminine genders where the context so requires. The headings do not form part of this Deed and have been inserted for convenience of reference only. Any reference to "including" shall mean "including without limitation" whether or not expressly provided.

Section 1.4 Enurement

This Deed shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors (including any successor by reason of amalgamation) and permitted assigns of the parties hereto.

Section 1.5 Effective Date

The hypothec created hereunder shall take effect upon execution of this Deed by the parties hereto even if none of the Debentures have been issued at such time.

Section 1.6 Currency

All dollar references in this Deed are expressed in Canadian Dollars.

**ARTICLE 2
ISSUE OF DEBENTURES**

Section 2.1 Limitation of Issue

The Debentures which may be created and issued under this Deed are limited to the aggregate principal amount of Nine Hundred Million Dollars (\$900,000,000) and may be created and issued for such amounts and on such terms as the directors of ACCC may determine.

Section 2.2 Form of Debentures

The Debentures shall be substantially in the form set out in Schedule "A" of this Deed. The Debentures shall bear interest from the date of their issuance, both before and after maturity, at the rate of twenty-five percent (25%) per annum. The principal and interest of the Debentures shall be payable on demand, with interest on overdue interest at the aforementioned rate.

Section 2.3 Signature of Debentures

The Debentures may be signed by any officer or director of ACCC or any other person designated by the directors of ACCC.

Section 2.4 Execution

The execution of the Debentures by ACCC shall constitute conclusive evidence that the Debentures have been issued hereunder but

shall not be construed as a representation or warranty by the Attorney as to the validity of this Deed, the security constituted hereby or the Debentures, and the Attorney shall in no way be liable for the use made of the Debentures or the proceeds thereof.

Section 2.5 Hypothecation and Assignment

The Debentures may be hypothecated, pledged or assigned by ACCC as security for any indebtedness or any other obligations, direct or indirect, present or future, of ACCC or any other Person, or may be sold or otherwise alienated. In the event of such hypothec, pledge or assignment, the extinction of the underlying indebtedness or obligation shall not constitute payment of the Debentures.

Section 2.6 Rank

All Debentures shall rank equally and shall be equally and rateably secured by the hypothec constituted hereunder.

Section 2.7 Registration and Transfer

The Attorney shall cause to be kept a register in which shall be entered the name and address of each of the Debentureholders. No transfer of Debentures shall be valid unless made on such register and upon compliance with such reasonable requirements as the Attorney may prescribe. The registered holder of a Debenture shall be deemed to be the owner thereof for all purposes of this Deed.

Section 2.8 Replacement of Debentures

Upon request from a Debentureholder and subject to such reasonable requirements as the Attorney may prescribe, including an appropriate indemnity by such Debentureholder to ACCC, ACCC shall issue and deliver a new Debenture certificate in place of a Debenture certificate requiring replacement by reason of such certificate having been lost, mutilated or destroyed or for any other reason.

Section 2.9 Liability for Obligations

Each Grantor shall be liable on a solidary basis for the payment of all amounts under the Debentures and the payment and performance of the Obligations of each of the Grantors under this Deed.

Notwithstanding the foregoing, the liability hereunder of each Grantor (other than ACCC) governed by the *Companies' Act* (Québec), shall, to the extent that the financial assistance provisions of Articles 123.66 and following of such Act are applicable, be limited to the maximum extent permitted by law.

**ARTICLE 3
CHARGE**

Section 3.1 Hypothec

To secure the full and timely payment and performance of the Obligations, each Grantor hereby hypothecates in favour of the Attorney all of its right, title and interest in and to the Collateral, for the principal sum of Nine Hundred Million Dollars (\$900,000,000), together with interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, calculated semi-annually and not in advance.

The foregoing charging provision creates an individual hypothec granted by each Grantor to the Attorney against the Collateral owned or hereafter acquired by such Grantor.

Section 3.2 Continuing Security

The hypothec created herein is continuing security and will subsist notwithstanding any fluctuation or repayment of the Obligations hereby secured. Each Grantor shall be deemed to obligate itself again, as provided in Article 2797 of the *Civil Code of Québec*, with respect to any future obligation hereby secured.

Section 3.3 Special Property

- (a) If any lease, license, contract or agreement forming part of the Collateral which by its provisions or by Applicable Laws may not be hypothecated or assigned or requires the consent of a third party to its hypothecation or assignment (the "Special Property") (except to the extent that any such provisions are not effective at law to limit or restrict the grant of the hypothec under this Deed, in which case this Deed shall apply to such Special Property without regard to this section), then the hypothec created hereunder on such Special Property shall be under the suspensive condition of such provision being waived or such consent being obtained or such legal prohibition no longer being applicable. In each such case, the relevant Grantor shall promptly, upon written request by the Attorney, use commercially reasonable efforts to obtain the consent of any necessary third party to its hypothecation under this Deed and to the further assignment of such Special Property by the Attorney to any third party as a result of the exercise by the Attorney of remedies hereunder. Upon such consent being obtained or waived or such legal prohibition no longer being applicable, the hypothec created under this Deed shall apply to such Special Property without regard to this section and without the necessity of any further assurance to effect such hypothecation. Provided further that this Section 3.3 shall not

apply to any Proceeds of any such lease, license, contract or agreement.

ARTICLE 4
ADDITIONAL PROVISIONS WITH RESPECT TO THE RENTS

Section 4.1 Rent Collection

The Attorney hereby authorizes each Grantor to collect all of its Rents, if any, as and when they become due, save and except as otherwise provided for under the terms of the Indenture or the terms hereof.

Section 4.2 Withdrawal of Authorization to Collect

Upon the occurrence of an Event of Default which is continuing, the Attorney may, at its discretion, withdraw the authorization granted above, by giving notice as prescribed by law, whereupon the Attorney shall immediately be entitled to collect all Rents referred to in such notice. The debtors under such Rents shall comply with the notice received from the Attorney and thereafter shall pay all Rents to the Attorney without inquiry into the state of accounts between the Attorney and any Grantor.

Section 4.3 Accounts and Records

Should the Attorney serve a notice withdrawing the authorization granted to any Grantor to collect the Rents under the circumstances of and as provided for in Section 4.2 above, such Grantor hereby agrees that all accounts and records maintained by the Attorney with respect to any such Rents received and their application by the Attorney shall be *prima facie* conclusive and binding unless proven to be wrong or incorrect.

Section 4.4 Powers in Connection with Collection of Rents

Without limiting or otherwise restricting the Attorney's rights as set forth herein or at law, upon the occurrence of an Event of Default which is continuing, the Attorney is irrevocably authorized in connection with the collection of Rents, as each Grantor's agent and mandatary, to:

- (a) grant delays, take or abandon securities;
- (b) grant releases and discharges, whole and partial, with or without consideration;
- (c) endorse all cheques, drafts, notes and other negotiable instruments issued to the order of any such Grantor in payment of Rents;
- (d) take conservatory measures and appropriate proceedings to obtain payment of Rents;

- (e) negotiate and settle out of Court with the debtors of Rents, their trustee if there is a bankruptcy or insolvency, or any other legal representative, the whole as it deems appropriate; and
- (f) deal with any other matter relating to the Rents, in its discretion, without the intervention or the consent of any such Grantor;

the Attorney shall not however be liable for any damages or prejudice which may result from its fault, other than its gross negligence or intentional fault.

Section 4.5 Collection of Rents by Grantor

If, despite the withdrawal of authorization by the Attorney in accordance with the terms hereof, any Rents are paid to any Grantor, such Grantor shall be deemed to have received such amounts as agent and mandatary for the account and on behalf of the Attorney and shall pay all such amounts to the Attorney forthwith upon receipt.

Section 4.6 Further Assurances

As and when requested by the Attorney, each Grantor shall remit to the Attorney all documents which are useful or necessary for the purposes set forth in this Article 4, shall sign any useful or necessary documents without delay, and, as the case may be, shall collaborate in the collection by the Attorney of the Rents under the circumstances provided for in Section 4.2 hereof.

Section 4.7 Waiver

Each Grantor hereby waives any obligation the Attorney may have to inform such Grantor of any irregularity in the payment of any Rents.

ARTICLE 5 ADDITIONAL PROVISIONS WITH RESPECT TO THE HYPOTHEC ON SECURITIES

Section 5.1 Delivery of Securities

Unless otherwise provided in any other Fixed Asset Debt Document, all certificates or instruments representing or evidencing the Securities shall be delivered to and held by the Attorney pursuant hereto (save and except to the extent such certificates or instruments have been pledged and delivered to the Collateral Trustee pursuant to the terms of the Security Agreement) and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed undated instruments of transfer or assignment in blank, all in form and substance satisfactory to the Attorney.

Section 5.2 Distributions and Other Matters

The Attorney hereby authorizes each Grantor to manage and collect the dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property (debt or equity), proceeds, fruits and revenues (the "Distributions") from the Securities comprising the Collateral, save and except as otherwise provided for under the terms hereof or of the other Fixed Asset Debt Documents. Such authorization may nevertheless be withdrawn upon the occurrence of an Event of Default which is continuing, whereupon the Attorney shall be free to collect such Distributions and apply such sums (net of all collection costs) in accordance with the terms of the Collateral Trust Agreement, without any interference or consent on the part of any Grantor and without being bound (to the fullest extent permitted by law) by the rules respecting the administration of the property of others.

Section 5.3 Collection of Distributions by Grantor

Any amount received by any Grantor with respect to the said Distributions after a withdrawal of authorization as aforesaid shall be deemed so received as mandatary or depository of the Attorney and shall forthwith be remitted to the Attorney without demand or notice, the whole without prejudice to the recourses of the Attorney against the third party debtors.

Section 5.4 Voting - Interpretation

As used in this Article 5, "voting rights" includes the right to attend and vote at any meeting, to sign a resolution in writing in lieu of a meeting or of a resolution passed at a meeting and the right to nominate and direct a proxy.

Section 5.5 Grantor to exercise voting rights, etc.

Until the occurrence of an Event of Default which is continuing and subject to the terms of this Deed and the other Fixed Asset Debt Documents, each Grantor may:

- (a) exercise any and all voting rights and all rights of conversion, exchange or retraction or other similar rights with respect to any of the Securities, provided that any property arising from any such conversion, exchange or retraction shall form part of the Collateral; and
- (b) receive any and all notices or other communications delivered in respect of the Securities;

provided, however, that no votes shall be cast or other rights exercised which would:

- (i) be prejudicial to the hypothec created under this Deed;
- (ii) impair or reduce the value of or restrict the transferability of the Securities; or
- (iii) be inconsistent with or violate any provisions of this Deed or any other Fixed Asset Debt Document.

Section 5.6 Attorney to exercise voting rights

Each Grantor hereby grants to the Attorney, for the benefit of the Debentureholders, an irrevocable proxy to, upon the occurrence of an Event of Default which is continuing and at the discretion of the Attorney, exercise all voting rights and corporate rights relating to the Securities. After the occurrence of an Event of Default which is continuing and upon request of the Attorney, each Grantor hereby agrees to deliver to the Attorney such further evidence of such irrevocable proxy or such further irrevocable proxies to vote the Securities as the Attorney may request. In addition, after the occurrence of an Event of Default which is continuing, each Grantor agrees to deliver to the Attorney copy of any and all notices and other communications delivered in respect of the Securities.

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES**

Each Grantor represents and warrants to Attorney on the date of the Indenture the matters set out below:

Section 6.1 Authority and Validity

Each Grantor represents and warrants that it has the full corporate power and lawful authority to execute and deliver this Deed and to hypothecate its Collateral and otherwise perform its obligations as contemplated herein, and that all corporate and governmental actions, consents, authorizations and approvals necessary or required therefor have been duly and effectively taken or obtained.

Section 6.2 Intellectual Property

- (a) Each Grantor is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property listed on Schedule "C", and owns or has the valid right to use and, where such Grantor does so, sublicense others to use, all other Intellectual Property used in or necessary to conduct its business, free and clear of all Liens, claims, encumbrances and licenses, except for, Permitted Liens.
- (b) All Intellectual Property is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, nor, in the case of Patents, is any of the Intellectual Property the

subject of a reexamination proceeding, and each Grantor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application of Copyrights, Patents and Trademarks in full force and effect, in each case, except for immaterial Intellectual Property that is no longer used or useful in such Grantor's business.

- (c) All Intellectual Property is valid and enforceable; except for immaterial Intellectual Property that has been abandoned by such Grantor, no holding, decision, ruling, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity or scope of, such Grantor's right to register, or such Grantor's rights to own or use, any material Intellectual Property and no such action or proceeding is pending or, to the best of such Grantor's knowledge, threatened.
- (d) All registrations and applications for Intellectual Property listed in Schedule "C" have been properly registered at CIPO and are in the name of each Grantor identified on Schedule "C" except as otherwise indicated on such Schedule "C" (Grantors shall cause all such registrations in the name of another Person to be forthwith recorded at CIPO in the name of the applicable Grantor).
- (e) Each Grantor has not made a previous assignment, sale, transfer, license or agreement constituting a present or future assignment, sale, transfer, license or agreement of any Intellectual Property that has not been terminated or released.
- (f) Each Grantor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks, proper marking practices in connection with the use of Patents, and appropriate notice of copyright in connection with the publication of Copyrights.
- (g) Each Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademarks and has taken all action necessary to insure that all Trademark Licenses owned by such Grantor use such adequate standards of quality.
- (h) The conduct of each Grantor's business does not in any material respect infringe upon or misappropriate or otherwise violate any trademark, patent, copyright, trade secret or other intellectual property right of any other Person; no claim has been made that the use of any Intellectual Property owned or

used by any Grantor (or any of its respective licensees) infringes upon, misappropriates or otherwise violates the asserted rights of any other Person, and no demand that any such Grantor enter into a license or co-existence agreement has been made but not resolved.

- (i) To the best of each Grantor's knowledge, no other Person is infringing upon, misappropriating or otherwise violating any rights in any Intellectual Property owned, licensed or used by such Grantor, or any of its respective licensees.
- (j) No settlement or consents, covenants not to sue, co-existence agreements, non-assertion assurances, or releases have been entered into by Grantor or binds Grantor in a manner that could materially adversely affect Grantor's rights to own, license or use any Intellectual Property.

Section 6.3 Ownership of Collateral

Each Grantor has good and valid rights in, title to and ownership of all existing Collateral purported to be owned by it, and will have valid rights, title to and ownership of all future or after-acquired Collateral.

Section 6.4 Hypothec

The Collateral is free and clear of any and all Liens other than Permitted Liens.

Section 6.5 Relevant Jurisdictions

Each Grantor's full legal name (including French and English versions), jurisdiction of organization, its full address (including postal code or zip code), and its registered or head office (domicile) are as indicated in the appearance of this Deed. All warehouses and other locations at which Equipment is held or stored are specified in the Security Agreement.

Section 6.6 Information

All information supplied by any Grantor from time to time with respect to any of the Collateral is and will be accurate and complete in all material respects.

Section 6.7 Security Agreement Representations and Warranties Incorporated

To the extent not already provided herein, each of the representations and warranties of each Grantor contained in the Security Agreement is incorporated in this Deed by reference, is restated and shall apply *mutatis mutandis* to the present Deed and the Collateral (with all adjustments to the language of such representations and warranties which

may be necessary or desirable to conform to the laws of the Province of Québec) and as such is confirmed as being true and correct as at the date of such Security Agreement.

Section 6.8 Demand Debenture Representations and Warranties Incorporated

Each of the representations contained in the Demand Debenture which relate to "Owned Real Property" is incorporated herein by reference, is restated and shall apply *mutatis mutandis* to the Immovable Property with all adjustments to the language of such provisions which may be necessary or desirable to conform to the laws of the Province of Quebec and to give full effect to the spirit and intent of this Deed.

Section 6.9 Survival of Representations and Warranties

All representations and warranties of each Grantor made or incorporated by reference in this Deed are material, shall survive the execution and delivery of this Deed and shall continue in full force and effect. The Attorney shall be deemed to have relied upon such representations and warranties notwithstanding any investigation made by or on behalf of Attorney at any time.

**ARTICLE 7
COVENANTS**

Each Grantor covenants and agrees that:

Section 7.1 Notification to the Attorney

It shall promptly notify the Attorney of:

- (a) **Claims and Liens** – any claim, adverse claim or Lien made or asserted against any of the Collateral other than Permitted Liens;
- (b) **Material Adverse Effect** – any event that could reasonably be expected to have a material adverse effect on the value of the Collateral or any material portion thereof, the ability of any Grantor or the Attorney to dispose of the Collateral or any material portion thereof, or the rights and remedies of the Attorney in relation thereto; and
- (c) **Loss or Damage** – all material loss or damage to or loss of possession of all or any part of the Collateral, other than by disposition in accordance with the terms of the Indenture.

Section 7.2 Maintain the Collateral

It shall take all reasonable steps to preserve and protect each item of the Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of its Trademarks, consistent with the quality of the products and services as of the date hereof.

Section 7.3 No Accessions

It shall prevent the Collateral from becoming an accession to any property other than other Collateral or from becoming immovable (other than if such immovable forms part of the Immovable Property against which the hypothec created hereunder is registered).

Section 7.4 Delivery of Documents

It shall deliver to the Attorney promptly upon request:

- (a) **Documents** – any Documents of Title forming part of the Collateral, and upon such delivery, where applicable, duly endorse the same for transfer in blank or as the Attorney may direct; and
- (b) **Other Information** – such information concerning the Collateral, any Grantor and any Grantor's business and affairs as the Attorney may request.

Section 7.5 Changes and Other Names

It shall not, without giving 30 days (or such lesser period as the Attorney may agree to) prior written notice to the Attorney, (i) change its corporate name as it appears in official filings in the jurisdiction of its organization; (ii) change its registered office, head office, chief executive office, places of business, domicile (within the meaning of the *Civil Code of Quebec*), corporate offices or warehouses or locations at which any Collateral is held or stored, or the location of its books and records; (iii) change the type of entity that it is; or (iv) change its jurisdiction of incorporation or organization.

Section 7.6 No Affecting the Hypothec

It shall not do, permit or suffer to be done anything to adversely affect the ranking, validity or opposability of the hypothec created under this Deed.

Section 7.7 Negative Pledge

It shall not grant a hypothec or other Lien, other than Permitted Liens, in any of the Collateral to any Person other than the Attorney.

Section 7.8 Defend Collateral

It shall, at its own expense, take any and all actions necessary to (x) defend title to the Collateral against any and all Persons, adverse claims or Liens, and against any and all suits, actions or proceedings, and (z) defend the hypothec created under this Deed and the priority thereof against any Lien other than Permitted Liens or adverse claim not expressly permitted to exist and to rank prior to the hypothec created hereunder.

Section 7.9 No Transfer

It shall not sell, dispose of, assign, convey or otherwise transfer any of the Collateral, or any rights thereunder except as permitted under the terms of the Indenture; provided that no such sale, disposition, assignment, conveyance or other transfer shall be to or in favour of any Guarantor unless such Guarantor is a Grantor hereunder or such Collateral remains subject to a first priority Lien (subject to Permitted Liens) in favour of the Agent or the Attorney.

Section 7.10 Equipment

- (a) It shall not deliver any Document of Title in respect of any Equipment to any Person other than the issuer of such Document of Title to claim the Equipment evidenced therefor or the Attorney.
- (b) If any Equipment in excess of the dollar thresholds referred to under the corresponding provision of the Security Agreement is in possession or control of any third party, each Grantor shall join with the Attorney in notifying the third party of the hypothec created hereunder and obtaining an acknowledgment from such third party that it is holding the Equipment subject to the security hereunder and will permit the Attorney to have access to Equipment for purposes of inspecting such Collateral or, following an Event of Default which is continuing, to remove same from such premises if the Attorney so elects; and
- (c) Other than Equipment in transit, it shall keep the Equipment and any Documents of Title evidencing any Equipment in the locations specified in the Security Agreement, unless otherwise permitted under the terms of any other Fixed Asset Debt Documents.

Section 7.11 Certificates of Location

Within one hundred and twenty days (120) from the date hereof, ACCC shall provide to the Attorney a current Certificate of Location in respect of each of the three (3) immovable properties described in Sections 4, 5 and 7 of Schedule "B" hereof addressing all matters customarily

addressed in certificates of location, prepared by a qualified Quebec Land Surveyor. Should any of the Certificates of Location reveal any irregularities or omissions in respect of the descriptions set out in Sections 4, 5 and 7 of Schedule "B" hereof, the applicable owner(s) of such immovable properties and the Attorney shall within thirty (30) days thereafter execute and cause to be registered a deed of hypothec for the purposes of supplementing and/or rectifying the security intended to be constituted by this Deed.

Section 7.12 Indenture and Security Agreement Covenants Incorporated

Each of the covenants of the Grantors contained in each of the Security Agreement and the Indenture is incorporated herein by reference, is restated and shall apply *mutatis mutandis* to the present Deed and the Collateral with all adjustments to the language of such provisions which may be necessary or desirable to conform to the laws of the Province of Quebec and to give full effect to the spirit and intent of this Deed.

Section 7.13 Demand Debenture Covenants Incorporated

Each of the covenants contained in the Demand Debenture which relate to "Owned Real Property" is incorporated herein by reference, is restated and shall apply *mutatis mutandis* to the Immovable Property with all adjustments to the language of such provisions which may be necessary or desirable to conform to the laws of the Province of Quebec and to give full effect to the spirit and intent of this Deed.

**ARTICLE 8
REMEDIES**

Section 8.1 Acceleration

Upon the occurrence of an Event of Default which is continuing, all the Attorney's rights and remedies under this Deed and otherwise at law shall immediately become enforceable and the Attorney shall, in addition to any other rights, recourses and remedies it has, forthwith be entitled to exercise any and all hypothecary rights prescribed by the *Civil Code of Québec*.

Section 8.2 Agent

The Attorney may appoint any one or more agents who shall be entitled to perform the powers vested in the Attorney pursuant to this Deed and at law. Upon the appointment of an agent or agents from time to time, the following provisions shall apply:

- (a) that every such agent shall be the irrevocable agent and mandatary of each Grantor for the exercise of the rights,

recourses and remedies available to the Attorney and which are performed by such agent;

- (b) that every such agent, in carrying out the duties delegated to it by the Attorney, shall be entitled to exercise all of the same rights, powers and discretions available to the Attorney hereunder or at law in respect of such matters;
- (c) that every such agent shall, so far as concerns responsibility for his acts or omissions, be deemed the agent and mandatory of, or employed or engaged by each Grantor and in no event the agent, mandatory or employee of the Attorney; and
- (d) that the appointment of every such agent by the Attorney shall not incur or create any liability on the part of the Attorney to the agent in any respect and such appointment or anything which may be done by any such agent or the removal of any agent or termination of any such appointment or engagement shall not have the effect of creating any liability of any nature whatsoever of any such agent towards each Grantor, except in case of gross negligence or intentional fault.

Section 8.3 Attorney's Right to Perform Obligations

If any Grantor shall fail, refuse or neglect to make any payment or perform any act required hereunder, then while any Event of Default exists, and without notice to or demand upon any Grantor and without waiving or releasing any other right, remedy or recourse the Attorney may have because of such Event of Default, the Attorney may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the relevant Grantor, and shall have the right to take all such action and undertake such expenditures as it may deem necessary or appropriate in order to protect and preserve the Collateral or the rights of the Attorney and the Debentureholders. If the Attorney shall elect to pay any sum due with reference to the Collateral, the Attorney may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created hereunder, the Attorney shall not be bound to inquire into the validity of any apparent or threatened adverse title, hypothec, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same.

Section 8.4 Mise en demeure

Except as otherwise expressly herein provided, or in the other Fixed Asset Debt Documents, no notice or mise en demeure of any kind shall be required to be given to the Grantors by the Attorney for the purpose of

putting the Grantors in default, each Grantor being in default by the mere lapse of time allowed for the performance of an obligation or by the mere occurrence and continuance of an event constituting an Event of Default hereunder.

Section 8.5 Exercise of Recourses

In exercising any of the rights, recourses or remedies available hereunder, the Attorney may at its discretion, in respect of all or any part of the Collateral or any other security held by the Attorney, exercise such rights, recourses and remedies as are available hereunder or at law, as it elects to exercise, without prejudicing the other rights, recourses and remedies available to the Attorney in respect of all or part of the Collateral or any other security held by the Attorney. The Attorney may exercise any of such rights, recourses and remedies in respect of all or any part of the Collateral (or any other security held by the Attorney), simultaneously or successively. It is further understood that the Attorney shall be entitled to exercise and enforce all of the rights and remedies available to it, free from any control of the Grantors provided, however, that the Attorney shall not be bound to realize any specific security nor exercise any right or remedy as aforesaid and shall not be liable for any loss which may be occasioned by any failure to do so except in the case of gross negligence or intentional fault.

Section 8.6 Grant of License to Use Intellectual Property

For the purpose of enabling the Attorney to exercise rights and remedies under this Deed at such time as the Attorney shall be lawfully entitled to exercise such rights and remedies, each Grantor shall, upon request by the Attorney at any time after and during the continuance of an Event of Default, grant to the Attorney an irrevocable (until the termination of the Credit Agreement) non-exclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or, solely to the extent necessary to exercise such rights and remedies, sublicense any of such Grantor's Intellectual Property, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof; provided, however, that nothing in this Section 8.6 shall require any Grantor to grant any license that is prohibited by any rule of law, statute or regulation or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of acceleration, modification or cancellation under any contract, license, agreement, instrument or other document evidencing, giving rise to a right to use or theretofore granted, to the extent permitted by the Credit Agreement, with respect to such property; provided, further, that such licenses to be granted hereunder with respect to Trademarks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trademarks are used sufficient to preserve the validity of such Trademarks. The use of such license by the Attorney may

be exercised, at the option of the Attorney, only during the continuation of an Event of Default; provided that any permitted license, sublicense or other transaction entered into by the Attorney in accordance herewith shall be binding upon each applicable Grantor notwithstanding any subsequent cure of an Event of Default.

Section 8.7 Application of Proceeds

All moneys collected by the Attorney upon any sale or other disposition of the Collateral, together with all other moneys received by the Attorney hereunder, shall be applied in accordance with the terms of the Section 3.3 of the Collateral Trust Agreement.

Section 8.8 Surrender

If a prior notice of the Attorney's intention to exercise a hypothecary right is given to any of the Grantors, each such relevant Grantor shall, and shall cause any other Person in possession of the Collateral subject to such prior notice and then belonging to each such Grantor, to immediately surrender same to the Attorney and shall execute, and cause to be executed, all deeds and documents required to evidence such surrender to the Attorney.

Section 8.9 Extension of Time and Waiver

Neither any extension of time given by the Attorney to any of the Grantors or any Person claiming through any of the Grantors, nor any amendment to this Deed or other dealing by the Attorney with a subsequent owner of the Collateral will in any way affect or prejudice the rights of the Attorney against any of the Grantors or any other Person or Persons liable for payment of the Obligations. The Attorney may waive any Event of Default in its sole discretion. No waiver will extend to a subsequent Event of Default, whether or not such subsequent Event of Default is the same as or similar to the Event of Default waived, and no act or omission by the Attorney will extend to, or affect, any subsequent Event of Default or the rights of the Attorney arising from such Event of Default. Any such waiver must be in writing and signed by the Attorney. No failure on the part of the Attorney or any of the Grantors to exercise, and no delay by the Attorney or the Grantors in exercising, any right pursuant to this Deed will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right.

**ARTICLE 9
ADDITIONAL RIGHTS OF THE ATTORNEY**

Each Grantor agrees that upon the occurrence of an Event of Default which is continuing, the following provisions shall apply to supplement the provisions of any Applicable Laws and without limiting any other provisions of this Deed or the other Fixed Asset Debt Documents dealing with the same subject matter:

- (a) The Attorney shall be the irrevocable mandatary and agent of each Grantor, with power of substitution, in respect of all matters relating to the enforcement of all rights, recourses and remedies of the Attorney. The Attorney shall, as regards all of the powers, authorities and discretions vested in it hereunder, have the absolute and unfettered discretion as to the exercise thereof whether in relation to the manner or as to the mode or time for their exercise.
- (b) Without limiting the generality of paragraph (a) hereinabove, each Grantor agrees that the Attorney may, but is not obliged to, at the expense of each such Grantor, for the purposes of protecting or realizing upon the value of the Collateral or its rights:
 - (i) cease or proceed with, in any way the Attorney sees fit, any enterprise of any Grantor, and the administration of the Collateral, including, without limitation, the generality of the foregoing:
 - (A) sign any loan agreement, security document, lease, service contract, construction contract, management contract, development contract, maintenance contract or any other agreement, contract, deed or other document in the name of and on behalf of any such Grantor in connection with the Collateral or any enterprise operated by or on behalf of any such Grantor and renew, cancel or amend from time to time any such agreement, contract, deed or other document;
 - (B) maintain, repair, renovate, operate, alter, complete, preserve or extend any part of the Collateral in the name of each Grantor including undertaking or completing any construction work at each Grantor's expense;
 - (C) consent to or terminate in the name of any such Grantor any servitude or other real right affecting the Collateral;
 - (D) borrow money or lend its own funds for any purposes related to the Collateral; and
 - (E) receive the revenues, rents, fruits, products and profits from the Collateral and endorse any cheque, securities or other instrument;

- (ii) dispose of any part of the Collateral likely to rapidly depreciate or decrease in value;
 - (iii) use the information it has concerning any such Grantor or any information obtained during the exercise of its rights;
 - (iv) fulfil any of the undertakings of any such Grantor or of any other Person;
 - (v) use, administer and exercise any other right pertaining to the Collateral; and
 - (vi) do all such other things and sign all documents in the name of any such Grantor as the Attorney may deem necessary or useful for the purposes of exercising its rights, recourses and remedies hereunder, under the other Fixed Asset Debt Documents or any of them or at law.
- (c) In the event of the exercise by the Attorney of any right, recourse or remedy following the occurrence of an Event of Default which is continuing:
- (i) the Attorney shall only be accountable to each Grantor to the extent of its commercial practice and within the delays normally observed by the Attorney and the Attorney shall not be obliged to, with respect to the Collateral or any enterprise operated by or on behalf of any Grantor:
 - (A) make inventory, take out insurance or furnish any security;
 - (B) advance any sums of money in order to pay any expenses, not even those expenses that may be necessary or useful; or
 - (C) maintain the use for which the enterprise of the applicable Grantor is normally intended, make it productive or continue its use;and shall not be held liable for any loss whatsoever other than as a result of its gross negligence or intentional fault;
 - (ii) subject to the provisions of Section 8.7 hereof, any and all sums of money remitted to or held by the Attorney may be invested at its discretion, without the Attorney being bound by any legislative

provisions relating to the investment or administration of the property of others; the Attorney is not obliged to invest or pay interest on amounts collected even where such amounts exceed the amounts due by any Grantor;

- (iii) the Attorney may itself, directly or indirectly, become the owner of the whole or any part of the Collateral to the extent not prohibited by law;
 - (iv) the Attorney may, at the time it exercises its rights, renounce to a right belonging to any Grantor, make settlements and grant discharges and mainlevées, even without consideration;
 - (v) in the event the Attorney exercises its hypothecary right of taking in payment and any Grantor requires the Attorney to sell the whole or any part of the Collateral, such Grantor acknowledges that the Attorney shall not be required to renounce to its hypothecary right of taking in payment unless, prior to the expiration of the time limit to surrender, the Attorney (i) shall have received security, which the Attorney deems satisfactory, to the effect that the sale will be made at a price sufficient to enable the Attorney to be paid its claim in full, (ii) shall have been reimbursed the costs it shall have incurred, and (iii) shall have been advanced all amounts necessary for the sale of the Collateral;
 - (vi) in the event that the Attorney sells the whole or any part of the Collateral, it will not be required to obtain any prior appraisal from a third party; and
 - (vii) the sale of the Collateral may be made with legal warranty on the part of the applicable Grantor or, at the option of the Attorney, with total or partial exclusion of warranty.
- (d) The Attorney shall only be bound to exercise reasonable prudence and diligence in the execution of its rights and performance of its obligations under the terms of this Deed or at law and the Attorney shall not be responsible for prejudice that may result from its fault or that of its agents or representatives, with the exception of its gross negligence or intentional fault.
- (e) The Attorney shall not be responsible in respect of any obligations undertaken in the exercise of its powers under the

terms of this Deed or at law, or by reason of any delay, omission or any other act made in good faith by the Attorney or its representatives with the exception of obligations undertaken or acts made further to gross negligence or intentional fault.

ARTICLE 10 THE ATTORNEY

Section 10.1 Acting as the Person Holding the Power of Attorney

The Attorney shall hold the hypothec granted pursuant to this Deed for the benefit of the Debentureholders and shall act as "*fondé de pouvoir*" of the Debentureholders within the meaning of Article 2692 of the *Civil Code of Québec*. Each Grantor hereby appoints the Attorney to act as such "*fondé de pouvoir*" in accordance with the terms hereof.

Section 10.2 Subsequent Holders of Debentures

Any Person who becomes a Debentureholder shall benefit from the provisions hereof and the appointment of the Attorney as "*fondé de pouvoir*" for the Debentureholders and, upon becoming a Debentureholder, irrevocably authorizes the Attorney to perform such function. Each Holder of a Debenture, by its acceptance thereof (i) acknowledges that the first issue of a Debenture has been or may be purchased from ACCC by the Attorney, by underwriting, purchase, subscription or otherwise, and (ii) waives any right it may have under Section 32 of *An Act respecting the special powers of legal persons* (Québec).

Section 10.3 Protection of Persons Dealing with Attorney

No Person dealing with the Attorney or its agents need inquire whether the hypothec hereby constituted has become enforceable or whether the powers which the Attorney is purporting to exercise have become exercisable.

Section 10.4 Delegation of Powers

The Attorney may delegate the exercise of its rights or the performance of its obligations hereunder to another Person, including a Debentureholder. In that event, the Attorney may furnish that Person with any information it may have concerning any Grantor or the Collateral. The Attorney shall not be responsible for damages resulting from such delegation or from any fault committed by such delegate.

Section 10.5 Possession or Production of Debentures not Required

The Attorney may exercise all of its rights hereunder without possession of the Debentures and without having to produce same in support of any judicial proceeding or trial in connection therewith.

Section 10.6 Resignation and Removal of Attorney

Subject to the terms of the Indenture and the Collateral Trust Agreement, the Attorney may at any time resign hereunder upon notice in writing to the Grantors and to the Debentureholders; Debentureholders may then appoint a new "*fondé de pouvoir*". Subject to the terms of the Indenture and the Collateral Trust Agreement, the Debentureholders may also remove the Attorney and appoint a new "*fondé de pouvoir*" in its place and stead, upon notice in writing to the Attorney and to the Grantors. Such new "*fondé de pouvoir*", without further act, shall be vested with and have the rights and powers granted to the Attorney hereunder and shall be subject in all respects to the conditions and provisions hereof.

Section 10.7 Liability of Attorney

The Attorney shall only be accountable for reasonable diligence in the performance of its duties and the exercise of its rights hereunder, and shall only be liable for its own gross negligence and intentional fault.

Section 10.8 Unfettered Discretion to Exercise Powers

The Attorney, except as herein otherwise provided, shall, with respect to all rights, powers and authorities vested in it, have absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof, and in the absence of fraud, gross negligence or intentional fault, it shall be in no way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

Section 10.9 Attorney not Required to Act and Limitation of Attorney's Liability in Acting

The Attorney shall have the rights in its discretion to proceed in its name as the Person holding the power of attorney (*fondé de pouvoir*) hereunder to the enforcement of the security hereby constituted by any remedy provided by law, whether by legal proceedings or otherwise but it shall not be bound to do or to take any act or action in virtue of the powers conferred on it by these presents unless and until it shall have been required to do so by way of an instrument signed by the Debentureholders; the Attorney shall not be responsible or liable, otherwise than as the Person holding the power of attorney (*fondé de pouvoir*), for any debts contracted by it, for damages to Persons or property or for salaries or non-fulfilment of contracts during any period for which the Attorney shall take possession of the Collateral pursuant to law, nor shall the Attorney be liable to account for anything except actual revenues or be liable for any loss on realization or for any default or omission for which a hypothecary creditor might be liable; the obligation of the Attorney to commence or continue any act, action or proceeding under this Deed shall, at the option of the Attorney, be conditional upon the Debentureholders furnishing, when required, sufficient

funds to commence or continue such action or proceeding and indemnity reasonably satisfactory to the Attorney.

Section 10.10 Obligation to Act on Instructions of Debentureholders

The Attorney shall be obliged to act and shall act and be fully protected in acting pursuant to the written instructions of the Debentureholders in connection with any proceedings, act, power, right, matter or thing relating to or conferred by or to be done under this Deed.

**ARTICLE 11
MISCELLANEOUS**

Section 11.1 Separate Security

This Deed and the hypothec created herein, are and shall be in addition to and not in substitution for, any other security held by the Attorney, the Debentureholders or any one thereof for the fulfilment of the Obligations and shall thus not operate as a novation of any Obligation of the Grantors towards the Attorney, the Debentureholders or any one thereof.

Section 11.2 Notice

Any notice or other communication, including a demand or a direction, required or permitted to be given hereunder shall be in writing and shall be made in accordance with the terms of the Collateral Trust Agreement.

Notwithstanding the foregoing, if the *Civil Code of Québec* requires that a notice or other communication be given in a specified manner, then any such notice or communication shall be given in such manner.

Section 11.3 Limitation of Liability

The Attorney shall not be liable or accountable:

- (a) by reason of any entry into or taking possession of all or any of the Collateral, to account for anything except actual receipts, or for any loss on realization or any act or omission for which a creditor might be liable; or
- (b) for any failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral and shall not be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Attorney, the Grantors or any other Person in respect of same.

Each Grantor releases and discharges the Attorney and any agent appointed under Section 8.2 from every claim of every nature, whether

sounding in damages or not, which may arise or be caused to any Grantor or any Person claiming through or under any Grantor by reason or as a result of anything done by the Attorney or any successor or assign claiming through or under the Attorney or any such agent under the provisions of this Deed unless such claim be the result of gross negligence or intentional fault.

Section 11.4 Further Assurances

Each Grantor shall upon the reasonable request of the Attorney at all times do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Deed, and shall provide such further documents or instruments required by the Attorney as may be reasonably necessary or desirable to effect the purpose of this Deed and carry out its provisions, and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or rendering opposable the hypothec granted hereunder and the priority accorded to it by law or under this Deed.

Section 11.5 Amendments and Waivers

No amendment or waiver of any provision hereof shall be effective unless in writing and signed by the party against whom enforcement is sought.

Section 11.6 Waivers

No course of dealing on the part of the Attorney, its officers, employees, consultants or agents, nor any failure or delay by the Attorney with respect to exercising any right, power or privilege of the Attorney under any of the other Fixed Asset Debt Documents, shall operate as a waiver thereof.

Section 11.7 Payment to Third Parties

If the Attorney is at any time or from time to time required to make a payment in connection with the security constituted by this Deed, such payment and all reasonable costs of the Attorney (including legal fees and other expenses) shall be immediately payable by each Grantor to the Attorney and shall bear interest at the rate provided in the Indenture.

Section 11.8 Indivisibility

Every divisible obligation in favour of the Attorney arising out of this Deed must be performed in its entirety by each heir or legal representative of any Person who is liable to the same extent as if it were indivisible.

Section 11.9 Time

Time is and shall be of the essence in the performance of the parties' respective obligations.

Section 11.10 Collateral Trust Agreement

Notwithstanding anything herein to the contrary, the hypothec granted to the Attorney pursuant to this Deed and the exercise of any right or remedy by such Attorney hereunder are subject to the terms of the Collateral Trust Agreement. In the event of any conflict between the terms of the Collateral Trust Agreement and this Deed, the terms of the Collateral Trust Agreement will govern, except that the provisions hereof shall govern insofar as they relate to mandatory provisions of the laws of the Province of Québec applicable to the creation or enforcement of the hypothec created hereby. Any right or remedy in this Deed which may be in addition to the rights and remedies contained in the Collateral Trust Agreement shall not constitute a conflict, inconsistency, ambiguity or difference

Section 11.11 Intercreditor Agreement

Notwithstanding anything herein to the contrary, this Deed and the terms hereof are subject, in all respects, to the terms of the Intercreditor Agreement, to the extent applicable hereto.

Section 11.12 Governing Law

This Deed shall be governed by and construed in accordance with the laws of the Province of Québec and the applicable laws of Canada and the Grantors and the Attorney hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Québec.

Section 11.13 Language

The parties hereto confirm that they have requested that this Deed and all related documents be drafted in English. *Les parties aux présentes ont exigé que le présent acte et tous les documents connexes soient rédigés en anglais.*

**ARTICLE 12
SCHEDULES**

Section 12.1 Schedule "A"

The following is Schedule "A" referred to in this Deed:

DEBENTURE

CANADA
PROVINCE OF QUÉBEC

No.: ●
Cdn\$●

●, a legal person governed by the laws of ● (the "Debtor"), for value received, promises to pay, on demand, to ●, as Collateral Trustee (as defined in the Deed of Hypothec hereinafter described) or to its order, at its office located at ●, the sum of ● Dollars (\$●), in lawful money of Canada, with interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, both before and after maturity, with interest on overdue interest at the same rate.

This Debenture is issued under and secured by a deed of hypothec and issue of debentures (as same may be amended, restated, supplemented or otherwise modified from time to time, the "Deed of Hypothec") executed by the Debtor in favour of ●, as *fondé de pouvoir* for the holder of this Debenture and the other Debentureholders (as defined in the Deed of Hypothec), before Notary ● on ●, 200●, and this Debenture is subject to, and its holder is bound by, the provisions of the Deed of Hypothec. This Debenture is also subject to the terms and conditions of a pledge of debenture bearing the date of ●, 200●, executed by the Debtor in favour of the Collateral Trustee and the other Pledgees (as defined therein).

This Debenture may be transferred by its holder only in accordance with the provisions of the Deed of Hypothec.

This Debenture is governed by the laws applicable in the Province of Québec.

IN WITNESS WHEREOF the Debtor has caused this Debenture to be signed by its undersigned representative and to be dated the ● day of ●, 200●.

[Grantor]

By: _____
Name: _____
Title: Duly authorized representative

FORM OF TRANSFER

For value received, _____, by these presents
cedes and transfers to _____ the Debenture
represented by this certificate with full power of substitution, as well as its
rights in the principal amount and outstanding interest on the said
Debenture and irrevocably appoints _____
as its attorney to complete the transfer on the books of
_____ maintained by the Attorney pursuant to the
Deed of Hypothec.

Dated this _____ day of _____, 200_____.

SIGNED BY TRANSFEROR

By: _____

Witness

Section 12.2 Schedule "B"

The following is Schedule "B" referred to in this Deed:

QUÉBEC PROPERTIES

DESCRIPTIONS

**1. BAIE-COMEAU- COMPAGNIE ABITIBI-CONSOLIDATED
DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF
CANADA**

- 1.1 An immovable property known and designated as being
composed of lots THREE MILLION TWO HUNDRED
NINE THOUSAND TWO HUNDRED AND FORTY-
NINE, THREE MILLION TWO HUNDRED TEN
THOUSAND THREE HUNDRED AND TWENTY,
THREE MILLION TWO HUNDRED TEN THOUSAND
EIGHT HUNDRED AND FIFTY-SEVEN, THREE
MILLION TWO HUNDRED ELEVEN THOUSAND AND
EIGHTY-SEVEN, THREE MILLION TWO HUNDRED
TWELVE THOUSAND SIX HUNDRED AND FIFTY-
FIVE, THREE MILLION FOUR HUNDRED THREE
THOUSAND AND EIGHTY-SEVEN, THREE MILLION

FOUR HUNDRED THREE THOUSAND TWO HUNDRED AND EIGHTEEN, THREE MILLION TWO HUNDRED ELEVEN THOUSAND AND SIXTY-SEVEN, THREE MILLION FOUR HUNDRED THREE THOUSAND ONE HUNDRED AND ELEVEN, THREE MILLION FOUR HUNDRED AND THREE THOUSAND ONE HUNDRED AND NINE and THREE MILLION FOUR HUNDRED AND THREE THOUSAND ONE HUNDRED AND TEN (3 209 249, 3 210 320, 3 210 857, 3 211 087, 3 212 655, 3 403 087, 3 403 218, 3 211 067, 3 403 111, 3 403 109 and 3 403 110) all of the Cadastre du Québec, Registration Division of Saguenay.

With all buildings and other structures thereon erected bearing civic number 20 Marquette Avenue, City of Baie-Comeau, Province of Québec, G4Z 1K6.

2. LAURENTIDE (SHAWINIGAN)- COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA-ABITIBI - CONSOLIDATED COMPANY OF CANADA

- 2.1 An immovable property known and designated as being composed of lots THREE MILLION THIRTY-FIVE THOUSAND SEVEN HUNDRED EIGHTY (3 035 780), and THREE MILLION ONE HUNDRED SIXTY THOUSAND SEVEN HUNDRED TWENTY-SIX (3 160 726), both of the Cadastre du Québec, Registration Division of Shawinigan.

With all buildings and other structures thereon erected bearing civic number 100 1st Street, City of Shawinigan, Province of Québec, G9T 7J1.

- 2.2 An immovable property known and designated as being composed of lot THREE MILLION THIRTY-FIVE THOUSAND FIVE HUNDRED THIRTY-TWO (3 035 532), of the Cadastre du Québec, Registration Division of Shawinigan.

With all buildings and other structures thereon erected bearing civic number 255 1st Street, City of Shawinigan, Province of Québec, G9R 1T4.

- 2.3 An immovable property known and designated as being composed of lot THREE MILLION THIRTY-FIVE THOUSAND THREE HUNDRED (3 035 300) of the Cadastre du Québec, Registration Division of Shawinigan.

With all buildings and other structures thereon erected.

3. ALMA- COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA

3.1 An immovable property situated in the City of Alma, Province of Quebec, known and designated as being composed of lots TWO MILLION FOUR HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED FORTY-NINE (2 477 349), TWO MILLION FOUR HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED FIFTY-ONE (2 477 351), TWO MILLION FOUR HUNDRED SEVENTY-NINE THOUSAND ONE HUNDRED FORTY-THREE (2 479 143) and TWO MILLION FOUR HUNDRED SEVENTY-NINE THOUSAND ONE HUNDRED FORTY-FOUR (2 479 144), all of the Cadastre du Québec, Registration Division of Lac Saint-Jean-Est.

With all buildings and other structures thereon erected bearing civic number 1100 Mélançon Street West, City of Alma, Province of Quebec.

4. KÉNOGAMI PROPERTY- ABITIBI-CONSOLIDATED INC.

4.1 An immovable property situated in the City of Saguenay (borough of Jonquière), Province of Quebec, known and designated as being composed of lot TWO MILLION FOUR HUNDRED THIRTEEN THOUSAND SEVEN HUNDRED AND SIXTY-NINE (2 413 769) of the Cadastre du Québec, Registration Division of Chicoutimi.

With all buildings and other structures thereon erected bearing civic number 3750 de Champlain Street, City of Saguenay (borough of Jonquière), Province of Quebec.

5. BEAUPRÉ- ABITIBI-CONSOLIDATED INC.

5.1 An immovable property situated in the City of Beaufort, Province of Québec, known and designated as being composed of lot ONE of the official subdivision of original lot THREE HUNDRED AND EIGHTY-EIGHT (388-1), lot ONE of the official subdivision of original lot THREE HUNDRED AND EIGHTY-NINE (389-1) and lot THREE HUNDRED AND NINETY (390), all of the official cadastre of the Parish of Saint-Joachim, Registration Division of Montmorency.

With all buildings and other structures thereon erected bearing civic number 1, du Moulin Street, City of Beaufort, Province of Quebec, G0A 1E0.

6. AMOS- COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA

6.1 An immovable property situated in the City of Amos, Province of Québec, known and designated as being composed of lot number TWO MILLION NINE HUNDRED SEVENTY-SIX THOUSAND FOUR HUNDRED AND TWELVE (2 976 412) of the Cadastre du Québec, Registration Division of Abitibi.

With all buildings and other structures thereon erected bearing civic number 801 des Papetiers Street, City of Amos, Province of Québec.

6.2 An emplacement situated in the City of Amos, Province of Québec, known and designated as being composed of lot number THREE MILLION ONE HUNDRED AND EIGHTEEN THOUSAND FIVE HUNDRED AND SIXTEEN (3 118 516) of the Cadastre du Québec, Registration Division of Abitibi.

This emplacement being a vacant land without a civic number and fronting on Route de l'Aéroport (Provincial Road 395), City of Amos, Province of Québec.

7. CLERMONT- COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA-ABITIBI - CONSOLIDATED COMPANY OF CANADA

An immovable property situated in the City of Clermont, Province of Québec, known and designated as being composed of lots THREE MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND AND SEVENTY, THREE MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND AND FOUR HUNDRED, THREE MILLION TWO HUNDRED FIFTY-SIX THOUSAND THREE HUNDRED AND EIGHT and THREE MILLION THREE HUNDRED SIXTY-NINE THOUSAND ONE HUNDRED AND SIXTY-SEVEN (3 257 070, 3 257 400, 3 256 308 and 3 369 167) of the Cadastre du Québec, Registration Division of Charlevoix 1.

With all buildings and other structures thereon erected bearing civic number 100 Donohue Street, City of Clermont, Province of Québec.

Section 12.3 Schedule "C"

The following is Schedule "C" referred to in this Deed:

INTELLECTUAL PROPERTY

Patents, Patent Licenses, Trademarks and Trademark Licenses

PATENTS:					
OWNER	PATENT/APP. NUMBER	FILING/ISSUE DATE	COUNTRY	TITLE	STATUS
ARTIR-CONSOLIDATED INC.	11750,794	May 18, 2007	United States	Coated mechanical pulp paper	Pending
ARTIR-CONSOLIDATED INC.	2547276	May 19, 2006	Canada	Coated mechanical pulp paper	Pending
ARTIR-PRICE INC. AND GENERAL ATOMICS	95/33693	June 6, 1995	WIPO	Method and apparatus to remove inorganic scale from a supercritical water oxidation reactor	N/A
GENERAL ATOMICS	5560882	June 6, 1995	Australia	Method and apparatus to remove inorganic scale from a supercritical water oxidation reactor	N/A
UNASSIGNED TO A SPECIFIC ENTITY BUT RELATED TO ARTIR GROUP	5560882	October 1, 1996	United States	Method of overmolding an underwater cable equipment	Issued
TRADEMARKS:					
OWNER	REG'N/APPL. NUMBER	REG'N/FILING DATE	COUNTRY	TRADEMARK	STATUS
ARTIR-CONSOLIDATED INC.	Appl'n 1146578	Filed July 11, 2002	Canada United States : Suspended European Union: Withdrawn	Abi	Allowed
ARTIR-CONSOLIDATED INC.	TMA593884	November 5, 2003	Canada United States European Union	Abibook	Registered
ARTIR-CONSOLIDATED INC.	TMA594413	November 12, 2003	Canada United States European Union	Abibrite	Registered
ARTIR-CONSOLIDATED INC.	TMA594068	November 5, 2003	Canada United States European Union	Abical	Registered
ARTIR-CONSOLIDATED INC.	TMA532119	September 5, 2000	Canada United States	Abiclass	Registered
ARTIR-CONSOLIDATED INC.	TMA236211	September 28, 1979	Canada United States European Union	Abiform	Registered
ARTIR-CONSOLIDATED INC.	1474136	January 26, 1988	United States	Abigloss	Registered
ARTIR-CONSOLIDATED INC.	TMA405356	November 20, 1992	Canada	Abibeat 65	Registered
ARTIR-CONSOLIDATED INC.	TMA405357	November 20, 1992	Canada	Abibeat 70	Registered
ARTIR-CONSOLIDATED INC.	TMA405358	November 20, 1992	Canada	Abibeat 74	Registered
ARTIR-CONSOLIDATED INC.	TMA594031	November 5, 2003	Canada United States European Union	Abibite	Registered
ARTIR-CONSOLIDATED INC.	1534272	April 11, 1989	United States	Abidustre	Registered
ARTIR-CONSOLIDATED INC.	TMA673771	September 29, 2006	Canada United States	Abibet	Registered
ARTIR-CONSOLIDATED INC.	TMA594030	November 5, 2003	Canada United States European Union	Abibews	Registered
ARTIR-CONSOLIDATED INC.	TMA326838	April 24, 1987	Canada United States European Union	Abisart	Registered
ARTIR-CONSOLIDATED INC.	TMA472407	March 12, 1997	Canada	Abisite	Registered
ARTIR-CONSOLIDATED INC.	TMA120278	December 2, 1960	Canada	Abidil	Registered
ARTIR-CONSOLIDATED INC.	TMA551068	September 19, 2001	Canada United States European Union Brazil Chile Korea	Abidil Consolidated & Design	Registered

OWNER	REG'N/APPL NUMBER	REG'N/FILING DATE	COUNTRY	TRADEMARK	STATUS
			India Japan Mexico Norway Thailand China		
ARITIB- CONSOLIDATED INC.	Appl's 1315207	Filed September 1, 2006	Canada	Abitibi Consolidated & Swirl Design	Pending (Extension for Office Action Response) Registered
ARITIB- CONSOLIDATED INC.	TMA211481	January 16, 1976	Canada	Abitibi Design	Registered
ARITIB- CONSOLIDATED INC.	TMA648968	September 26, 2003	Canada United Kingdom	Abitibi Paper Retriever & Design	Registered
ARITIB- CONSOLIDATED INC.	3372853	January 22, 2008	United States	Abitibi Paper Retriever & Design	Registered
ARITIB- CONSOLIDATED INC.	TMA334067	November 13, 1987	Canada United States	Abitibi	Registered
ARITIB- CONSOLIDATED INC.	TMA472455	March 12, 1997	Canada United Kingdom	Abitibi Pro	Registered
ARITIB- CONSOLIDATED INC.	2049021	September 6, 1996	United Kingdom	Abitibi Pro	Registered
ARITIB- CONSOLIDATED INC.	Appl's 1315210	Filed September 1, 2006	Canada	Abitibi Limited Partnership Design	Pending (Extension for Office Action Response) Registered
ARITIB- CONSOLIDATED INC.	TMA490610	February 26, 1998	Canada United States European Union	Alternative Offset	Registered
ARITIB- CONSOLIDATED INC.	TMA238138	December 14, 1979	Canada	Backtrader's Beacon	Registered
ARITIB- CONSOLIDATED INC.	2321069	December 19, 2003	United Kingdom	Bridgewater	Registered
ARITIB- CONSOLIDATED INC.	TMA224560	December 2, 1977	Canada	CB Design	Registered
ARITIB- CONSOLIDATED INC.	TMA163992	October 31, 1969	Canada	Consolidated- Bathurst	Registered
ARITIB- CONSOLIDATED INC.	TMA163008	September 5, 1969	Canada	Consolidated Newsprint	Registered
ARITIB- CONSOLIDATED INC.	TMA494610	May 14, 1998	Canada United States United Kingdom	Edwise	Registered
ARITIB- CONSOLIDATED INC.	TMA545512	May 23, 2001	Canada United States European Union	Equal Offset	Registered
ARITIB- CONSOLIDATED INC.	TMA398770	January 7, 2004	Canada United States	Full Circle Recycler	Registered
ARITIB- CONSOLIDATED INC.	TMA241417	March 21, 1980	Canada	Hbs Offset Design	Registered
ARITIB- CONSOLIDATED INC.	Appl's 1283617	Filed December 19, 2005	Canada United States: Suspended European Union	Innovative Offset	Allowed
ARITIB- CONSOLIDATED INC.	TMA505494	December 15, 1998	Canada	Lahenda Paper Products & Design	Registered
ARITIB- CONSOLIDATED INC.	TMA673692	October 27, 2006	Canada United States United Kingdom	Make Every Page Count	Registered
ARITIB- CONSOLIDATED INC.	Appl's 1364996	September 23, 2007	Canada United States	Make Recycling More Rewarding P & Design	Pending
ARITIB- CONSOLIDATED INC.	TMA139871	April 9, 1965	Canada	Paper Retriever	Registered
ARITIB- CONSOLIDATED INC.	TMA593885	November 5, 2003	Canada United States United Kingdom	Paper Retriever	Registered
ARITIB- CONSOLIDATED INC.	TMA280302	February 16, 1999	Canada	Papercorp	Registered
ARITIB- CONSOLIDATED INC.	TMA139877	April 9, 1965	Canada	Price & Design	Registered
ARITIB- CONSOLIDATED INC.	TMA435605	November 18, 1994	Canada	QUINO	Registered
ARITIB- CONSOLIDATED INC.	TMA234813	August 3, 1979	Canada	Rainy Britz	Registered
ARITIB- CONSOLIDATED INC.	TMA445857	August 4, 1995	Canada	Rainy River & Design	Registered
ARITIB- CONSOLIDATED INC.	TMA452791	January 5, 1996	Canada	Rainy River Forest Products	Registered
ARITIB- CONSOLIDATED INC.	TMA412429	May 14, 1993	Canada	Redirect	Registered

OWNER	REG'N/APPL NUMBER	REG'N/FILING DATE	COUNTRY	TRADEMARK	STATUS
CONSOLIDATED INC. ABITIBI- CONSOLIDATED INC.	UCA30835	December 6, 1948	Canada	REPRESENTATIO N OF THE LETTERS O & P WITH...THE O River Design	Registered
ABITIBI- CONSOLIDATED INC. ABITIBI- CONSOLIDATED INC.	TMA443849 Appl'n 1315217	August 4, 1995 Filed September 1, 2006	Canada Canada	Société En Commandite Ach & Design	Registered Pending (Extension for Office Action Response) Registered
ABITIBI- CONSOLIDATED INC. ABITIBI- CONSOLIDATED INC.	TMA593892 Appl'n 1315223	November 5, 2003 Filed September 1, 2006	Canada United States Canada	Swirl Design Swirl Design	Registered Pending (Extension for Office Action Response) Registered
ABITIBI- CONSOLIDATED INC. ABITIBI- CONSOLIDATED INC.	TMA518911 NFLD001618	October 28, 1999 December 4, 1928	Canada Canada	Unlocking The Potential Wayanwach and Indian Maid Canoe Design	Registered Registered
DONORUE INC. DONORUE INC.	TMA239303 TMA239306	January 18, 1980 January 18, 1980	Canada Canada United States	D Design Donorue & Design	Registered Registered
DONORUE INC. DONORUE INC. DONORUE INC.	TMA439385 TMA438940 UCA47887	February 17, 1993 February 10, 1993 September 17, 1993	Canada Canada Canada	Econews Ecoprint Opco	Registered Registered Registered
DONORUE INC. DONORUE INC.	TMA413897 TMA239317	June 25, 1993 January 18, 1980	Canada Canada	Sds & Design St-Félicien & Design	Registered Registered

U.S. Registered I.P.

Other Intellectual Property:

Entity	Asset Type	Title	Registration/ Application Number	Issue/ Filing Date	Outstanding Security Interests
Abitibi- Consolidated Inc.	Trademark		2,908,224	12/07/2004	
Abitibi- Consolidated Inc.	Trademark	 ABITIBI CONSOLIDATED	2,728,462	06/24/2003	
Abitibi- Consolidated Inc.	Trademark	SONICAL	1,687,805	05/19/1992	
Abitibi Consolidated Sales Corp.	Patent	METHOD FOR FORMING PULP FROM PROCESSED RECYCLED FIBERS	5,772,847	06/30/1998	
Abitibi Corp.	Patent	Wall siding fasteners and assemblies	3,992,845	11/23/1976	
Abitibi Corp.	Patent	Surface decoration of embossed or textured panel products	3,936,541	02/03/1976	

Entity	Asset Type	Title	Registration/ Application Number	Issue/ Filing Date	Outstanding Security Interests
Abitibi-Price Inc.	Patent	METHOD FOR REDUCED SULFUR DIOXIDE FORMATION IN REFINER BLEACHING	5,607,547	03/04/1997	Co-assigned to Chemtrade Performance Chemicals-US, LLC and Abitibi- Price; subject to a security interest granted in favor of the Bank of Nova Scotia on 12/30/2002
Abitibi-Price Inc.	Patent	METHOD AND APPARATUS FOR COATING PULP PRODUCTS	5,622,599	04/22/1997	
Abitibi-Price Inc.	Trademark	EDGE INITIATIVES	74/146,319	03/11/1991	
Abitibi-Price Inc.	Trademark	RE.SOURCE COMMITMENTS	74/146,318	03/11/1991	
Abitibi-Price Inc.	Trademark	PROVINCIAL KASTKOTE	74/138,346	02/11/1991	
Abitibi-Price Sales Corp.	Copyright	PDM system : a guide to pressroom data management	TX0001013612	10/28/1982	
Abitibi Paper Company Ltd.	Patent	Microbial culture system	4,599,305	12/17/1985	
Abitibi Paper Company Ltd.	Patent	Foam flotation activated sludge process	4,211,645	07/08/1980	
Abitibi Paper Company Ltd.	Patent	Method for controlling caliper and edge and corner delamination of hardboard	4,168,200	09/18/1979	
Abitibi Paper Company Ltd.	Patent	Short cycle pressed fiberboard manufacturing process	4,038,131	07/26/1977	
Abitibi Paper Company Ltd.	Patent	Production of hardboard in a closed water system	4,009,073	02/22/1977	
Abitibi Paper Company, Ltd.	Patent	Humidification of panels of cellulosic material	3,950,574	03/13/1976	
Abitibi- Geophysique	Patent	TRANSMITTER LOOPS IN SERIES FOR ELECTROMAGNETIC GEOPHYSICAL SURVEYS	7,116,107	10/03/2006	
Donohue, Inc.	Trademark	DONOHUE	1,124,917	09/11/1979	

Copyrights and Copyright Licenses

Copyright Title	Reg. No.	Status	Category of Work	Authors	Country	Owner
PQM - Paper Quality Management System	1018641	Registered, 2004-02-24	Literacy	David Maggs; Gurdeep Singh; Eberth; Cynthia Hayward; Danyo Qaidash; Marie Dusz; Dave Keenan	Canada	Abitibi-Consolidated Inc.
The Landowner's guide to forest land management: how to choose the program that's best for you		Registered, 1979-11-07	Text	n/a	United States	Abitibi Corporation
La Compagnie Gaspesia Limitée, 1937-1987		Registered, 1987-08-17	Text	English/French version: Hilos J. Wilson, for hire of Abitibi-Price Inc.	United States	Abitibi-Price Inc.
PDM system: a guide to pressroom data management		Registered, 1982-10-28	Visual Material	n/a	United States	Abitibi-Price Sales Corporation
615 data and data structure for area commonly referred to as seine river forest	443148	Registered, 1993-05-17	Literary/Artistic	Kelly Mitchell	Canada	Rainy River Forest Products Inc.
GIS data and data structure for area commonly referred to as the manitou forest	443318	Registered, 1993-05-23	Literary/Artistic	Kelly Mitchell	Canada	Rainy River Forest Products Inc.

Section 12.4. Schedule "D"

The following is Schedule "D" referred to in this Deed:

EQUITY INTERESTS

Name of Shareholder	Name of Issuer	Description of Equity Interest	Certificate Number(s)	Number of shares/units
ACCC	La Compagnie Hydroélectrique Manicouagan Manicouagan Power Company	common shares	CB001	928,100
ACCC	La Compagnie Hydroélectrique Manicouagan Manicouagan Power Company	common shares	CB031	10
ACCC	La Compagnie Hydroélectrique Manicouagan Manicouagan Power Company	preference shares	PB003	45,000
ACCC	Abitibi-Consolidated Hydro Inc. Hydroélectricité Abitibi-	class A common shares	NCA-1	75

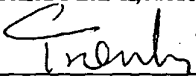
	Consolidated Inc.			
ACCC	ACH Limited Partnership	common LP units	NC-2	14,250,000
ACCC	ACH Limited Partnership	preferred LP units	NP-1	1,000

WHEREOF ACTE:

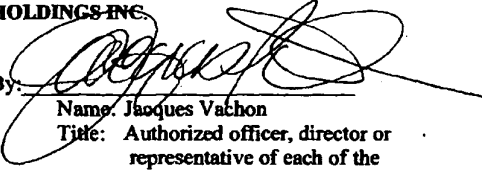
DONE AND PASSED in the City of Montreal, Province of Québec, on the date hereinabove set forth, and remaining of record in the office of the undersigned notary under minute number one thousand sixty-three (1063).

AND after the parties had declared to the Notary to have taken cognizance of these presents and to have exempted the said Notary from reading them or causing them to be read, the said duly authorized representatives of the Grantors and the Attorney respectively have signed these presents, all in the presence of the said Notary who has also signed.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: 
Name: Constantine Troulis
Title: Authorized representative

**COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA
ABITIBI-CONSOLIDATED INC.
LES EXPLORATIONS TERRA NOVA LTÉE TERRA NOVA EXPLORATIONS LTD
LA COMPAGNIE DE PULPE DE JONQUIÈRE THE JONQUIERE PULP COMPANY
THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY
SCRAMBLE MINING LTD.
3224112 NOVA SCOTIA LIMITED
MARKETING DONOHUE INC.
DONOHUE RECYCLING INC. - RECYCLAGE DONOHUE INC.
1508756 ONTARIO INC.
3834328 CANADA INC.
6169678 CANADA INCORPORATED
ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.**

By: 
Name: Jacques Vachon
Title: Authorized officer, director or representative of each of the above Grantors

**PRODUITS FORESTIERS SAGUENAY INC. SAGUENAY FOREST
PRODUCTS INC.**

By: 

Name: Jacques Wachon

Title: Authorized signatory


MARC DAIGNEAULT, Notary

A true copy of the original hereof
remaining of record in my office



KARIN LEONARD & ASSOCIÉS
NOTAIRES • NOTARIES

Minute Number: **1063**

Date : March 28, 2008

Mtre Marc Daigneault, Notary

DEED OF HYPOTHEC AND ISSUE OF DEBENTURES

By
ABITBI-CONSOLIDATED COMPANY OF CANADA
ABITBI-CONSOLIDATED INC.
TERRA NOVA EXPLORATIONS LTD., THE JONQUIÈRE PULP COMPANY
THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY
SCRAMBLE MINING LTD., 3224112 NOVA SCOTIA LIMITED
MARKETING DONOHUE INC. DONOHUE RECYCLING INC.
1508756 ONTARIO INC. 3834328 CANADA INC.
6189678 CANADA INCORPORATED
ABITBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
SAGUENAY FOREST PRODUCTS INC.
ABITBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
in favour of
WELLS FARGO BANK, NATIONAL ASSOCIATION

CERTIFIED COPY
COPIE AUTHENTIQUE

Reg. Divisions	Date	Reg. Numbers
Abitibi	April 1, 2008	15 080 944
Charlevoix 1	April 1, 2008	15 079 254
Chicoutimi	April 1, 2008	15 079 172
Lac-Saint-Jean-Est	April 1, 2008	15 078 900
Montmorency	April 1, 2008	15 079 215
Saguenay	April 1, 2008	15 079 804
Shawinigan	April 1, 2008	15 081 828

1200 McGill College, Suite 2250,
Montreal, Quebec H3B 4G7
TELEPHONE 514-392-0122 FAX 514-392-9922



2008-04-01

09:00
heure-minute

A.A. 6 392 939
15 078 900

NOTICE OF ADDRESS

To: The Land Registry Office of Lac Saint-Jean-Est

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

"An immovable property situated in the City of Alma, Province of Quebec, known and designated as being composed of lots TWO MILLION FOUR HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED FORTY-NINE (2 477 349), TWO MILLION FOUR HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED FIFTY-ONE (2 477 351), TWO MILLION FOUR HUNDRED SEVENTY-NINE THOUSAND ONE HUNDRED FORTY-THREE (2 479 143) and TWO MILLION FOUR HUNDRED SEVENTY-NINE THOUSAND ONE HUNDRED FORTY-FOUR (2 479 144), all of the Cadastre du Québec, Registration Division of Lac Saint-Jean-Est.

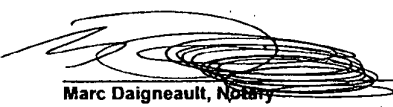
With all buildings and other structures thereon erected bearing civic number 1100 Mélançon Street West, City of Alma, Province of Quebec."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, Notary

2008-04-01 11:35
heure-minute

6 393 103
(15 080 944)

NOTICE OF ADDRESS

To: The Land Registry Office of Abitibi

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

1. "An immovable property situated in the City of Amos, Province of Québec, known and designated as being as being composed of lot number TWO MILLION NINE HUNDRED SEVENTY-SIX THOUSAND FOUR HUNDRED AND TWELVE (2 976 412) of the Cadastre du Québec, Registration Division of Abitibi.

With all buildings and other structures thereon erected bearing civic number 801 des Papetiers Street, City of Amos, Province of Québec.

2. An emplacement situated in the City of Amos, Province of Québec, known and designated as being composed of lot number THREE MILLION ONE HUNDRED AND EIGHTEEN THOUSAND FIVE HUNDRED AND SIXTEEN (3 118 516) of the Cadastre du Québec, Registration Division of Abitibi.

This emplacement being a vacant land without a civic number and fronting on Route de l'Aéroport (Provincial Road 395), City of Amos, Province of Québec."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, Notary

2008-04-01

9:41
heure-minute

AA- 6393 013
15 079 804

NOTICE OF ADDRESS

To: The Land Registry Office of Saguenay

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

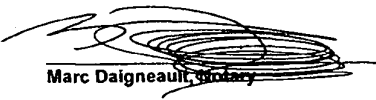
"An immovable property known and designated as being composed of lots THREE MILLION TWO HUNDRED NINE THOUSAND TWO HUNDRED AND FORTY-NINE, THREE MILLION TWO HUNDRED TEN THOUSAND THREE HUNDRED AND TWENTY, THREE MILLION TWO HUNDRED TEN THOUSAND EIGHT HUNDRED AND FIFTY-SEVEN, THREE MILLION TWO HUNDRED ELEVEN THOUSAND AND EIGHTY-SEVEN, THREE MILLION TWO HUNDRED TWELVE THOUSAND SIX HUNDRED AND FIFTY-FIVE, THREE MILLION FOUR HUNDRED THREE THOUSAND AND EIGHTY-SEVEN, THREE MILLION FOUR HUNDRED THREE THOUSAND TWO HUNDRED AND EIGHTEEN, THREE MILLION TWO HUNDRED ELEVEN THOUSAND AND SIXTY-SEVEN, THREE MILLION FOUR HUNDRED THREE THOUSAND ONE HUNDRED AND ELEVEN, THREE MILLION FOUR HUNDRED AND THREE THOUSAND ONE HUNDRED AND NINE and THREE MILLION FOUR HUNDRED AND THREE THOUSAND ONE HUNDRED AND TEN (3 209 249, 3 210 320, 3 210 857, 3 211 087, 3 212 655, 3 403 087, 3 403 218, 3 211 067, 3 403 111, 3 403 109 and 3 403 110) all of the Cadastre du Québec, Registration Division of Saguenay."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, notary

2008-04-01 ^{09:11} ~~heure-minute~~

AA 6 392965
15079215

NOTICE OF ADDRESS

To: The Land Registry Office of Montmorency

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

"An immovable property situated in the City of Beauré, Province of Québec, known and designated as being composed of lot ONE of the official subdivision of original lot THREE HUNDRED AND EIGHTY-EIGHT (388-1), lot ONE of the official subdivision of original lot THREE HUNDRED AND EIGHTY-NINE (389-1) and lot THREE HUNDRED AND NINETY (390), all of the official cadastre of the Parish of Saint-Joachim, Registration Division of Montmorency.

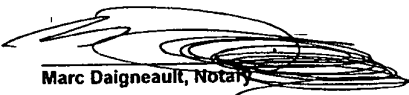
With all buildings and other structures thereon erected bearing civic number 1, du Moulin Street, City of Beauré, Province of Quebec, G0A 1E0."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, Notary

'08 AVR 1 9:11

2008-04-01

9:19
heure-minute

6392967
15079254

NOTICE OF ADDRESS

To: The Land Registry Office of Charlevoix 1

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

"An immovable property situated in the City of Clermont, Province of Quebec, known and designated as being composed of lots THREE MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND AND SEVENTY, THREE MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND AND FOUR HUNDRED, THREE MILLION TWO HUNDRED FIFTY-SIX THOUSAND THREE HUNDRED AND EIGHT and THREE MILLION THREE HUNDRED SIXTY-NINE THOUSAND ONE HUNDRED AND SIXTY-SEVEN (3 257 070, 3 257 400, 3 256 308 and 3 369 167) of the Cadastre du Québec, Registration Division of Charlevoix 1.

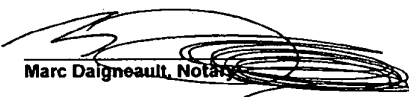
With all buildings and other structures thereon erected bearing civic number 100 Donohue Street, City of Clermont, Province of Quebec."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, Notary

2008-04-01

09:00
heure-matut

AA 6 392 963
15 079 172

NOTICE OF ADDRESS

To: The Land Registry Office of Chicoutimi

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

"An immovable property situated in the City of Saguenay (borough of Jonquière), Province of Quebec, known and designated as being composed of lot TWO MILLION FOUR HUNDRED THIRTEEN THOUSAND SEVEN HUNDRED AND SIXTY-NINE (2 413 769) of the Cadastre du Québec, Registration Division of Chicoutimi.

With all buildings and other structures thereon erected bearing civic number 3750 de Champlain Street, City of Saguenay (borough of Jonquière), Province of Quebec."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, Notary

2008-04-01

13h29
heures-minutes

6 393 138

NOTICE OF ADDRESS

To: The Land Registry Office of Shawinigan

Sirs,

Please take notice that by Deed of Hypothec executed before the undersigned, on March 28, 2008, under the number 1063 of my minutes and registered in your Office under the number

Wells Fargo Bank, National Association, has been granted a hypothec which affects the following immovable property, as well as all present and future rents produced by the said immovable and the indemnities payable under insurance contracts covering such rents, namely:

DESCRIPTION

1. "An immovable property known and designated as being composed of lots **THREE MILLION THIRTY-FIVE THOUSAND SEVEN HUNDRED EIGHTY** (3 035 780), and **THREE MILLION ONE HUNDRED SIXTY THOUSAND SEVEN HUNDRED TWENTY-SIX** (3 160 726), both of the Cadastre du Québec, Registration Division of Shawinigan.

With all buildings and other structures thereon erected bearing civic number 100 1st Street, City of Shawinigan, Province of Québec, G9T 7J1.

2. An immovable property known and designated as being composed of lot **THREE MILLION THIRTY-FIVE THOUSAND FIVE HUNDRED THIRTY-TWO** (3 035 532), of the Cadastre du Québec, Registration Division of Shawinigan.

With all buildings and other structures thereon erected bearing civic number 255 1st Street, City of Shawinigan, Province of Québec, G9R 1T4.

3. An immovable property known and designated as being composed of lot **THREE MILLION THIRTY-FIVE THOUSAND THREE HUNDRED** (3 035 300) of the Cadastre du Québec, Registration Division of Shawinigan.

With all buildings and other structures thereon erected."

And the undersigned hereby notifies you, in conformity with Article 3022 of the Civil Code of Quebec, that the address of the creditor is as follows:

Wells Fargo Bank, National Association
213 Court Street, Suite 703
Middletown, CT 06457

And he requests you to enter the said address in your Registers so that, in all necessary cases, a notice be sent to the interested parties.

And I have signed at Montreal on March 31, 2008.


Marc Daigneault, Notary



No CB 001

ACTIONS ORDINAIRES — COMMON SHARES

528,101—1 SHARE

LA COMPAGNIE HYDROELECTRIQUE MANICOUAGAN
MANICOUAGAN POWER COMPANY

CAPITAL ABT FOR ISS \$17,500,000

ASTHORENLEOSPITAL 500.000

COMPASS BY OBJECT METHOD MANIPULATOR

MAXICOOL CAN POWER COMPANY

Guillelmo

STOCK TRANSFER POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____

_____ of Manicouagan Power Company (the "Corporation") registered in the name of the undersigned and represented by share certificate number _____.

AND I hereby irrevocably constitute _____ as my attorney with full power of substitution to record the transfer of the aforementioned securities on the registers of the Corporation.

THIS _____ day of _____.

ABITIBI CONSOLIDATED COMPANY OF
CANADA

Per: _____

STOCK TRANSFER POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____

_____ of Manicouagan Power Company (the "Corporation") registered in the name of the undersigned and represented by share certificate number _____.

AND I hereby irrevocably constitute _____ as my attorney with full power of substitution to record the transfer of the aforementioned securities on the registers of the Corporation.

THIS _____ day of _____.

ABITIBI-CONSOLIDATED COMPANY OF
CANADA

Per: _____

NO. PB 003

STATIONS PRIVILEGES — PREFERENCE

LA COMPAGNIE HYDROELECTRIQUE MANICOUAGAN
MANICOUAGAN POWER COMPANY

MANICOUAGAN POWER COMPANY

BABE EXPITALE AUTOPSE \$17,600,000

AUTHOR INDEX

THE FUTURE OF THE FARM

ИЗДАТЕЛЬСТВО

19

0123456789101112131415161718192021222324252627282930313233343536373839404142434445464748495051525354555657585960616263646566676869707172737475767778798081828384858687888990919293949596979899



STOCK TRANSFER POWER OF ATTORNEY

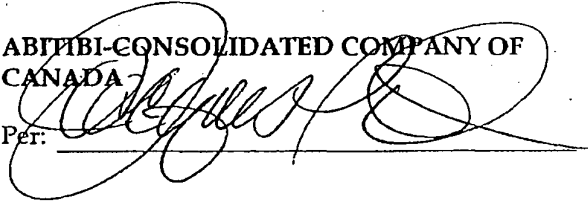
FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____

• _____
of Manicouagan Power Company (the "Corporation") registered in the name of the
undersigned and represented by share certificate number _____.

AND I hereby irrevocably constitute _____ as my
attorney with full power of substitution to record the transfer of the aforementioned securities
on the registers of the Corporation.

THIS _____ day of _____.

ABITIBI-CONSOLIDATED COMPANY OF
CANADA

Per: _____




ABITIBI-CONSOLIDATED COMPANY OF CANADA

THIS CERTIFIES THAT _____
is the holder of _____ 75 _____
class A common _____
no par value shares of the Corporation.

NOTICE

The shares represented by this certificate are subject to certain rights, privileges, restrictions and conditions. The Corporation will furnish to the shareholder on demand, and without charge, a full copy of the text of the rights, privileges, restrictions and conditions attached to each class authorized to be issued and to each series in so far as the same have been fixed by the directors, and the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series.

The shares represented by this certificate are subject to:

- ☐ restrictions on their transfer indicated in the articles of the Corporation other than those under section 174 of the Act;
- ☐ a charge in favour of the Corporation;
- ☐ a unanimous shareholder agreement and any person becoming a transferee of the shares of the Corporation is deemed to be a party to this agreement, pursuant to subsection 146(4) of the Act;
- ☐ an endorsement under subsection 190(10) of the Act.

IN WITNESS WHEREOF, this certificate has been duly signed on behalf of the Corporation in accordance with the Act and the by-laws of the Corporation.

Dated this _____ day of _____, 2007.

Pierre Gaudreau
Pierre Gaudreau, President and Secretary

TRANSFER AND POWER OF ATTORNEY

(TRANSFEROR) hereby sells, transfers
and delivers for value, to _____
(TRANSFEE) _____
residing at _____

(NUMBER)
of the shares represented by this certificate, and hereby irrevocably appoints _____
_____ as attorney, authorized to register this transfer in the
books of the Corporation, and, if required, to appoint his substitute.
Dated this _____ day of _____

(WITNESS) _____
(TRANSFEROR)

NOTE: Only the person whose name appears on the front of this certificate or his duly authorized agent or representative may validly transfer the shares represented by this certificate.

There are restrictions on the right to transfer the shares represented by this certificate. In addition, such shares are subject to a unanimous shareholders' agreement dated the 2nd day of April, 2007, as the same may be amended from time to time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof.

ATTACH CANCELLED CERTIFICATE HERE TO.

ISSUE

Details: ☐ treasury stock ☐ other:

Certificate number: NCA-1

Number of shares: 75

Designation: class A common

Issued unto: Abitibi-Consolidated
Company of Canada

Date: April 2, 2007

DELIVERY

I acknowledge receipt of this certificate.

Signature

TRANSFER

Number of shares:

Transferred unto

Certificate number of transferee:

Certificate number of transferor:

Date:

16631.1
CANCELLATION

Date:

STOCK TRANSFER POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____

_____ of Abitibi-Consolidated Hydro Inc. (the "Corporation") registered in the name of the undersigned and represented by share certificate number _____.

AND I hereby irrevocably constitute _____ as my attorney with full power of substitution to record the transfer of the aforementioned securities on the registers of the Corporation.

THIS _____ day of _____.

ABITIBI-CONSOLIDATED COMPANY OF
CANADA

Per: _____

COMMON LP UNIT CERTIFICATE

NO. NC-2

ACH LIMITED PARTNERSHIP
(a limited partnership formed under the laws of the Province of Manitoba)
(the "Partnership")

THIS IS TO CERTIFY that **Abitibi-Consolidated Company of Canada** is the registered holder of **fourteen million two hundred fifty thousand (14,250,000)** Common LP Units of the Partnership.

The rights of a holder of Common LP Units are governed by the Amended and Restated Limited Partnership Agreement made as of March 30, 2007 (as may be amended, supplemented or amended and restated from time to time, the "Agreement"), governing ACH Limited Partnership and the holder of this certificate, by its acceptance thereof, acknowledges that such rights are subject to the provisions of such Agreement and agrees to be bound thereby.

There are restrictions on the right to transfer the Common LP Units represented by this certificate. The registration of the transfer of the Common LP Units evidenced by this certificate may only be made in the transfer Register of the Partnership by the registered holder in person or by its attorney, upon surrender of this certificate duly endorsed.

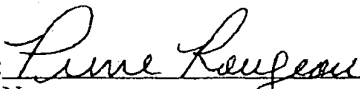
In addition, such units are subject to a unitholders' agreement dated the 2nd day of April, 2007 between the Limited Partnership and the LP Unitholders (as defined therein), as the same may be amended from time to time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof and the provisions of the Agreement.

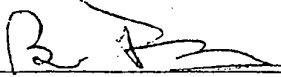
Capitalized terms used in this certificate shall have the meaning ascribed to them in the Agreement.

In witness whereof, Abitibi-Consolidated Hydro Inc., the General Partner of the Partnership, has caused this certificate to be signed by its duly authorized signatories.

Date: April 2nd, 2007

ABITIBI-CONSOLIDATED HYDRO INC.,
as general partner of **ACH LIMITED**
PARTNERSHIP

Per: 
Name: PIERRE ROUGEAU
Title: President and Secretary

Per: 
Name: BRUNO TREMBLAY
Title: Director

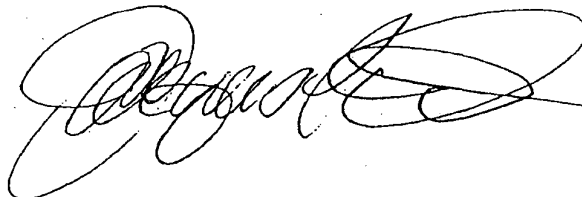
UNIT TRANSFER POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____ unit(s) in the capital of ACH Limited Partnership registered in the name of the undersigned represented by certificate number _____ and all rights evidenced thereby and does hereby irrevocably constitute and appoint _____ as attorney to transfer said units with full power of substitution in the premises.

IN WITNESS WHEREOF, the undersigned has executed these presents this ____ day of _____.

ABITIBI-CONSOLIDATED COMPANY OF
CANADA

Per: _____



PREFERRED LP UNIT CERTIFICATE

NO. NP-1

ACH LIMITED PARTNERSHIP
(a limited partnership formed under the laws of the Province of Manitoba)
(the "Partnership")

THIS IS TO CERTIFY that Abitibi-Consolidated Company of Canada is the registered holder of one thousand (1,000) Preferred LP Units of the Partnership.

The rights of a holder of Preferred LP Units are governed by the Amended and Restated Limited Partnership Agreement made as of March 30, 2007 (as may be amended, supplemented or amended and restated from time to time, the "Agreement"), governing ACH Limited Partnership and the holder of this certificate, by its acceptance thereof, acknowledges that such rights are subject to the provisions of such Agreement and agrees to be bound thereby.

There are restrictions on the right to transfer the Preferred LP Units represented by this certificate. The registration of the transfer of the Preferred LP Units evidenced by this certificate may only be made in the transfer Register of the Partnership by the registered holder in person or by its attorney, upon surrender of this certificate duly endorsed.

In addition, such units are subject to a unitholders' agreement dated the 2nd day of April, 2007 between the Limited Partnership and the LP Unitholders (as defined therein), as the same may be amended from time to time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof and the provisions of the Agreement.

Capitalized terms used in this certificate shall have the meaning ascribed to them in the Agreement.

In witness whereof, Abitibi-Consolidated Hydro Inc., the General Partner of the Partnership, has caused this certificate to be signed by its duly authorized signatories.

Date: April 2nd, 2007

ABITIBI-CONSOLIDATED HYDRO INC.,
as general partner of ACH LIMITED
PARTNERSHIP

Per: Pierre Rougeau

Name: PIERRE ROUGEAU
Title: President and Secretary

Per: Bruno Tremblay

Name: BRUNO TREMBLAY
Title: Director

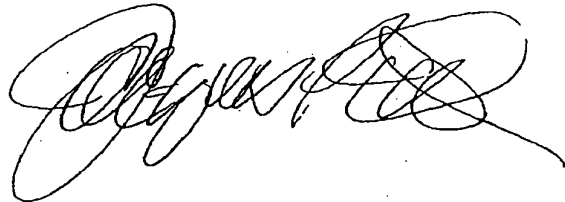
UNIT TRANSFER POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____ unit(s) in the capital of ACH Limited Partnership registered in the name of the undersigned represented by certificate number _____ and all rights evidenced thereby and does hereby irrevocably constitute and appoint _____ as attorney to transfer said units with full power of substitution in the premises.

IN WITNESS WHEREOF, the undersigned has executed these presents this ____ day of _____

ABITIBI-CONSOLIDATED COMPANY OF
CANADA

Per: _____





TAB C

QUÉBEC DEBENTURE

CANADA
PROVINCE OF QUEBEC

DEBENTURE

No.: 1
Cdn\$900,000,000

COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA, a legal person governed by the laws of the Province of Québec (the "Debtor"), for value received, promises to pay, on demand, to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Trustee (as defined in the Deed of Hypothec hereinafter described) or to its order, at its office located at Corporate Trust Services, 213 Court Street, Suite 703, Middletown, CT 06457, the sum of Nine Hundred Million Dollars (\$900,000,000), in lawful money of Canada, with interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, both before and after maturity, with interest on overdue interest at the same rate.

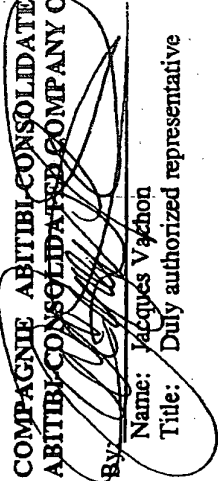
This Debenture is issued under and secured by a deed of hypothec and issue of debentures (as same may be amended, restated, supplemented or otherwise modified from time to time, the "Deed of Hypothec") executed by, *inter alios*, the Debtor in favour of Wells Fargo Bank, National Association, as *fondé de pouvoir* for the holder of this Debenture and the other Debentureholders (as defined in the Deed of Hypothec), before Notary Marc Daigneault on March 28, 2008, and this Debenture is subject to, and its holder is bound by, the provisions of the Deed of Hypothec. This Debenture is also subject to the terms and conditions of a pledge of debenture bearing the date of April 1, 2008, executed by the Debtor in favour of the Collateral Trustee and the other Pledges (as defined therein).

This Debenture may be transferred by its holder only in accordance with the provisions of the Deed of Hypothec.

This Debenture is governed by the laws applicable in the Province of Québec.

IN WITNESS WHEREOF the Debtor has caused this Debenture to be signed by its undersigned representative and to be dated the 1st day of April, 2008.

COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA -
ABITIBI-CONSOLIDATED COMPANY OF CANADA

By: 

Name: Jacques Vachon

Title: Duty authorized representative

FORM OF TRANSFER

For value received, _____, by these presents cedes and transfers to _____ the Debenture represented by this certificate with full power of substitution, as well as its rights in the principal amount and outstanding interest on the said Debenture and irrevocably appoints _____ as its attorney to complete the transfer on the books of _____ maintained by the Attorney pursuant to the Deed of Hypothec.

Dated this _____ day of _____, 200_____.

SIGNED BY TRANSFEROR

By: _____

Witness



TAB D

**QUÉBEC PLEDGE OF
DEBENTURE**

PLEDGE OF DEBENTURE

DATED APRIL 1, 2008

GRANTED BY:

COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA, a legal person existing under the laws of the Province of Quebec, having its head office at 1155 Metcalfe Street, Suite 800, in the City of Montreal, Province of Quebec, H3B 5H2.

IN FAVOUR OF:

THE COLLATERAL TRUSTEE AND THE OTHER PLEDGEEES, as such terms are hereinafter defined.

WHEREAS ACCC (as defined below) has issued a debenture in the amount of Cdn.\$900,000,000 pursuant to a deed of hypothec and issue of debentures referred to therein, executed among ACCC, Abitibi-Consolidated Inc., Les Explorations Terra Nova Ltée Terra Nova Explorations Ltd, La Compagnie de Pulpe de Jonquière The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Donohue Recycling Inc. - Recyclage Donohue Inc., 1508756 Ontario Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, Abitibi-Consolidated Nova Scotia Incorporated, Produits Forestiers Saguenay Inc. Saguenay Forest Products Inc., and Abitibi-Consolidated Canadian Office Products Holdings Inc. and Wells Fargo Bank, National Association as *fondé de pouvoir* on March 28, 2008 before Notary Marc Daigneault (as amended, restated or supplemented from time to time, the "Hypothec"); and

WHEREAS ACCC wishes to pledge such debenture to the Pledgees (as defined below), as security for the Secured Obligations hereinafter defined;

NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

1. INTERPRETATION

- 1.1. Other capitalized terms used herein and defined in the Hypothec shall have the meaning ascribed to them in the Hypothec unless otherwise defined herein.
- 1.2. The term "ACCC" herein shall mean **COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA - ABITIBI-CONSOLIDATED COMPANY OF CANADA** and includes its successors and permitted assigns.
- 1.3. The term "Collateral Trust Agreement" herein shall mean the collateral trust agreement dated as of April 1, 2008 by and among ACCC, Abitibi-Consolidated Inc., the other guarantors from time to time party thereto, and Wells Fargo Bank,

PLEDGE OF DEBENTURE - ACCC - FIXED ASSET DEBT

National Association, as collateral trustee, as it may be amended, restated, supplemented or otherwise modified from time to time.

- 1.4. The term "**Collateral Trustee**" herein shall mean Wells Fargo Bank, National Association acting for itself and for the other Pledgees, in its capacity as collateral trustee appointed pursuant to the Collateral Trust Agreement and includes its successors and assigns in such capacity as permitted under the Collateral Trust Agreement.
- 1.5. The term "**Debenture**" herein shall mean the debenture in the principal amount of Cdn.\$900,000,000 dated April 1, 2008, issued by ACCC pursuant to the Hypothec and represented by certificate bearing number 1.
- 1.6. The term "**Pledgees**" herein shall mean collectively the Collateral Trustee and each of the other Secured Parties.
- 1.7. The term "**Secured Obligations**" herein shall mean the "Fixed Asset Debt Obligations" (as defined in the Collateral Trust Agreement).
- 1.8. The term "**Secured Parties**" means the "Secured Parties" as defined in the Collateral Trust Agreement as well as any of their respective successors and assigns.

2. DELIVERY AND PLEDGE OF THE DEBENTURE

ACCC confirms that it has concurrently herewith pledged the Debenture in favour of the Pledgees by delivery of same to the Collateral Trustee (or its nominee or mandatary) for the benefit of the Pledgees. The Collateral Trustee hereby acknowledges having received the certificate representing the Debenture (certificate No. 1) on the date of this agreement at the City of Montreal, Province of Quebec and the Collateral Trustee shall hold same (itself or through its nominee or mandatary) and exercise its rights as payee thereof for the benefit of the Pledgees.

3. SECURED OBLIGATIONS

The Debenture and the pledge thereof shall secure the payment and the performance of the Secured Obligations of ACCC and the Guarantors (as defined in the Collateral Trust Agreement).

4. AMOUNT OF THE PLEDGE

The amount for which the pledge is granted is Cdn.\$900,000,000, plus interest thereon at the rate of 25 % per annum from the date hereof.

5. COVENANTS

ACCC hereby:

- 5.1. acknowledges that the Collateral Trustee acting on its own behalf and on behalf of each of the other Pledgees, shall for all the purposes contemplated in the Hypothec be deemed to be the holder of the Debenture pledged hereunder and shall benefit from all of the rights of a Debentureholder under the Hypothec;
- 5.2. covenants that, upon demand from the Collateral Trustee, it shall perform all acts and execute all deeds and documents necessary to give full effect to this agreement and to ensure that it is at all times enforceable, including without limitation the execution of any written acknowledgement that the Debenture is pledged in favour of a Pledgee which is not named herein and that any certificate representing the Debenture is held by the Collateral Trustee (or its nominee or mandatary) on behalf and in favour of such Pledgee or its successor or assign.

6. TRANSFER OF DEBENTURE

The Collateral Trustee agrees that it shall not transfer or assign the Debenture except in favour of a replacement or successor Collateral Trustee or otherwise in furtherance of the provisions of the Collateral Trust Agreement. The Collateral Trustee hereby undertakes to cause any person to whom the Debenture is so transferred or assigned to agree in writing towards ACCC to be bound by all the terms and conditions of this agreement or to sign a similar pledge of debenture with ACCC.

7. FIXED ASSET DEBT DEFAULT

- 7.1. Notwithstanding the fact that the Debenture is payable on demand, the Collateral Trustee agrees that it will not demand, or cause to be demanded, payment of the Debenture until such time as a Fixed Asset Debt Default (as defined in the Collateral Trust Agreement) has occurred and is continuing. It is further agreed that, notwithstanding the nominal value of the Debenture and interest rate referenced therein, ACCC shall not have any obligation to make, and the Pledgees shall not be entitled to receive, payment under the Debenture for any amount in excess of the Secured Obligations.
- 7.2. The Collateral Trustee may, upon the occurrence of a Fixed Asset Debt Default (as defined in the Collateral Trust Agreement) and provided same is continuing, demand payment of the Debenture, collect payment of the principal and interest thereof, and exercise all of the rights and remedies arising from the security constituted hereunder or permitted by applicable law, all of which rights and remedies shall be cumulative, and none of which shall be exclusive.

8. WAIVER

The parties hereto hereby expressly waive the provisions and protection of Section 32 of *An Act respecting the special powers of legal persons* and specifically authorize the Collateral Trustee and any partnership or legal person whereof the Collateral Trustee is a member or officer, to act as a Debentureholder.

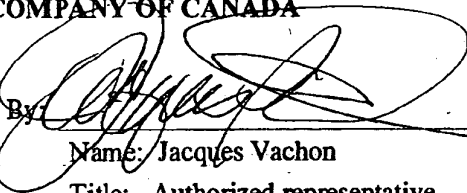
9. MISCELLANEOUS

- 9.1. This agreement and the Debenture are in addition to and not in substitution of or in replacement for any other hypothec, pledge, security, guarantee or other right held by or benefiting any Pledgee.
- 9.2. Notwithstanding any provision to the contrary in the *Civil Code of Québec* or any other law concerning the imputation of payments, the Collateral Trustee shall apply the amounts received pursuant to this Agreement in accordance with the terms of the Collateral Trust Agreement.
- 9.3. This agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.
- 9.4. This agreement shall be governed by the laws of the Province of Quebec.
- 9.5. The parties hereto confirm that they have requested that this agreement and all related documents be drafted in English. *Les parties aux présentes ont exigé que le présent document et tous les documents connexes soient rédigés en anglais.*

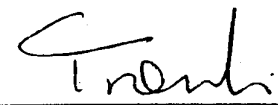
[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, the parties have duly executed this agreement as of the day and year first written above.

COMPAGNIE ABITIBI-
CONSOLIDATED DU CANADA -
ABITIBI-CONSOLIDATED
COMPANY OF CANADA

By: 
Name: Jacques Vachon
Title: Authorized representative

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Collateral Trustee

By: 
Name: Constantine Troulis
Title: Authorized representative



TAB E

**FORT FRANCES PAPER MILL
(INSTRUMENT No. RD10478)**

Properties

PIN	Interest/Estate	Fee Simple
56018 - 0107 LT		
Description PCL 211-3 SEC ALBTP; LT 214 TOWN PLOT ALBERTON; LT 215 TOWN PLOT ALBERTON; LT 216 TOWN PLOT ALBERTON; LT 217 TOWN PLOT ALBERTON PT 2 & 3 48R2355; LT 219 TOWN PLOT ALBERTON PT 7 & 8 48R2355; PT LT 218 TOWN PLOT ALBERTON PT 5 & 6 48R2355; PT LT 220 TOWN PLOT ALBERTON PT 9 & 10 48R2355; FORT FRANCES		
Address FORT FRANCES		
56018 - 0110 LT		
Description PCL 220-1 SEC ALBTP; LT 221 TOWN PLOT ALBERTON; PT LT 222 TOWN PLOT ALBERTON; PT LT 220 TOWN PLOT ALBERTON AS IN SLT52592 EXCEPT PT 10, 48R2355; FORT FRANCES		
Address FORT FRANCES		
56018 - 0109 LT		
Description PCL 218-3 SEC ALBTP; FIRSTLY; PT MOWAT AVENUE TOWN PLOT ALBERTON FROM S LIMIT CHURCH ST TO S LIMIT PT MOWAT AV ABUTTING LT 218 CLOSED BY A78624 PT 6, 48R3853; SECONDLY; PT LT 218 TOWN PLOT ALBERTON CLOSED BY A78624 PT 6, 48R3853; THIRDLY; PT NELSON STREET TOWN PLOT ALBERTON CLOSED BY A78624 PT 7 & 8, 48R3853; S/T A40222, A78815; FORT FRANCES		
Address FORT FRANCES		
56018 - 0113 LT		
Description PCL 222-3 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON BEING THE WEST 50 FEET IN PERPENDICULAR DEPTH; FORT FRANCES		
Address FORT FRANCES		
56018 - 0168 LT		
Description PCL I-2 SEC ALBTP; FIRSTLY; PT LT I TOWN PLOT ALBERTON; PT LT J TOWN PLOT ALBERTON; LT K TOWN PLOT ALBERTON; PT LT L TOWN PLOT ALBERTON; PT FRONT ST TOWN PLOT ALBERTON CLOSED BY BYLAW AS IN A47536, PT 1 & 2 48R3873 SECONDLY; PT FRONT ST CLOSED BY BYLAW AS IN FF1844 PT 3 48R3873 THIRDLY; LT K CLOSED BY BYLAW AS IN A78624 PT 1 & 2 48R3853; FOURTHLY; PT CHURCH ST TOWN PLOT ALBERTON CLOSED BY BYLAW AS IN A78624 PT 3 48R3853 FIFTHLY; PT LT L CLOSED BY BYLAW AS IN A78624 PT 4 & 10, 48R3853 SIXTHLY; PT FRONT ST CLOSED BY BYLAW AS IN A78624 PT 9, 48R3853; FORT FRANCES		
Address FORT FRANCES		
56018 - 2016 LT		
Description PCL 211-3 SEC ALBTP; LT 223 TOWN PLOT ALBERTON; LT 224 TOWN PLOT ALBERTON; FORT FRANCES		
Address FORT FRANCES		
56018 - 0114 LT		
Description PCL 222-4 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON BEING THE EAST 24 FEET OF THE WEST 100 FEET; FORT FRANCES		
Address FORT FRANCES		
56018 - 0111 LT		
Description PCL 222-1 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON AS IN SLT5934; FORT FRANCES		
Address FORT FRANCES		
56018 - 0112 LT		
Description PCL 222-2 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON BEING THE EAST 30 FEET IN PERPENDICULAR DEPTH; FORT FRANCES		
Address FORT FRANCES		
56018 - 0312 LT		
Description PCL 53-1 SEC ALBTP; PT LT 112 TOWN PLOT ALBERTON PT 3 48R1559; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD8744; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD8745; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD87 46; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD8747; FORT FRANCES		
Address FORT FRANCES		

Properties

PIN	56018 - 2243 LT	Interest/Estate	Fee Simple
Description	PART OF SINCLAIR STREET AND PART OF PORTAGE AVENUE TOWN PLOT OF ALBERTON PART 1, 48R4149; FORT FRANCES S/T EASEMENT OVER PART 1, 48R4149 AS IN RD8744; S/T EASEMENT OVER PART 1, 48R4149 AS IN RD8745; S/T EASEMENT OVER PART 1, 48R4149 AS IN RD87 46; S/T EASEMENT OVER PART 1, 48R4149 AS IN RD8747; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 2007 LT	Interest/Estate	Fee Simple
Description	PCL 53-1 SEC ALBTP; PT LT 93 TOWN PLOT ALBERTON PT 4, 48R1559; S/T EASEMENT OVER PART 4, 48R1559 AS IN RD8744; S/T EASEMENT OVER PART 4, 48R1559 AS IN RD8746; S/T EASEMENT OVER PART 4, 48R1559 AS IN RD87 47; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 0345 LT	Interest/Estate	Fee Simple
Description	PCL 89-3 SEC ALBTP; LT 89 TOWN PLOT ALBERTON EXCEPT E 44 FT; LT 90 TOWN PLOT ALBERTON; LT 91 TOWN PLOT ALBERTON; LT 92 TOWN PLOT ALBERTON; LT 93 TOWN PLOT ALBERTON EXCEPT PT 4 48R1559; LT 94 TOWN PLOT ALBERTON; LT 116 TOWN PLOT ALBERTON SURFACE RIGHTS ONLY; LT 118 TOWN PLOT ALBERTON; LT 117 TOWN PLOT ALBERTON; LT 118 TOWN PLOT ALBERTON; LT 119 TOWN PLOT ALBERTON; W 16 FT LT 120 TOWN PLOT ALBERTON; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 0169 LT	Interest/Estate	Fee Simple
Description	PCL 120-1 SEC ALBTP; PT LT 120 TOWN PLOT ALBERTON AS IN A64149; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 0170 LT	Interest/Estate	Fee Simple
Description	PCL 120-2 SEC ALBTP; PT LT 120 TOWN PLOT ALBERTON; PT LT 121 TOWN PLOT ALBERTON AS IN SLT52343; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 0171 LT	Interest/Estate	Fee Simple
Description	PCL 121-1 SEC ALBTP; PT LT 121 TOWN PLOT ALBERTON; PT LT 122 TOWN PLOT ALBERTON AS IN SLT20522; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 0172 LT	Interest/Estate	Fee Simple
Description	PCL 122-1 SEC ALBTP; PT LT 122 TOWN PLOT ALBERTON; PT LT 123 TOWN PLOT ALBERTON; PT LT 124 TOWN PLOT ALBERTON AS IN A61174 & SLT58568; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 2222 LT	Interest/Estate	Fee Simple
Description	LT 88 TOWNPLOT ALBERTON MCIRVINE; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 0344 LT	Interest/Estate	Fee Simple
Description	PCL 89-2 SEC ALBTP; PT LT 89 TOWN PLOT ALBERTON AS IN SLT49808; FORT FRANCES		
Address	FORT FRANCES		
PIN	56018 - 2008 LT	Interest/Estate	Fee Simple
Description	PCL 53-1 SEC ALBTP; PT LT 53 TOWN PLOT ALBERTON PT 6, 48R1559; S/T EASEMENT OVER PART 6, 48R1559 AS IN RD8744; S/T EASEMENT OVER PART 6, 48R1559 AS IN RD8745; S/T EASEMENT OVER PART 6, 48R1559 AS IN RD87 46; S/T EASEMENT OVER PART 6, 48R1559 AS IN RD8747; FORT FRANCES		
Address	FORT FRANCES		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ABITIBI-CONSOLIDATED INC.
Address for Service 1155 Metcalfe Street
Suite 800
Montreal, Quebec
H3B 5H2

I, Allen Dea, and I, Pierre Rougeau, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name WELLS FARGO BANK, NATIONAL ASSOCIATION
Address for Service Wells Fargo Bank, N.A.
Corporate Trust Services
213 Court Street, Suite 703
Middletown, CT 06457

Provisions

Principal \$ 900,000,000.00 Currency CDN
Calculation Period
Balance Due Date
Interest Rate 25.0%
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms
Insurance Amount full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Kimberley Anne Newman Commerce Court West, Suite 5300 acting for Signed 2008 04 01
Toronto Chargee(s)
MSL 189

Tel 4168895500
Fax 4169470866

Submitted By

STIKEMAN ELLIOTT Commerce Court West, Suite 5300 2008 04 01
Toronto
MSL 189

Tel 4168895500
Fax 4169470866

LRO # 48 Charge/Mortgage

Received as RD10478 on 2008 04 01 at 13:24

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 5 of 36

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Charger Client File Number : 1108951

DEMAND DEBENTURE

ABITIBI-CONSOLIDATED INC.

PRINCIPAL SUM: CDN\$900,000,000.00

DATE: April 1, 2008

1. Acknowledgement and Promise to Pay

Abitibi-Consolidated Inc. (the "Corporation"), a corporation organized under the laws of Canada, for value received, hereby acknowledges itself indebted to the Holder, and certain others from time to time as provided in this debenture, and promises: (i) to pay on demand the Principal Sum to or to the order of the Holder, in lawful money of Canada; and (ii) to perform the obligations secured. The Corporation hereby expressly waives presentment for payment, notice of non-payment and protest. The Corporation promises to pay, upon demand being made in accordance with Section 13, interest in like money on the amount of the Principal Sum outstanding from time to time and on all other amounts from time to time owing hereunder at the rate of 25% *per annum*, such interest to accrue on a daily basis and to be calculated and payable monthly on the first business day of each and every month, commencing on the first Business Day of the month following the date of this debenture. Such interest will be payable both before and after maturity, demand, default and judgement. The Corporation promises to pay interest, on demand, at the same rate, on overdue interest, calculated and payable monthly, not in advance on the first business day of each and every month until paid.

2. Place of Payment

The Corporation promises to pay the Principal Sum, interest and all other amounts from time to time owing hereunder at the office of the Holder set out in the Collateral Trust Agreement or at such other place as the Holder may designate by notice to the Corporation.

3. Continuing Security

This debenture secures: (i) the prompt payment, as and when due and payable, of all Obligations and the strict payment, performance and observance by the Corporation to the Holder and the Secured Parties of all agreements, warranties, representations, covenants, conditions, debts, liabilities and obligations, including revolving indebtedness to the extent applicable, present or future, direct or indirect, absolute or contingent, matured or not, whether from time to time reduced and thereafter increased, or entirely extinguished and thereafter incurred again, now or at any time and from time to time due or owing by the Corporation in any currency and whether incurred by the Corporation alone or with another or others and whether as principal or surety, made pursuant to this debenture or any other Debt Document between the Corporation and the Holder or any Secured Party, in each case as now in effect or subsequently entered into, amended, reinstated, supplemented, renewed, extended or replaced from time to time; and (ii) all interest, commissions, reasonable fees, (including reasonable receiver's fees), reasonable legal costs (on a solicitor and its own client basis) and other reasonable costs, charges and expenses incurred by the Holder with respect to the debts, liabilities and obligations referred to above (all of the foregoing being herein collectively called the "obligations secured").

4. Security

As continuing security for the due and punctual payment of the Principal Sum, interest, overdue interest and all other obligations secured, and the performance by the Corporation of all its obligations under this debenture and any other Debt Document to which it is a party, the Corporation does hereby:

- (a) create a security interest in and grant, mortgage, assign, transfer, hypothecate and charge as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, all the right, title, estate, interest and benefit of the Corporation, present and future, in, to, under or in respect of the real and immovable property described in Schedule A and all real and immoveable property acquired by the Corporation after the date hereof by the Corporation (the "Owned Real Property"); together with all rights and interest therein, now owned or hereafter acquired by the Corporation including, without limitation, all licences, easements, rights-of-way, privileges, benefits, immunities, rights and options connected therewith and/or appertaining thereto and all amendments thereto, replacements thereof and substitutions therefor from time to time, and all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment at present situate thereon or therein or which may at any time hereafter be constructed or brought or placed thereon or therein or used in connection therewith, including in each and all cases any greater or other right, title and interest therein or in any part thereof which the Corporation may acquire and hold during the currency of this debenture;
- (b) create a security interest in and mortgage, assign, transfer and charge as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, its successors and assigns all the right, title, estate, interest and benefit of the Corporation, if any, in, to, under or in respect of all present and future:
 - (i) Equipment;
 - (ii) Intellectual Property Rights;
 - (iii) Fixed Asset Collateral Insurance;
 - (iv) Pledged Securities (as that term is defined in the Canadian Security Agreement);
 - (v) each Fixed Asset Collateral Account and all property deposited therein;
 - (vi) to the extent not otherwise included above, all Documents of Title, Contracts, Collateral Records and Collateral Support directly and to the extent relating to the Owned Real Property and any of the foregoing;
 - (vii) all Proceeds of the Owned Real Property or any of the foregoing received by the Corporation prior to the occurrence of an Event of Default (or following the cure and/or waiver thereof), but only so long as such Proceeds are held in the Fixed Asset Collateral Account;

- (viii) all Proceeds of the Owned Real Property or any of the foregoing received by the Corporation after the occurrence of and during the continuance of an Event of Default;

including in each and all cases any greater right, title and interest therein or in any part thereof which the Corporation may acquire and hold during the currency of this debenture; and

- (c) create a security interest in and subject to the exception set out in Section 8 hereof, assign, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a general assignment of all of its right, title, estate and interest present and future, in and to:
 - (i) any and all existing or future leases, subleases, agreements to lease or sublease or other occupancy or tenancy agreements relating to the whole or any part of the Owned Real Property and all existing or future licenses or concessions whereby any person is given the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Owned Real Property and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into (collectively the "Third Party Leases"), and all benefits, powers and advantages of the Corporation to be derived therefrom and all covenants, obligations and agreements of the tenants thereunder;
 - (ii) all rents and other moneys now due and payable or hereafter to become due and payable under the Third Party Leases, and each guarantee of or indemnity in respect of the obligations of the tenants thereunder with full power to demand, sue for recovery, receive and give receipts for all such rents and other moneys and otherwise to enforce the rights of the Corporation thereto in the name of the Corporation;
 - (iii) any and all existing or future agreements, contracts, licenses, permits, plans and specifications, bonds, letters of credit, letters of guarantee or other documents or instruments affecting or relating to the servicing or development of the Owned Real Property or any part or parts thereof or the construction, use, operation or maintenance of buildings, erections, structures, improvements and fixtures thereon and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into and all benefit, power and advantage of the Corporation to be derived therefrom;
 - (iv) any and all existing or future agreements of purchase and sale, options to purchase and mortgage, loan or other financing commitments relating exclusively to the Owned Real Property or any part or parts thereof and all proceeds and other moneys now due and payable or hereafter to become due and payable thereunder and all benefit, power and advantage of the Corporation to be derived therefrom; and

- (v) all proceeds of and from any and all existing or future insurance policies in respect of property damage and business interruption insurance pertaining to the Collateral and all proceeds of expropriation or similar taking of the Owned Real Property or any part or parts thereof and all benefit, power and advantage of the Corporation to be derived therefrom.

5. Habendum

TO HAVE AND TO HOLD the Property and all rights hereby conferred to the Holder forever for the uses and purposes and with the powers and authorities and subject to the terms and conditions herein set forth.

6. Definitions

Unless otherwise provided, the capitalized terms used in this debenture shall have the meanings ascribed to them in Schedule B.

7. Attachment

The Corporation acknowledges that value has been given. Subject to Section 31, the security interests created by this debenture are intended to attach when this debenture is executed by the Corporation and delivered to the Holder or in the case of after-acquired property, when the Corporation has rights or any interest in such property.

8. Reservation of Last Day of Lease

The last day of any term of years reserved by any Third Party Lease or any extension or renewal thereof, oral or written, or any agreement therefor, now held or hereafter acquired by the Corporation, is hereby excepted out of the security created hereby or by any other instrument supplemental hereto and does not and shall not form part of the Property charged hereby or by any such other instrument, but the Corporation shall stand possessed of the reversion remaining in the Corporation of any interest therein for the time being demised as aforesaid, upon trust to assign and dispose thereof as the Holder shall direct; and upon any sale of such interest, or any part thereof, the Holder for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or other writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in the place of the Corporation and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

9. Excluded Collateral and Consents

Nothing herein shall constitute an assignment, mortgage, charge or security interest or attempted assignment, mortgage, charge or security interest of or in any contract, agreement, intellectual property license or permit which by the provisions thereof or by law is not assignable, or cannot be made the subject of a mortgage, charge or security interest or which requires the consent of a third party to its assignment or being made subject to a mortgage, charge or security interest, unless such consent has been obtained. In each such case, the Corporation shall, unless the Holder otherwise agrees in writing, use best efforts to obtain the consent of any necessary third

party to its assignment hereby and to its further assignment by the Holder to any third party who may acquire same as a result of the exercise by the Holder of remedies after demand. Upon such consent being obtained or waived, this debenture shall apply to the applicable contract, agreement, license or permit without regard to this section and without the necessity of any further assurance to effect the assignment thereof. Unless and until such consent is obtained as provided above, the Corporation shall, to the extent it may do so by law or pursuant to the provisions of the document or interest referred to therein, hold all right, title, estate, interest and benefit to be derived from the applicable contracts, agreements, licenses or permits in trust for the Holder, (including, without limitation, the Corporation's beneficial interest in any contract, agreement, license or permit which may be held in trust for the Corporation by a third party) as additional security for payment of the obligations secured and shall deliver up all such benefit to the Holder, forthwith upon demand by the Holder.

10. Representations and Warranties of the Corporation

The Corporation represents and warrants to the Holder for the benefit of the Holder and the Secured Parties that:

- (a) the Corporation has all requisite corporate power and authority to execute, deliver and perform its obligations under this debenture;
- (b) the Corporation has good and marketable title in fee simple to all Owned Real Property and good and marketable rights in and title to all other Property owned by it, in each case free and clear of all Liens other than Permitted Liens, and the Permitted Liens do not materially affect the value of any such property and do not interfere with the use made and proposed to be made of any such property by the Corporation and its affiliates;
- (c) the Corporation has direct legal access to a municipal right-of-way and otherwise have such rights of entry and exit to and from all Owned Real Property as is reasonably necessary to carry on the use and proposed use to be made of the Owned Real Property by the Corporation and its affiliates;
- (d) the Owned Real Property is fully serviced to a level sufficient to permit the use made and proposed to be made of the Owned Real Property by the Corporation and its affiliates;
- (e) the uses made and proposed to be made by the Corporation and its affiliates of all Owned Real Property are permitted under current zoning and land use regulations and laws;
- (f) all municipal levies, royalties, local improvements, imposts and permit fees due and payable in respect of the Owned Real Property have been paid;
- (g) the Corporation has been duly organized and is validly existing under the laws of Canada, with power and authority (corporate and other) to own or lease its properties and conduct its business, and has been duly qualified as a foreign or extra-provincial corporation or other business entity for the transaction of business and is in good standing under the laws of each other jurisdiction in which

it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

- (h) this debenture has been duly authorized, executed and delivered by the Corporation and will constitute the valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, arrangement, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (i) this debenture is effective to grant and create, in favor of the Holder, for the benefit of each present and future Secured Party, a valid and enforceable first lien and charge on the Property (including all lands, buildings and improvements comprising the paper mill plant in Fort Frances, Ontario), and when this debenture is registered or filed for record and recorded in the applicable filing office or registry office, the security interest and/or charge of the Holder in the Property will create a first priority lien and charge, duly perfected on the Property, including all lands, buildings and improvements comprising the paper mill plant in Fort Frances, Ontario;
- (j) (i) the Corporation has not received notice of nor is it aware of any outstanding breach of any by-laws or local authority or statutory requirements or covenants relating to the Owned Real Property, (ii) the Corporation has not received notice of nor is aware of any outstanding breach of covenant as regards any Owned Real Property, (iii) there is no covenant, restriction, burden, stipulation or outgoing (other than usual business outgoings) affecting any Owned Real Property which is of an onerous or unusual nature (either generally or in the context of the present use of such property) or which affects or may affect the conduct of its existing business at or from such property or its value nor is there any reason why any such matters should not continue to be complied with, and (iv) the Owned Real Property is held free from any tenancies, subtenancies or licences to occupy, in each case which could materially adversely affect the value, saleability or use of any such property; and
- (k) neither the Corporation nor any of its affiliates is (i) in violation of its charter, articles, by-laws, operating agreement or other organizational document, (ii) in default in the performance or observance of any obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or (iii) in violation of any law, statute or any judgment, order, rule or regulation of any court or arbitrator or Governmental Authority.

The foregoing representations and warranties shall survive for so long as any of the obligations secured remain unpaid and, notwithstanding any investigation made by or on behalf of the Holder or the Secured Parties, shall continue in full force and effect for the benefit of the Holder or the Secured Parties until this debenture has been discharged.

11. Certain Covenants of Mortgagor

The Corporation shall:

- (a) pay and perform the obligations secured in full as and when the same shall become due and when they are required to be performed;
- (b) keep in effect all rights and appurtenances to or that constitute a part of the Property and protect, preserve and defend its interest in the Property and title thereto;
- (c) shall keep the Property in good order, condition and repair;
- (d) shall not use the Property in violation of this debenture or any other agreement relating to the Property or any policy insuring the Property or any applicable statute, law, by-law, rule, regulation, court order or ordinance;
- (e) shall promptly notify the Holder of:
 - (i) any claim, Lien, charge, security interest or other encumbrance made or asserted against any of the Property, and
 - (ii) any suit, action or proceeding affecting any of the Property which could affect the Corporation,and the Corporation shall, at its own expense, defend the Property against any and all such claims, liens, charges, security interests or other encumbrances and against any and all such suits, actions or proceedings;
- (f) shall prevent the Property from becoming an accession to any property other than the Property or from becoming a fixture unless the charges and security interests created in this debenture rank prior to the interests of all other persons in the applicable realty;
- (g) shall, at the request of the Holder, mark, or otherwise take appropriate steps to identify, the Property to indicate clearly that it is subject to the charges and security interests created pursuant to this debenture;
- (h) will not transfer, assign, sell, lease or otherwise dispose of any Property or any interest therein except in accordance with the terms of the Debt Documents;
- (i) except for the Permitted Liens or otherwise in accordance with the terms of the Debt Documents, the Corporation shall not create, assume or suffer to exist any Lien in, on or of any of the Property;

- (j) promptly pay when due all amounts which are payable by it relating to the Property howsoever arising, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties and shall provide the Holder with evidence of such payment upon request;
- (k) shall give immediate written notice to the Holder of all loss or damage to or loss of possession of the Property otherwise than by disposition in accordance with the terms of this debenture;
- (l) carry on and conduct business in a proper and efficient manner so as to protect and preserve the Property;
- (m) shall at all times keep accurate and complete records of the Property as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied and shall permit the Holder or its authorized agent to have access to all premises occupied by the Corporation or any place where the Property may be found to inspect the Property and to examine the books of accounts, financial records and reports of the Corporation and to have temporary custody of, make copies of and take extracts from such books, records and reports;
- (n) shall grant to the Holder and its agents the right to inspect the Property and review and copy any and all information and data relating to the Property or to any other transactions between the parties hereto wherever and however such data may be stored and in the event that the use of a computer system is required to access any information and data which the Holder is entitled to access and examine hereunder, the Corporation shall allow the Holder the use of its computer system for such purpose and shall provide assistance in that regard (If for any reason the said information and data cannot be accessed and retrieved at the Corporation's premises the Holder may remove the medium in which such information or data is stored from the Corporation's premises to any other place which has a computer system that will give the Holder the opportunity to retrieve, record or copy such information and data)(The Holder shall be entitled to reproduce and retain a copy of any such information and data in any format whatsoever);
- (o) shall deliver to the Holder promptly upon request:
 - (i) all computer software, tapes, discs, drums and cards, all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Property or the Corporation's business for the purpose of inspecting, auditing or copying the same;
 - (ii) all financial statements prepared by or for the Corporation regarding the Corporation's business;
 - (iii) all policies and certificates of insurance relating to the Property;

- (iv) all agreements, licenses, permits and consents relating to the Property and the Corporation's business; and
- (v) such information concerning the Property, the Corporation and the Corporation's business and affairs as the Holder may request;
- (p) shall bear the sole risk of any loss, damage, destruction or confiscation of or to the Property during the Corporation's possession thereof or otherwise;
- (q) shall insure the Property with insurers acceptable to the Holder against loss or damage by fire, theft or other insurable perils customarily insured against by persons having an interest in such Property for the full insurable value thereof with loss payable to the Holder as its interest may appear and obtain such other insurance coverage as the Holder may reasonably require from time to time;
- (r) all policies of insurance shall provide that the Holder is named a loss payee by way of mortgagee's form of loss endorsement and that the insurance coverage provided thereunder shall not be changed or cancelled except on 30 days' notice to the Holder;
- (s) from and after the occurrence of an Event of Default, be deemed to hold all Proceeds in trust, separate and apart from other money, instruments or property, for the benefit of the Holder until all amounts owing by the Corporation to the Holder have been paid in full;
- (t) forever warrant and defend to the Holder the security interests created and evidenced hereby and the validity and first priority hereof in any action or proceeding against the claims of any and all persons whomsoever affecting or purporting to affect the Property or any of the rights of the Holder hereunder;
- (u) immediately upon obtaining knowledge of the pendency of any proceedings for the eviction of the Corporation from the Property or any part thereof by paramount title or otherwise questioning the Corporation's right, title and interest in, to and under the Property as warranted in this Debenture, or of any condition that could give rise to any such proceedings, notify the Holder thereof; and
- (v) not initiate, join in or consent to any change in the zoning or any other permitted use classification of the Property without the prior written consent of the Holder.

12. Holder Not To Be Obligated

The Holder will not be liable to the Corporation or any other person for any failure or delay in exercising any of the rights of the Holder under this debenture (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Property, or to preserve rights against prior parties). Neither the Holder, nor any receiver or agent of the Holder, is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons under any Property in its possession. Neither the Holder nor any receiver or agent will be liable for any, and the Corporation will bear the full risk of all, loss or damage to any and all of the Property (including any Property in the

possession of the Holder or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of the Holder or such receiver or agent. Nothing herein contained shall have the effect of making the Holder responsible for the collection of any accounts or rents or any part thereof or for the performance of any obligations, covenants, terms or conditions in favour of any lessee or in favour of any party to any other agreement or contract with the Corporation or to whom the Corporation may be otherwise obligated. The Holder shall be liable to account only for such moneys as may actually come into its hands, and any such moneys when received by it may be applied on account of any of the principal, interest and other amounts secured hereby. The Holder shall not be deemed by virtue only of the grant of this debenture to be a mortgagee in possession of the Property or any portion thereof. The Holder will have no obligation or liability under any account or monetary obligation (a "Corporation Account"), or any agreement, contract, lease or other document (each a "Contract") giving rise thereto, by reason of or arising out of this Debenture or the receipt by the Holder of any payment relating to such Corporation Account or Contract pursuant hereto, and in particular (but without limitation), the Holder will not be obligated in any manner to perform any of the obligations of the Corporation under or pursuant to any Corporation Account (or any Contract giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Corporation Account (or any Contract giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

13. Events of Default

The Principal Sum, interest and all other obligations secured shall on the demand of the Holder become immediately payable and the security hereby constituted shall at the option of the Holder become enforceable upon the occurrence and continuation of an Event of Default.

14. Waiver of Default

The Holder may by notice to the Corporation waive in whole or in part any default of the Corporation on such terms and conditions as the Holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom. No delay by the Holder in the enforcement of its rights under this debenture shall be deemed to constitute a waiver of a default.

15. Remedies

Whenever the security hereby constituted shall have become enforceable,

- (a) the Holder may proceed to realize the security hereby constituted and to enforce its rights,
 - (i) by written notice to the Corporation, declaring the obligations secured to be immediately due and payable without the necessity of presentment for payment, or notice of non-payment and of protest (all of which are hereby expressly waived by the Corporation);

- (ii) by entry, with the right to have, hold, use, occupy, possess and enjoy the Property or any part thereof without the let, suit, hindrance, interruption or denial of the Corporation, its successors or assigns;
 - (iii) by entry, with the right to make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Property or any part thereof, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Property or any part thereof as it may deem expedient, and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Holder or other person appointed for the above purposes shall be added to the Principal Sum and shall be secured hereby and payable forthwith together with interest thereon calculated at the rate and at the times and in the manner provided for herein for interest arrears on the Principal Sum;
 - (iv) by the appointment, by an instrument in writing, of any person or persons, whether an officer or officers or an employee or employees of the Holder or not, as a receiver (which term also includes an interim receiver and a receiver and manager) or receivers of all or any part of the Property, and the Holder may remove any receiver or receivers so appointed and appoint another or others in his or their stead;
 - (v) under the provisions of Section 21 or other sale permitted at law;
 - (vi) by proceedings in any court of competent jurisdiction for the appointment of one or more receivers, receivers and managers, or interim receivers under any applicable law;
 - (vii) by proceeding in any court of competent jurisdiction for foreclosure and/or judicial sale;
 - (viii) in such other manner as is permitted by the Debt Documents or the Collateral Trust Agreement; and
 - (ix) by any other action, suit, proceeding or other remedy authorized or permitted by law or by equity.
- (b) in connection with any assigned rights and benefits made pursuant to subsections 4(b) and 4(c) (the "Assigned Benefits"),
- (i) the Holder may give to any lessee or other person from whom the Holder would have been entitled to receive or claim any benefit under the Assigned Benefits in question (herein called the "Other Parties" or "Other Party") express notice in writing of this assignment and thereafter the Holder shall be entitled to the benefit of subsection 53(1) of the *Conveyancing and Law of Property Act* (Ontario) or other similar legislation. Without limiting the foregoing the Holder may, after giving such notice, deal with the Other Party or Other Parties in respect of the

Assigned Benefits without reference to or consent of the Corporation, as if the Holder were the absolute owner of the Assigned Benefits.

- (ii) the Corporation acknowledges and agrees that the assignment constitutes an irrevocable direction and authorization of the Corporation to any Other Party to pay rents to the Holder and otherwise honour the rights of the Holder under this assignment. The Corporation agrees that any Other Party may rely upon any notice given by the Holder or on its behalf.
- (iii) it is expressly acknowledged and agreed that nothing herein contained shall oblige the Holder to assume or perform any obligation of the Corporation to any third party in respect of or arising out of the Assigned Benefits or any of them. The Holder may, however, after the occurrence of a Default, and while such Default continues beyond any applicable notice or cure period, at its option, assume or perform any such obligations as the Holder considers necessary or desirable to obtain the benefit of the Assigned Benefits, free of any set-off, deduction or abatement, and any money expended by the Holder in this regard shall form part of and be deemed to form part of the obligations secured and bear interest at the rate stipulated in this debenture.
- (iv) the exercise by the Holder of its rights under the assignment provisions of this debenture or the assumption of certain obligations of the Corporation after Default, shall not constitute or have the effect of making the Holder a mortgagee in possession. Care, control and management of the Property shall remain and be deemed to be with the Corporation, in the absence of clear and unequivocal action by the Holder depriving the Corporation of such care, control and management and the assumption thereof by the Holder or any receiver or agent.
- (v) the Holder's obligations as to any rents or other amounts actually collected shall be discharged by application of such rents or other amounts against the obligations secured or for any of the other purposes described in this debenture. The Holder shall not be liable for and no credit shall be given in respect of any uncollected rents or other uncollected amounts. The Holder shall not be liable to any lessee or other party for the return of any security deposit made under any lease or contract unless the Holder shall have actually received such security deposit. The Holder shall not be, by reason of the assignment provisions of this debenture or the exercise of any right granted herein, responsible for any act committed by the Corporation or any breach or failure to perform by the Corporation with respect to any of the Assigned Benefits. No credit shall be given by the Holder for any sum or sums collected in respect of the rents or other amounts, until the money collected is actually received by the Holder at the address provided herein, nor shall credit be given for any rent or other amounts after the Holder obtains ownership of the Property or part thereof under court order or by operation of law.

16. Possession of Property

Where any Property is in the possession of the Holder or any receiver or agent:

- (a) the Holder shall only have the duty of care with respect to such Property as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that the Holder need not take any steps of any nature to defend or preserve the rights of the Corporation therein against the claims or demands of others or to preserve rights therein against prior parties; and
- (b) the Holder or any receiver or agent may, at any time following the occurrence of an Event of Default which is continuing, use such Property in any manner and to such extent as it deems necessary or desirable.

17. Indemnity

The Corporation agrees to indemnify, defend and save and hold harmless the Holder and each of its Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this debenture (including, without limitation, enforcement of this debenture), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct.

18. Deficiency

Without limiting any rights the Corporation may have at law, the Corporation shall be liable to pay any deficiency remaining after the sale or disposition of the Property.

19. Remedies Cumulative

No remedy for the realization of the security hereby constituted or for the enforcement of the rights of the Holder shall be exclusive of or dependent upon any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

20. Receiver

Subject to the provisions of any instrument in writing appointing a receiver or receivers, upon the appointment hereunder of a receiver of the Property or any part thereof, the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Corporation (which right of access shall not be revocable by the Corporation) and shall have full power and unlimited authority to, without limitation:

- (i) take possession of the Property or any part thereof;
- (ii) carry on or concur in carrying on the business of the Corporation;
- (iii) collect the rents and profits from leases and tenancies whether created before or after these presents;
- (iv) lease or concur in leasing any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (v) complete the construction of any building or buildings or other erections or improvements on the Property left by the Corporation in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Corporation's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
- (vi) insure, manage, operate, repair, alter or extend the Property; and
- (vii) sell, lease or otherwise dispose of all or any part of the Property,

and the Corporation undertakes to ratify and confirm whatever any such receiver may do with respect to the Property.

- (b) The Holder may at its discretion vest the receiver with all or any of the rights and powers of the Holder.
- (c) The Holder may fix the remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Corporation and, in no event, the agent of the Holder and the Holder shall not be in any way responsible for the acts or omissions of any such receiver.
- (e) The appointment of any such receiver by the Holder shall not result in or create any liability or obligation on the part of the Holder to the receiver or to the Corporation or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Holder a mortgagee in possession or responsible as such.
- (f) No such receiver shall be liable to the Corporation to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) his remuneration as aforesaid;

- (ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;
- (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;
- (iv) to the Holder all interest, principal and other monies due hereunder to be paid in such order as the Holder in its discretion shall determine;
- (v) and thereafter, every such receiver shall be accountable to the Corporation for any surplus as required by applicable law.

The remuneration and expenses of the receiver shall be paid by the Corporation on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the principal hereby secured.

- (g) Every such receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Property or any part thereof, or for the purpose of carrying on the business of the Corporation, and any receiver may issue certificates (in this sub clause called "**receiver's certificates**") for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Property or any part thereof for the amounts from time to time so required by the receiver, and such receiver's certificate may be payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Holder may approve and the receiver may sell, pledge or otherwise dispose of the receiver's certificates in such manner and may pay such commission on the sale thereof, as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such receiver's certificates shall form a charge upon the Property in priority to the amounts secured under this debenture.
- (h) Save as to claims for accounting to which the Corporation is entitled under applicable law pursuant to clause (f) above, the Corporation hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which may arise or be caused to the Corporation or any person claiming through or under it by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of gross negligence, dishonesty or fraud.
- (i) The Holder may, at any time and from time to time, terminate any such receivership by notice in writing to the Corporation and to any such receiver.
- (j) The statutory declaration of an officer of the Holder as to the occurrence and continuance of a Default or Event of Default and/or as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

- (k) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Holder may have.

21. Sales

- (a) **Method of Sale** - Upon the security hereby constituted becoming enforceable and the Holder making demand hereunder, the Holder may, upon the expiry of any applicable notice period, either before or after any entry, sell and dispose of the Property or any part thereof including, without limitation, any rents and profits thereof either as a whole or in separate parcels, at public auction or by tender or by private sale at such time or times as the Holder may determine, and may make such sale either for cash or credit or part cash and part credit, and with or without advertisement, and upon such conditions as to upset price and with or without a reserve bid as the Holder may deem proper.
- (b) **Rescission and Resale** - The Holder may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time without being answerable for any loss occasioned by such sale or by any postponement thereof.
- (c) **Deeds** - The Holder may execute and deliver to the purchaser or purchasers of the Property or any part thereof good and sufficient deeds, assurances and conveyances for the same, the Holder being hereby constituted the irrevocable attorney of the Corporation for the purpose of making such sale and executing such deeds, assurances and conveyances.
- (d) **Sale, Bars, Claims through Corporation** - Any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Corporation and all other persons claiming the said property or any part thereof, by, from, through or under the Corporation.
- (e) **Sale Proceeds** - In the case of a sale for cash or credit, or part cash and part credit, the Holder shall be bound to pay to the Corporation only such moneys as have been actually received from purchasers after the satisfaction of all claims of the Holder and the Secured Parties including payment of any costs, charges and expenses (including without limitation all solicitors' fees as between a solicitor and his client) incurred by the Holder in the taking, recovering, collecting, realising on, keeping possession of, and any sale of, the Property.

22. Prior Encumbrances and Expenses

The Holder may pay the amount of any financial encumbrance, lien or charge now or hereafter existing, or to arise or to be claimed upon the Property having priority over this debenture, including any taxes, utility charges or other rates on the Property, or any of them, and may pay all reasonable costs, charges and expenses and all solicitors' fees as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Property, or in protecting, repairing, restoring or preserving the Property, and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, or in

respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Corporation hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not. The amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Corporation to the Holder. In the event of the Holder paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, the Holder shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or Governmental Authority so paid.

23. No Set-Off, etc.

The Principal Sum, interest and other amounts hereby secured will be paid and shall be assignable in accordance with the terms of the Debt Documents free from any right of set-off or counterclaim or equities between the Corporation and the Holder or any other person or persons.

24. No Merger

The taking of a judgement or judgements under any of the covenants in this debenture shall not operate as a merger of the covenant or affect any other right of the Holder under this debenture or otherwise.

25. Encumbrance in Addition, etc.

This debenture is in addition to and not in substitution for any other security now or hereafter held by the Holder or any other person. No payment to the Holder shall constitute payment on account of any of the Principal Sum, interest or other amounts from time to time owing hereunder unless specifically so appropriated by the Holder by notation of such payment in the Holder's records. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the monies secured hereby, shall not release or affect the charge of this debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted shall not release or affect any other security held by the Holder for the monies hereby secured.

26. Discharge of Debenture

Subject to the provisions of the Collateral Trust Agreement, if there are no obligations secured and the Corporation, its successors and assigns, have paid or caused to be paid to the Holder the money secured by this debenture and have otherwise observed and performed the terms hereof, then this debenture and the rights hereby granted shall cease and be void and thereupon the Holder shall at the request and at the expense of the Corporation, its successors or assigns, cancel and discharge the mortgage and charge of this debenture and execute and deliver to the Corporation, its successors or assigns, such deeds, re-assignments, discharges, releases, financing change statements and other instruments as shall be requisite to cancel and discharge the mortgage and charge hereby constituted and to reassign any agreements or contracts assigned hereby; provided however that this debenture shall not be deemed to be void or to have been discharged or redeemed by reason of the account of the Corporation having ceased to be in debit at any time or times prior to such cancellation and discharge. No postponement or partial release or discharge of the charge in respect of all or any part of the Property shall in any way operate or

be construed so as to release and discharge the security hereby constituted in respect of the Property except as therein specifically provided, or so as to release or discharge the Corporation from its liability to the Holder to fully pay and satisfy the Principal Sum, interest and all other monies due or remaining unpaid by the Corporation to the Holder.

27. Pledge of Debenture

Notwithstanding the provisions of Section 26, this debenture at any time and from time to time may be assigned, transferred, pledged, hypothecated, lodged, deposited or delivered by the Corporation to the Holder as security for advances or loans to or for indebtedness or other obligations or liabilities of the Corporation to the Holder and/or such other parties as the Holder and the Corporation may in writing agree and in such event this debenture shall not be deemed to have been discharged or redeemed or the amounts payable hereunder to have been satisfied or reduced by reason of the account of the Corporation having ceased to be in debit while this debenture remained so assigned, transferred, pledged, hypothecated, lodged, deposited or delivered.

28. Intentionally Deleted

29. Quiet Possession

Subject to the provisions of the Collateral Trust Agreement, until an Event of Default has occurred, it shall be lawful for the Corporation to peaceably and quietly have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof to its own use and benefit, without let, suit, hindrance, interruption or denial by the Holder, or any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them. If any Event of Default has occurred and is continuing, the Holder may peaceably and quietly enter into and hold and occupy the Property without hindrance, interference or denial of the Corporation or of anyone claiming under it or of any prior encumbrances whatsoever.

30. No Obligation to Advance

Neither the execution and delivery nor the registration of this debenture shall for any reason whatsoever obligate or bind the Holder or the Secured Parties to advance any monies, or, having advanced a portion, obligate the Holder or the Secured Parties in any way to advance the balance thereof; but nevertheless the charge shall take effect forthwith upon execution of this debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Corporation to the Holder or the Secured Parties under or pursuant to any Debt Documents and otherwise owing under this debenture.

31. After-Acquired Property

The Corporation covenants and agrees that, if and to the extent that any of its right, title, estate and interest in any of the Property is not acquired until after delivery of this debenture, this debenture shall nonetheless apply thereto and the mortgages, charges, assignments, transfers, pledges and security interests in favour of the Holder hereby created shall attach to such Property, subject to Sections 8 and 9, at the same time as the Corporation acquires rights therein,

without the necessity of any further mortgage, charge, pledge, assignment, transfer, grant of security interest or assurance. The Corporation covenants and agrees to execute such further and other documentation and/or instruments in respect of any after-acquired property, at such time or times and in such form and manner as the Holder may reasonably request.

32. Intentionally Deleted

33. Conflicts – Intercreditor Agreement

- (a) This debenture is being entered into pursuant to the Collateral Trust Agreement. The lien, security interest and/or hypothec granted to the Holder pursuant to this debenture and the exercise of any right or remedy by the Holder hereunder are subject to the provisions of the Collateral Trust Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the terms of this debenture and the terms of the Collateral Trust Agreement, the terms of the Collateral Trust Agreement shall govern and be paramount and any such provision in this debenture shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Holder set out in this debenture or any part hereof which is not set out or provided for in the Collateral Trust Agreement, such additional right or remedy shall not constitute a conflict or inconsistency and the Holder shall, notwithstanding this Section 33, be entitled to exercise such rights and enforce such remedies.
- (b) Notwithstanding anything herein to the contrary, this debenture and the terms hereof are subject, in all respects, to the terms of Intercreditor Agreement, to the extent applicable hereto.

34. Amalgamation

The Corporation acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Corporation" when used herein shall apply to the amalgamated company, such that the mortgages, charges, assignments, transfers, pledges and security interests granted hereby: (i) shall extend to the "Property" (as that term is defined herein) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any Property thereafter owned or acquired by the amalgamated company; and (ii) shall secure the obligations secured of the amalgamated company at the time of amalgamation and any obligations secured of the amalgamated company thereafter arising. The mortgages, charges, assignments, transfers, pledges and security interests granted hereby shall attach to the Property owned by each company amalgamating with the Corporation and by the amalgamated company, at the time of the amalgamation, and shall attach to any Property thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired. For greater certainty, nothing in this Section 34 shall be interpreted or deemed to permit the Corporation to merge, combine, consolidate or amalgamate in any manner whatsoever with any other person or entity, except as permitted by the terms of the Debt Documents.

35. Extension of Time/Forbearance

The Holder will not be obliged to exhaust its recourse against the Corporation or any other person or against any other security it may hold in respect of the obligations secured before realizing upon or otherwise dealing with the Property in such manner as the Holder may consider desirable. The Holder may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Property to third parties and otherwise deal with the Corporation's guarantors or sureties and others and with the Property as the Holder may see fit without prejudice to the liability of the Corporation to the Holder or the Holder's rights, remedies and powers under this debenture. No extension of time, forbearance, indulgence or other accommodation now, previously or hereafter given by the Holder to the Corporation shall operate as a waiver, alteration or amendment of the Holder's rights or to otherwise preclude the Holder from enforcing such rights.

36. Power of Attorney

The Corporation hereby irrevocably constitutes and appoints each officer or director of the Holder from time to time, or of any receiver appointed (as agent of the Corporation) as provided for in this debenture, as the true and lawful attorney of the Corporation with full power of substitution in the name of the Corporation to do all such acts and things and to execute and deliver all such deeds, transfers, leases, contracts, agreements and other documents or instruments on its behalf and in its place (and the same shall bind the Corporation and have the same effect as if such documents were executed by the Corporation) and with the right to use the name of the Corporation, whenever and wherever it may be deemed necessary or expedient in the sole discretion of the Holder, in connection with carrying out the provisions of this debenture or the exercise of the rights and remedies set forth in this debenture. The Corporation hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the terms hereof. The power of attorney granted in this Section 36 may only be exercised following an Event of Default which is continuing. The Corporation hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest in favour of the Holder, is given for valuable consideration and shall remain in full force and effect until this debenture is discharged in accordance with the terms of this debenture.

37. Statutory Waivers

To the extent permitted by law, the Corporation waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a lender or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

38. Provisions Reasonable

To the fullest extent permitted by law, the Corporation acknowledges that the provisions of this debenture, and in particular those respecting the rights, remedies and powers of the Holder and any Receiver which may be exercised against the Corporation, its business and any Property upon the security hereby constituted becoming enforceable, are commercially reasonable and not manifestly unreasonable.

39. Further Assurances

At any time and all times the Corporation will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Holder shall reasonably require for the purpose of giving the Holder a valid mortgage, charge or security of the nature herein specified upon all property intended to be covered hereby, and for the better assuring, conveying, mortgaging, assigning, confirmation or charging unto the Holder all and singular the hereditament and premises, estates and property hereby mortgaged and charged, or intended so to be, in favour of the Holder.

40. Registration

The Holder shall have the right at any time and without notice to cause this debenture or notice thereof to be registered or filed in any office of public record where the Holder considers it necessary.

41. Demand or Notice

Any demand, notice to be made or given in connection with this debenture shall be duly made or given if delivered in accordance with the Collateral Trust Agreement at the addresses specified therein.

42. References

All references to articles, sections, subsections, paragraphs, subparagraphs, clauses and schedules unless otherwise specified are to articles, sections, subsections, paragraphs, subparagraphs and clauses of and schedules to this debenture.

43. Headings

The insertion of headings is for convenience of reference only and shall not affect the interpretation of this debenture.

44. Number and Gender

Words importing the singular include the plural and vice versa and words importing gender include all genders.

45. Governing Law

This debenture shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Corporation and the Holder irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and of Canada sitting in Ontario in any action or proceeding arising out of or relating to this debenture and irrevocably agree that all such actions and proceedings may be heard and determined in such courts. The Corporation and the Holder irrevocably waive, to the fullest extent possible, the defence of an inconvenient forum. The Corporation and the Holder agree that a judgement or order in any action or proceeding contemplated in this debenture may be

enforced in any jurisdiction in any manner provided by law. For greater certainty, the Holder may serve legal process in any manner permitted by law and may bring an action or proceeding against the Corporation or the property or assets of the Corporation in the courts of any jurisdiction.

46. Currency

Except where otherwise expressly provided in this debenture, all amounts in this debenture are stated and shall be paid in the lawful currency of Canada.

47. Amendment

No amendment of this debenture shall be binding unless in writing and signed by the parties.

48. Severable

If any provision of this debenture is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

49. Successors and Assigns

This debenture shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, all assignments to be in accordance with the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable. The Holder may assign, transfer and deliver to any transferee of the obligations secured or any part thereof the liability of the Corporation under this debenture and any security, documents or instruments held by the Holder in respect of this debenture and no such assignment, transfer or delivery shall release the Corporation from its liability; thereafter but subject to the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable, the Holder shall be fully discharged from all responsibility with respect to this debenture and security, documents and instruments so assigned, transferred or delivered and the permitted transferee shall be vested with the powers and rights of the Holder under this debenture and under the security, documents or instruments assigned, transferred or delivered. The Holder, however, shall retain all powers and rights with respect to any security, documents or instruments not assigned, transferred or delivered.

50. Assignment

The Corporation may not assign its obligations under this debenture except in accordance with the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable.

51. Land Registration Reform Act

The implied covenants deemed to be included in a charge under Subsection 7(1) of the *Land Registration Reform Act* (Ontario) are, to the extent inconsistent with the provisions hereof, hereby expressly excluded and replaced by the terms of this Debenture.

52. Receipt of Copy

The Corporation acknowledges receipt of a copy of this debenture and hereby waives any right it has to receive a copy of any financing statement or financing change statement with respect to any registrations made at any personal property registry pursuant hereto.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF the Corporation has caused this debenture to be executed as of the date first written above.

ABITIBI-CONSOLIDATED INC.

Per:

Name:

Allen Dea

Title:

Authorized Signatory

Per:

Name:

Jacques P. Vachon

Title:

Authorized Signatory

I/We have the authority to bind the Corporation.

SCHEDULE A**Legal Description of Owned Real Property****1stly – 56018-2246 (LT)**

BLK 2 PL SM149 MCIRVINE EXCEPT PT 1, 48R982 & PT 1, 2 & 3, 48R4138; LT 1-10, INCLUSIVE BLK 8 PL M74 MCIRVINE; PT FRONT ST TOWN PLOT ALBERTON AS CLOSED BY A57368, PT 1, 48R2964; PT UNDESIGNATED LANDS MCIRVINE PT 4, 5 & 6, 48R3453; T/W PT 1, RR144 AS IN SLT78451; T/W PT 2 & 3, 48R3287 AS IN A57698; S/T A26494, A57784, A59917; T/W EASEMENT OVER PT BLK 2 PL SM149 MCIRVINE PT 3, 48R4138, PT 1 & 2, 48R4169 AS IN RD9877 ; S/T EASEMENT OVER PT 4, 5 & 6, 48R4138 IN FAVOUR OF PT BLK 2 PL SM1 49 MCIRVINE PT 1, 2 & 3, 48R4138 AS IN RD9878; S/T EASEMENT OVER PT 5, 7 & 8, 48R4138 IN FAVOUR OF PT BLK 2 PL SM149 MCIRVINE PT 1, 2 & 3, 48R4138 AS IN RD9879; S/T EASEMENT IN FAVOUR OF PT BLK 2 PL SM149 MCIRVINE PT 1, 2 & 3, 48R4138 AND BLK 1 PL SM149 MCIRVINE AS IN RD9880; T/W EASEMENT OVER BLK 1 PL SM149 MCIRVINE AS IN RD9881; T/W EASEMENT OVER PT BLK 2 PL SM149 MCIRVINE PT 1, 2 & 3, 48R4138 AS IN RD9882; S/T EASEMENT OVER PT 1 & 2, 48R4167 IN FAVOUR OF PT BLK 2 PL 149 MCIRVINE PT 1, 2 & 3, 48R4138 AND BLK 1 PL SM149 MCIRVINE AS IN RD9883; T/W EASEMENT OVER BLK 1 PL SM149 MCIRVINE AS IN RD9884; S/T EASEMENT OVER PT 9, 48R4140 IN FAVOUR OF BLK 1 PL SM149 MCIRVINE AS IN RD9885; T/W EASEMENT OVER PT BLK 1 PL SM149 MCIRVINE PT 19, 48R4140 AND PT 2, 5, 6 & 8, 48R4168 AS IN RD9886; FORT FRANCES.

2ndly – 56019-0520 (LT)

PCL BLK 1-2 SEC SM149; BLK 3 PL SM149 MCIRVINE EXCEPT SLT45041; FORT FRANCES

3rdly – 56018-0083 (LT)

PCL 25754 SEC RAINY RIVER; PT UNDESIGNATED LANDS MCIRVINE PT 1, 2 & 3, 48R3453; PT FRONT ST TOWN PLOT ALBERTON PT 1, 48R3320 CLOSED BY BYLAW 35 REGISTERED AS A57368; S/T EASE OVER PT 2, 48R3453 AS IN A57784; S/T EASEMENT OVER PT 3, 48R4167 IN FAVOUR OF PT BLK 2 PL SM149 MCIRVINE PT 1, 2 & 3, 48R4138 AND BLK 1 PL SM149 MCIRVINE AS IN RD9883; S/T EASEMENT OVER PT 4, 5, 6, 7 & 8, 48R4140 IN FAVOUR OF BLK 1 PL SM149 A S IN RD9885; FORT FRANCES

4thly – 56018-2027 (LT)

PCL 1-2 SEC ALBTP; LOTS 1-11 TOWN PLOT ALBERTON; LOTS 17-55 TOWN PLOT ALBERTON EXCEPT PT 6 48R1559; LOTS 95-114 TOWN PLOT ALBERTON EXCEPT PT 3 48R1559; LOTS A, B, C, D, F, G, H TOWN PLOT ALBERTON; PT LOTS I & L TOWN PLOT ALBERTON PT 2 48R832; EXCEPT PT 1 48R3292; PT LOTS I, J & L TOWN PLOT ALBERTON PARTS 3, 4, 5, 6, 7, 10, 11, 12, 13, 16 & 17 48R832; BLK X IN FRONT OF TOWN PLOT ALBERTON; WATER POWER PCL NO.3 ALBERTON; WATER LOT Z ALBERTON ABOVE THE FALLS; FRONT STREET TOWN PLOT ALBERTON LYING S OF THE S LIMIT OF CHURCH ST & W LIMIT VICTORIA AV EXCEPT PT 1 48R2985 CLOSED BY BYLAW AS IN A47536, FF1568, FF532; PARTS 1 -9 48R3451 CLOSED BY BYLAW AS IB A57368; PT FRONT ST COMMENCING AT THE NWLY ANGLE LT H TOWN PLOT ALBERTON, THENCE DUE W ALONG THE WLY PRODUCTION OF THE

DEBENTURE – FORT FRANCES

NLY LIMIT OF LT H 73.81 FT MORE OR LESS TO THE WLY LIMIT I F FRONT ST
THENCE S 26 DEGREES 37' E ALONG THE WLY LIMIT OF FRONT ST 5 6.73 FT,
THENCE N 63 DEGREES 34' E 66 FT TO THE ELY LIMIT OF FRONT ST SAID ELY
LIMIT BEING THE WLY LIMIT OF LT H, THENCE N 26 DEGREES 26' W ALONG THE
ELY LIMIT OF FRONT ST 23.87 FT MORE OR LESS TO THE POC; MOWAT AV TOWN
PLOT ALBERTON LYING S OF THE S LIMIT OF NELSON ST, CLOSED BY BYLAW
SLT94643, SLT91464, A57369, A57370; PORTAGE AV TOWN PLOT ALBERTON LYING
S OF THE S LIMIT OF SINCLAIR ST CLOSED BY BYLAW AS IN FF532; SINCLAIR ST
TOWN PLOT ALBERTON LYING W OF THE W LIMIT OF PORTAGE AV CLOSED BY
BYLAW AS IN FF532; HOLLAND ST TOWN PLOT ALBERTON CLOSED BY BYLAW
FF532; NELSON ST TOWN PLOT ALBERTON LYING W OF THE W LIMIT OF MOWAT
AV CLOSED BY BYLAW FF532; SRO LOCATION FD 289 ALBERTON BEING PT OF
THE BED OF RAINY RIVER IN FRONT OF FRONT ST, PT 1 48R3212; PT LOCATION FD
306 ALBERTON BEING PT OF THE BED OF RAINY RIVER IN FRONT OF FRONT ST, PT
1 48R3287; EXCEPT PARTS 1 & 2, 48R3873, FREEHOLD; T/W EASEMENT OVER PT
BLK 2 PL SM149 MCIRVINE PT 3, 48R4138, PT 1 & 2, 48R4169 AS IN RD9877; T/W
EASEMENT OVER BLK 1 PL SM149 MC IRVINE AS IN RD9881; T/W EASEMENT OVER
PT BLK 2 PL SM149 MCIRVINE PT 1, 2 & 3, 48R4138 AS IN RD9882; S/T EASEMENT
OVER PT 4 & 5, 48R4167 I N FAVOUR OF PT BLK 2 PL SM149 MCIRVINE PT 1, 2 & 3,
48R4138 AND BLK 1 PL SM149 MCIRVINE AS IN RD9883; T/W EASEMENT OVER BLK
1 PL SM149 MCIR VINE AS IN RD9884; S/T EASEMENT OVER PT 13 & 14, 48R4140 IN
FAVOUR OF BLK 1 PL SM149 MCIRVINE AS IN RD9885; T/W EASEMENT OVER PT
BLK 1 PL SM149 MCIRVINE PT 19, 48R4140 AND PT 2, 5, 6 & 8, 48R4168 AS IN RD9886 ;
FORT FRANCES

5thly – 56018-0107 (LT)

PCL 211-3 SEC ALBTP; LT 214 TOWN PLOT ALBERTON; LT 215 TOWN PLOT
ALBERTON; LT 216 TOWN PLOT ALBERTON; LT 217 TOWN PLOT ALBERTON PT 2 &
3 48R2355; LT 219 TOWN PLOT ALBERTON PT 7 & 8 48R2355; PT LT 218 TOWN PLOT
ALBERTON PT 5 & 6 48R2355; PT LT 220 TOWN PLOT ALBERTON PT 9 & 10 48R2355;
FORT FRANCES

6thly – 56018-0110 (LT)

PCL 220-1 SEC ALBTP; LT 221 TOWN PLOT ALBERTON; PT LT 222 TOWN PLOT
ALBERTON; PT LT 220 TOWN PLOT ALBERTON AS IN SLT52592 EXCEPT PT 10,
48R2355; FORT FRANCES

7thly – 56018-0109 (LT)

PCL 218-3 SEC ALBTP; FIRSTLY; PT MOWAT AVENUE TOWN PLOT ALBERTON
FROM S LIMIT CHURCH ST TO S LIMIT PT MOWAT AV ABUTTING LT 218 CLOSED
BY A78624 PT 5, 48R3853; SECONDLY; PT LT 218 TOWN PLOT ALBERTON CLOSED
BY A78624 PT 6, 48R3853; THIRDLY; PT NELSON STREET TOWN PLOT ALBERTON
CLOSED BY A78624 PT 7 & 8, 48R3853; S/T A40222, A78815; FORT FRANCES

8thly – 56018-0113 (LT)

PCL 222-3 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON BEING THE WEST 50 FEET
IN PERPENDICULAR DEPTH; FORT FRANCES

9thly - 56018-0168 (LT)

PCL I-2 SEC ALBTP; FIRSTLY; PT LT I TOWN PLOT ALBERTON; PT LT J TOWN PLOT ALBERTON; LT K TOWN PLOT ALBERTON; PT LT L TOWN PLOT ALBERTON; PT FRONT ST TOWN PLOT ALBERTON CLOSED BY BYLAW AS IN A47536, PT 1 & 2 48R3873 SECONDLY; PT FRONT ST CLOSED BY BYLAW AS IN FF1844 PT 3 48R3873 THIRDLY; LT K CLOSED BY BYLAW AS IN A78624 PT 1 & 2 48R3853; FOURTHLY, PT CHURCH ST TOWN PLOT ALBERTON CLOSED BY BYLAW AS IN A78624 PT 3 48R3853 FIFTHLY; PT LT L CLOSED BY BYLAW AS IN A78624 PT 4 & 10, 48R3853 SIXTHLY; PT FRONT ST CLOSED BY BYLAW AS IN A78624 PT 9, 48R3853; FORT FRANCES

10thly - 56018-2016 (LT)

PCL 211-3 SEC ALBTP; LT 223 TOWN PLOT ALBERTON; LT 224 TOWN PLOT ALBERTON; FORT FRANCES

11thly - 56018-0114 (LT)

PCL 222-4 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON BEING THE EAST 24 FEET OF THE WEST 100 FEET; FORT FRANCES

12thly - 56018-0111 (LT)

PCL 222-1 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON AS IN SLT5934; FORT FRANCES

13thly - 56018-0112 (LT)

PCL 222-2 SEC ALBTP; PT LT 222 TOWN PLOT ALBERTON BEING THE EAST 30 FEET IN PERPENDICULAR DEPTH; FORT FRANCES

14thly - 56018-0312 (LT)

PCL 53-1 SEC ALBTP; PT LT 112 TOWN PLOT ALBERTON PT 3 48R1559; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD8744; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD8745; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD87 46; S/T EASEMENT OVER PART 3, 48R1559 AS IN RD8747; FORT FRANCES

15thly - 56018-2243 (LT)

PART OF SINCLAIR STREET AND PART OF PORTAGE AVENUE TOWN PLOT OF ALBERTON PART 1, 48R4149; FORT FRANCES S/T EASEMENT OVER PART 1, 48R4149 AS IN RD8744; S/T EASEMENT OVER PART 1, 48R4149 AS IN RD8745; S/T EASEMENT OVER PART 1, 48R4149 AS IN RD87 46; S/T EASEMENT OVER PART 1, 48R4149 AS IN RD8747; FORT FRANCES

16thly - 56018-2007 (LT)

PCL 53-1 SEC ALBTP; PT LT 93 TOWN PLOT ALBERTON PT 4, 48R1559; S/T EASEMENT OVER PART 4, 48R1559 AS IN RD8744; S/T EASEMENT OVER PART 4, 48R1559 AS IN RD8746; S/T EASEMENT OVER PART 4, 48R1559 AS IN RD87 47; FORT FRANCES

17thly - 56018-0345 (LT)

PCL 89-3 SEC ALBTP; LT 89 TOWN PLOT ALBERTON EXCEPT E 44 FT; LT 90 TOWN PLOT ALBERTON; LT 91 TOWN PLOT ALBERTON; LT 92 TOWN PLOT ALBERTON; LT

DEBENTURE - FORT FRANCES

93 TOWN PLOT ALBERTON EXCEPT PT 4 48R1559; LT 94 TOWN PLOT ALBERTON;
LT 115 TOWN PLOT ALBERTON SURFACE RIGHTS ONLY; LT 116 TOWN PLOT
ALBERTON; LT 117 TOWN PLOT ALBERTON; LT 118 TOWN PLOT ALBERTON; LT 119
TOWN PLOT ALBERTON; W 16 FT LT 120 TOWN PLOT ALBERTON; FORT FRANCES

18thly - 56018-0169 (LT)

PCL 120-1 SEC ALBTP; PT LT 120 TOWN PLOT ALBERTON AS IN A64149; FORT
FRANCES

19thly - 56018-0170 (LT)

PCL 120-2 SEC ALBTP; PT LT 120 TOWN PLOT ALBERTON; PT LT 121 TOWN PLOT
ALBERTON AS IN SLT52343; FORT FRANCES

20thly - 56018-0171 (LT)

PCL 121-1 SEC ALBTP; PT LT 121 TOWN PLOT ALBERTON; PT LT 122 TOWN PLOT
ALBERTON AS IN SLT20522; FORT FRANCES

21stly - 56018-0172 (LT)

PCL 122-1 SEC ALBTP; PT LT 122 TOWN PLOT ALBERTON; PT LT 123 TOWN PLOT
ALBERTON; PT LT 124 TOWN PLOT ALBERTON AS IN A61174 & SLT59568; FORT
FRANCES

22ndly - 56018-2222 (LT)

LT 88 TOWNPLOT ALBERTON MCIRVINE; FORT FRANCES

23rdly - 56018-0344 (LT)

PCL 89-2 SEC ALBTP; PT LT 89 TOWN PLOT ALBERTON AS IN SLT49908; FORT
FRANCES

24thly - 56018-2008 (LT)

PCL 53-1 SEC ALBTP; PT LT 53 TOWN PLOT ALBERTON PT 6, 48R1559; S/T
EASEMENT OVER PART 6, 48R1559 AS IN RD8744; S/T EASEMENT OVER PART 6,
48R1559 AS IN RD8745; S/T EASEMENT OVER PART 6, 48R1559 AS IN RD87 46; S/T
EASEMENT OVER PART 6, 48R1559 AS IN RD8747; FORT FRANCES

SCHEDULE B

DEFINITIONS

In the attached debenture:

"affiliate" has the meaning given to the term Affiliate in the Indenture.

"Assigned Benefits" has the meaning given to it in Section 14(b) of this debenture.

"Business Day" has the meaning ascribed thereto in the Indenture.

"Canadian Security Agreement" means the agreement dated as of April 1, 2008 in favour of Wells Fargo Bank, National Association, in its capacity as collateral trustee for the benefit of the Secured Parties (together with its successors and assigns in such capacity), granted by Abitibi-Consolidated Company of Canada (together with its successors and assigns), as Issuer, and by each of the Grantors thereto as defined therein.

"CIPO" means the Canadian Intellectual Property Office.

"Collateral" means the property and assets subject to the fixed and specific mortgage and charge contained in Sections 4(a), 4(b) and 4(c) of this debenture.

"Collateral Records" means books, records, ledgers, files, correspondence, customer lists, supplier lists, blueprints, technical specifications, manuals, computer software and related documentation, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Property or are otherwise necessary or helpful in the collection or use thereof or realization thereupon.

"Collateral Support" means any personal property or right, title or interest therein assigned, hypothecated or otherwise securing any Property or the payment or performance thereof, including any security agreement or other agreement granting a lien or security interest in such personal property.

"Collateral Trust Agreement" means the collateral trust agreement dated as of April 1, 2008 by and among Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, the other guarantors from time to time party thereto Wells Fargo Bank, National Association as the trustee under the Indenture, and the Holder, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Contracts" means any contracts, agreements, indentures, licences, commitments, entitlements, consents, permits, engagements or other arrangements, including any investment with or interest in any person which does not constitute Pledged Investment Property, whether written or unwritten, to which the Corporation is now or subsequently a party or has a benefit, right, or in which the Corporation now has or subsequently acquires an interest.

"Copyrights" means all of the following (a) all copyrights and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in

any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Corporation" has the meaning given to it in Section 1 of this debenture.

"Debt Documents" has the meaning given to the term Fixed Asset Debt Documents in the Collateral Trust Agreement.

"Default" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"Designs" means all of the following: (a) all industrial designs and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Documents of Title" means all or any part of any documents of title, whether negotiable or non-negotiable, including all warehouse receipts and bills of lading, in which the Corporation now or subsequently has an interest.

"Equipment" has the meaning ascribed thereto in the *Personal Property Security Act* (Ontario).

"Event of Default" has the meaning given to the term Fixed Asset Debt Default in the Collateral Trust Agreement.

"Fixed Asset Collateral Account" means any "Collateral Proceeds Account" (as defined in the Indenture) established by the Corporation pursuant to the Indenture.

"Fixed Asset Collateral Insurance" means all insurance policies covering any or all of the Property.

"Governmental Authority" means any federal, state, provincial, municipal, national or other government, governmental department, commission, board, bureau, court, agency, tribunal or instrumentality or political subdivision thereof or any entity, officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, a province of Canada, Canada, or a foreign entity or government.

"Holder" means Wells Fargo Bank, National Association, in its capacity as collateral trustee for and on behalf of the Secured Parties, together with its successors and permitted assigns.

"Indenture" has the meaning given to it in the Collateral Trust Agreement.

"Intellectual Property Rights" means all rights in, arising out of, or associated with Copyrights, Designs, Patents, Trade-marks and trade secrets, whether registered or not or the subject of a pending application for registration, that are now or in the future owned by or licensed to the Corporation.

"Lien" has the meaning given to it in the Indenture.

"Obligations" has the meaning given to the term Fixed Asset Debt Obligations in the Collateral Trust Agreement.

"obligations secured" has the meaning given to it in Section 3 of this debenture.

"Other Parties" or **"Other Party"** has the meaning given to it in Section 15(b)(i) of this debenture.

"Other Province" has the meaning given to it in Section 46 of this debenture.

"Owned Real Property" has the meaning given to it in Section 4(a) of this debenture.

"Patents" means all of the following: (a) all letters patent of invention and all applications for letters patent, all design patents and all registrations and recordings thereof, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or political subdivision thereof, and (b) all reissues, continuations, continuations-in-part, extensions, divisions, and re-examinations thereof.

"Permitted Liens" has the meaning given to it in the Indenture.

"Pledged Investment Property" has the meaning given to it in the Canadian Pledge and Security Agreement made as of April 1, 2008 granted by the Corporation and others to the Holder.

"Principal Sum" means \$900,000,000.00 dollars in lawful money of Canada.

"Proceeds" means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Property and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.

"Property" means the Collateral.

"receiver's certificates" has the meaning given to it in Section 20(g) of this debenture.

"Secured Parties" has the meaning given to it in the Collateral Trust Agreement.

"Third Party Leases" has the meaning given to it in Section 4(c) of this debenture.

"Trade-marks" means all of the following: (a) all trade-marks, trade names, corporate names, business names, brands and brand names, trade dress, uniform resource locators, domain names, tag lines, designs, graphics, logos and other commercial symbols or business identifiers or indicia of origin, (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.



TAB F

**THOROLD PAPER MILL
(INSTRUMENT No. SN202618)**

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 30

Properties

PIN	64055 - 0545 LT	Interest/Estate	Fee Simple
Description	PART OF TOWNSHIP LOTS 27, 28, 29, 45, 46 & 47 THOROLD AND RDAL BTN TWP LOTS 28 & 46 THOROLD, PART OF RDAL BTN LOTS 27 & 45 THOROLD, PART OF RDAL BTN LOTS 29 & 47 THOROLD, PART OF RDAL BTN LOTS 28 & 29 THOROLD, PART OF RDAL BTN LOTS 46 & 47 THOROLD, CLOSED BY BYLAWS DB877, TH1145, TH6874, RO277029 AND UNREGISTERED BYLAW 173 DESIGNATED AS PARTS 1 & 5 ON PLAN 59R2381 & PART 1 ON PLAN 59R3181 EXCEPT PT 1, 30R12060; THOROLD; S/T RO408819 & RO775808; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PART 2 PLAN 30R12081 AS IN SN172896; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 1, 2, 3 & 4 PLAN 30R12080 AS IN SN172897; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 3, 4, 7 & 8 PLAN 30R12080 AS IN SN172898; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 2, 3, 10 & 11 PLAN 30R12080 AS IN SN172899; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 3, 11, 12, 13, 14, 15 & 16 PLAN 30R12080 AND PARTS 2 & 3 PLAN 30R12083 AS IN SN172718; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 3, 11, 12, 13, 14, 15 & 16 PLAN 30R12080 AND PARTS 1 & 3 PLAN 30R12083 AS IN SN172719; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 13, 14 & 15 PLAN 30R12080 AS IN SN172720; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN SN170100 OVER PARTS 2, 3, 4, 5, 6, 7 & 9 PLAN 30R12080 AS IN SN172839; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER THE WHOLE PIN AS IN SN172858; S/T EASE OVER PTS 1 & 5, 59R2381 & PT 1, 59R3181 EXCEPT PT 1, 30R12080 IN FAVOUR OF PT TWP LT 47 THOROLD, PT 1, 59R12080 AS IN SN181495.		
Address	THOROLD		
PIN	64055 - 0547 LT	Interest/Estate	Fee Simple
Description	PT TWP LT 47 THOROLD PART 1 30R12060; THOROLD		
Address	THOROLD		
PIN	64056 - 0526 LT	Interest/Estate	Fee Simple
Description	PT TWP LT 47 THOROLD PART 4, 59R2381; THOROLD; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PT 4, 59R2381 AS IN SN172700.		
Address	THOROLD		
PIN	64056 - 0043 LT	Interest/Estate	Fee Simple
Description	LTS 362, 363, 364, 365, 366, 363 & 364, PL 656; THOROLD		
Address	THOROLD		
PIN	64055 - 0366 LT	Interest/Estate	Fee Simple
Description	PT TWP LT 27 THOROLD PT 2 59R2381; THOROLD		
Address	THOROLD		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1508766 ONTARIO INC.
Address for Service 1155 Metcalfe Street
Suite 800
Montreal, Quebec
H3B 5H2

I, Allen Dea, and I, Pierre Rougeau, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)

Capacity

Share

Name WELLS FARGO BANK, NATIONAL ASSOCIATION
Address for Service Wells Fargo Bank, N.A.
Corporate Trust Services
213 Court Street, Suite 703
Middletown, CT 06457

Provisions

Principal \$ 900,000,000.00 Currency CDN
Calculation Period
Balance Due Date
Interest Rate 25.0%
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms
Insurance Amount full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Kimberley Anne Newman

Commerce Court West, Suite 5300 acting for
Toronto Chargeor(s)
M5L 1B9

Signed 2008 04 01

Tel 4168695500

Fax 4169470868

Submitted By

STIKEMAN ELLIOTT

Commerce Court West, Suite 5300
Toronto
M5L 1B9

2008 04 01

Tel 4168695500

Fax 4169470868

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$80.00

File Number

Chargeor Client File Number : 1108951

Chargee Client File Number : 041053-1169

DEMAND DEBENTURE

1508756 ONTARIO INC.

PRINCIPAL SUM: CDNS900,000,000.00

DATE: April 1, 2008

1. Acknowledgement and Promise to Pay

1508756 Ontario Inc. (the "Corporation"), a corporation organized under the laws of Ontario, for value received, hereby acknowledges itself indebted to the Holder, and certain others from time to time as provided in this debenture, and promises: (i) to pay on demand the Principal Sum to or to the order of the Holder, in lawful money of Canada; and (ii) to perform the obligations secured. The Corporation hereby expressly waives presentment for payment, notice of non-payment and protest. The Corporation promises to pay, upon demand being made in accordance with Section 13, interest in like money on the amount of the Principal Sum outstanding from time to time and on all other amounts from time to time owing hereunder at the rate of 25% *per annum*, such interest to accrue on a daily basis and to be calculated and payable monthly on the first business day of each and every month, commencing on the first Business Day of the month following the date of this debenture. Such interest will be payable both before and after maturity, demand, default and judgement. The Corporation promises to pay interest, on demand, at the same rate, on overdue interest, calculated and payable monthly, not in advance on the first business day of each and every month until paid.

2. Place of Payment

The Corporation promises to pay the Principal Sum, interest and all other amounts from time to time owing hereunder at the office of the Holder set out in the Collateral Trust Agreement or at such other place as the Holder may designate by notice to the Corporation.

3. Continuing Security

This debenture secures: (i) the prompt payment, as and when due and payable, of all Obligations and the strict payment, performance and observance by the Corporation to the Holder and the Secured Parties of all agreements, warranties, representations, covenants, conditions, debts, liabilities and obligations, including revolving indebtedness to the extent applicable, present or future, direct or indirect, absolute or contingent, matured or not, whether from time to time reduced and thereafter increased, or entirely extinguished and thereafter incurred again, now or at any time and from time to time due or owing by the Corporation in any currency and whether incurred by the Corporation alone or with another or others and whether as principal or surety, made pursuant to this debenture or any other Debt Document between the Corporation and the Holder or any Secured Party, in each case as now in effect or subsequently entered into, amended, reinstated, supplemented, renewed, extended or replaced from time to time; and (ii) all interest, commissions, reasonable fees, (including reasonable receiver's fees), reasonable legal costs (on a solicitor and its own client basis) and other reasonable costs, charges and expenses incurred by the Holder with respect to the debts, liabilities and obligations referred to above (all of the foregoing being herein collectively called the "obligations secured").

4. Security

As continuing security for the due and punctual payment of the Principal Sum, interest, overdue interest and all other obligations secured, and the performance by the Corporation of all its obligations under this debenture and any other Debt Document to which it is a party, the Corporation does hereby:

- (a) create a security interest in and grant, mortgage, assign, transfer, hypothecate and charge as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, all the right, title, estate, interest and benefit of the Corporation, present and future, in, to, under or in respect of the real and immovable property described in Schedule A and all real and immoveable property acquired by the Corporation after the date hereof by the Corporation (the "Owned Real Property"), together with all rights and interest therein, now owned or hereafter acquired by the Corporation including, without limitation, all licences, easements, rights-of-way, privileges, benefits, immunities, rights and options connected therewith and/or appertaining thereto and all amendments thereto, replacements thereof and substitutions therefor from time to time, and all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment at present situate thereon or therein or which may at any time hereafter be constructed or brought or placed thereon or therein or used in connection therewith, including in each and all cases any greater or other right, title and interest therein or in any part thereof which the Corporation may acquire and hold during the currency of this debenture;
- (b) create a security interest in and mortgage, assign, transfer and charge as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, its successors and assigns all the right, title, estate, interest and benefit of the Corporation, if any, in, to, under or in respect of all present and future:
 - (i) Equipment;
 - (ii) Intellectual Property Rights;
 - (iii) Fixed Asset Collateral Insurance;
 - (iv) Pledged Securities (as that term is defined in the Canadian Security Agreement);
 - (v) each Fixed Asset Collateral Account and all property deposited therein;
 - (vi) to the extent not otherwise included above, all Documents of Title, Contracts, Collateral Records and Collateral Support directly and to the extent relating to the Owned Real Property and any of the foregoing;
 - (vii) all Proceeds of the Owned Real Property or any of the foregoing received by the Corporation prior to the occurrence of an Event of Default (or following the cure and/or waiver thereof), but only so long as such Proceeds are held in the Fixed Asset Collateral Account;

- (viii) all Proceeds of the Owned Real Property or any of the foregoing received by the Corporation after the occurrence of and during the continuance of an Event of Default;

including in each and all cases any greater right, title and interest therein or in any part thereof which the Corporation may acquire and hold during the currency of this debenture; and

- (c) create a security interest in and subject to the exception set out in Section 8 hereof, assign, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a general assignment of all of its right, title, estate and interest present and future, in and to:
 - (i) any and all existing or future leases, subleases, agreements to lease or sublease or other occupancy or tenancy agreements relating to the whole or any part of the Owned Real Property and all existing or future licenses or concessions whereby any person is given the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Owned Real Property and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into (collectively the "Third Party Leases"), and all benefits, powers and advantages of the Corporation to be derived therefrom and all covenants, obligations and agreements of the tenants thereunder;
 - (ii) all rents and other moneys now due and payable or hereafter to become due and payable under the Third Party Leases, and each guarantee of or indemnity in respect of the obligations of the tenants thereunder with full power to demand, sue for recovery, receive and give receipts for all such rents and other moneys and otherwise to enforce the rights of the Corporation thereto in the name of the Corporation;
 - (iii) any and all existing or future agreements, contracts, licenses, permits, plans and specifications, bonds, letters of credit, letters of guarantee or other documents or instruments affecting or relating to the servicing or development of the Owned Real Property or any part or parts thereof or the construction, use, operation or maintenance of buildings, erections, structures, improvements and fixtures thereon and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into and all benefit, power and advantage of the Corporation to be derived therefrom;
 - (iv) any and all existing or future agreements of purchase and sale, options to purchase and mortgage, loan or other financing commitments relating exclusively to the Owned Real Property or any part or parts thereof and all proceeds and other moneys now due and payable or hereafter to become due and payable thereunder and all benefit, power and advantage of the Corporation to be derived therefrom; and

- (v) all proceeds of and from any and all existing or future insurance policies in respect of property damage and business interruption insurance pertaining to the Collateral and all proceeds of expropriation or similar taking of the Owned Real Property or any part or parts thereof and all benefit, power and advantage of the Corporation to be derived therefrom.

5. Habendum

TO HAVE AND TO HOLD the Property and all rights hereby conferred to the Holder forever for the uses and purposes and with the powers and authorities and subject to the terms and conditions herein set forth.

6. Definitions

Unless otherwise provided, the capitalized terms used in this debenture shall have the meanings ascribed to them in Schedule B.

7. Attachment

The Corporation acknowledges that value has been given. Subject to Section 31, the security interests created by this debenture are intended to attach when this debenture is executed by the Corporation and delivered to the Holder or in the case of after-acquired property, when the Corporation has rights or any interest in such property.

8. Reservation of Last Day of Lease

The last day of any term of years reserved by any Third Party Lease or any extension or renewal thereof, oral or written, or any agreement therefor, now held or hereafter acquired by the Corporation, is hereby excepted out of the security created hereby or by any other instrument supplemental hereto and does not and shall not form part of the Property charged hereby or by any such other instrument, but the Corporation shall stand possessed of the reversion remaining in the Corporation of any interest therein for the time being demised as aforesaid, upon trust to assign and dispose thereof as the Holder shall direct; and upon any sale of such interest, or any part thereof, the Holder for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or other writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in the place of the Corporation and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

9. Excluded Collateral and Consents

Nothing herein shall constitute an assignment, mortgage, charge or security interest or attempted assignment, mortgage, charge or security interest of or in any contract, agreement, intellectual property license or permit which by the provisions thereof or by law is not assignable, or cannot be made the subject of a mortgage, charge or security interest or which requires the consent of a third party to its assignment or being made subject to a mortgage, charge or security interest, unless such consent has been obtained. In each such case, the Corporation shall, unless the Holder otherwise agrees in writing, use best efforts to obtain the consent of any necessary third

party to its assignment hereby and to its further assignment by the Holder to any third party who may acquire same as a result of the exercise by the Holder of remedies after demand. Upon such consent being obtained or waived, this debenture shall apply to the applicable contract, agreement, license or permit without regard to this section and without the necessity of any further assurance to effect the assignment thereof. Unless and until such consent is obtained as provided above, the Corporation shall, to the extent it may do so by law or pursuant to the provisions of the document or interest referred to therein, hold all right, title, estate, interest and benefit to be derived from the applicable contracts, agreements, licenses or permits in trust for the Holder, (including, without limitation, the Corporation's beneficial interest in any contract, agreement, license or permit which may be held in trust for the Corporation by a third party) as additional security for payment of the obligations secured and shall deliver up all such benefit to the Holder, forthwith upon demand by the Holder.

10. Representations and Warranties of the Corporation

The Corporation represents and warrants to the Holder for the benefit of the Holder and the Secured Parties that:

- (a) the Corporation has all requisite corporate power and authority to execute, deliver and perform its obligations under this debenture;
- (b) the Corporation has good and marketable title in fee simple to all Owned Real Property and good and marketable rights in and title to all other Property owned by it, in each case free and clear of all Liens other than Permitted Liens, and the Permitted Liens do not materially affect the value of any such property and do not interfere with the use made and proposed to be made of any such property by the Corporation and its affiliates;
- (c) the Corporation has direct legal access to a municipal right-of-way and otherwise have such rights of entry and exit to and from all Owned Real Property as is reasonably necessary to carry on the use and proposed use to be made of the Owned Real Property by the Corporation and its affiliates;
- (d) the Owned Real Property is fully serviced to a level sufficient to permit the use made and proposed to be made of the Owned Real Property by the Corporation and its affiliates;
- (e) the uses made and proposed to be made by the Corporation and its affiliates of all Owned Real Property are permitted under current zoning and land use regulations and laws;
- (f) all municipal levies, royalties, local improvements, imposts and permit fees due and payable in respect of the Owned Real Property have been paid;
- (g) the Corporation has been duly organized and is validly existing under the laws of the province of Ontario, with power and authority (corporate and other) to own or lease its properties and conduct its business, and has been duly qualified as a foreign or extra-provincial corporation or other business entity for the transaction of business and is in good standing under the laws of each other jurisdiction in

which it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

- (h) this debenture has been duly authorized, executed and delivered by the Corporation and will constitute the valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, arrangement, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (i) this debenture is effective to grant and create, in favor of the Holder, for the benefit of each present and future Secured Party, a valid and enforceable first lien and charge on the Property (including all lands, buildings and improvements comprising the paper mill plant in Thorold, Ontario), and when this debenture is registered or filed for record and recorded in the applicable filing office or registry office, the security interest and/or charge of the Holder in the Property will create a first priority lien and charge, duly perfected on the Property, including all lands, buildings and improvements comprising the paper mill plant in Thorold, Ontario;
- (j) (i) the Corporation has not received notice of nor is it aware of any outstanding breach of any by-laws or local authority or statutory requirements or covenants relating to the Owned Real Property, (ii) the Corporation has not received notice of nor is aware of any outstanding breach of covenant as regards any Owned Real Property, (iii) there is no covenant, restriction, burden, stipulation or outgoing (other than usual business outgoings) affecting any Owned Real Property which is of an onerous or unusual nature (either generally or in the context of the present use of such property) or which affects or may affect the conduct of its existing business at or from such property or its value nor is there any reason why any such matters should not continue to be complied with, and (iv) the Owned Real Property is held free from any tenancies, subtenancies or licences to occupy, in each case which could materially adversely affect the value, saleability or use of any such property; and
- (k) neither the Corporation nor any of its affiliates is (i) in violation of its charter, articles, by-laws, operating agreement or other organizational document, (ii) in default in the performance or observance of any obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or (iii) in violation of any law, statute or any judgment, order, rule or regulation of any court or arbitrator or Governmental Authority.

The foregoing representations and warranties shall survive for so long as any of the obligations secured remain unpaid and, notwithstanding any investigation made by or on behalf of the Holder or the Secured Parties, shall continue in full force and effect for the benefit of the Holder or the Secured Parties until this debenture has been discharged.

11. Certain Covenants of Mortgagor

The Corporation shall:

- (a) pay and perform the obligations secured in full as and when the same shall become due and when they are required to be performed;
- (b) keep in effect all rights and appurtenances to or that constitute a part of the Property and protect, preserve and defend its interest in the Property and title thereto;
- (c) shall keep the Property in good order, condition and repair;
- (d) shall not use the Property in violation of this debenture or any other agreement relating to the Property or any policy insuring the Property or any applicable statute, law, by-law, rule, regulation, court order or ordinance;
- (e) shall promptly notify the Holder of:
 - (i) any claim, Lien, charge, security interest or other encumbrance made or asserted against any of the Property, and
 - (ii) any suit, action or proceeding affecting any of the Property which could affect the Corporation,

and the Corporation shall, at its own expense, defend the Property against any and all such claims, liens, charges, security interests or other encumbrances and against any and all such suits, actions or proceedings;

- (f) shall prevent the Property from becoming an accession to any property other than the Property or from becoming a fixture unless the charges and security interests created in this debenture rank prior to the interests of all other persons in the applicable realty;
- (g) shall, at the request of the Holder, mark, or otherwise take appropriate steps to identify, the Property to indicate clearly that it is subject to the charges and security interests created pursuant to this debenture;
- (h) will not transfer, assign, sell, lease or otherwise dispose of any Property or any interest therein except in accordance with the terms of the Debt Documents;
- (i) except for the Permitted Liens or otherwise in accordance with the terms of the Debt Documents, the Corporation shall not create, assume or suffer to exist any Lien in, on or of any of the Property;

- (j) promptly pay when due all amounts which are payable by it relating to the Property howsoever arising, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties and shall provide the Holder with evidence of such payment upon request;
- (k) shall give immediate written notice to the Holder of all loss or damage to or loss of possession of the Property otherwise than by disposition in accordance with the terms of this debenture;
- (l) carry on and conduct business in a proper and efficient manner so as to protect and preserve the Property;
- (m) shall at all times keep accurate and complete records of the Property as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied and shall permit the Holder or its authorized agent to have access to all premises occupied by the Corporation or any place where the Property may be found to inspect the Property and to examine the books of accounts, financial records and reports of the Corporation and to have temporary custody of, make copies of and take extracts from such books, records and reports;
- (n) shall grant to the Holder and its agents the right to inspect the Property and review and copy any and all information and data relating to the Property or to any other transactions between the parties hereto wherever and however such data may be stored and in the event that the use of a computer system is required to access any information and data which the Holder is entitled to access and examine hereunder, the Corporation shall allow the Holder the use of its computer system for such purpose and shall provide assistance in that regard (If for any reason the said information and data cannot be accessed and retrieved at the Corporation's premises the Holder may remove the medium in which such information or data is stored from the Corporation's premises to any other place which has a computer system that will give the Holder the opportunity to retrieve, record or copy such information and data)(The Holder shall be entitled to reproduce and retain a copy of any such information and data in any format whatsoever);
- (o) shall deliver to the Holder promptly upon request:
 - (i) all computer software, tapes, discs, drums and cards, all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Property or the Corporation's business for the purpose of inspecting, auditing or copying the same;
 - (ii) all financial statements prepared by or for the Corporation regarding the Corporation's business;
 - (iii) all policies and certificates of insurance relating to the Property;

- (iv) all agreements, licenses, permits and consents relating to the Property and the Corporation's business; and
- (v) such information concerning the Property, the Corporation and the Corporation's business and affairs as the Holder may request;
- (p) shall bear the sole risk of any loss, damage, destruction or confiscation of or to the Property during the Corporation's possession thereof or otherwise;
- (q) shall insure the Property with insurers acceptable to the Holder against loss or damage by fire, theft or other insurable perils customarily insured against by persons having an interest in such Property for the full insurable value thereof with loss payable to the Holder as its interest may appear and obtain such other insurance coverage as the Holder may reasonably require from time to time;
- (r) all policies of insurance shall provide that the Holder is named a loss payee by way of mortgagee's form of loss endorsement and that the insurance coverage provided thereunder shall not be changed or cancelled except on 30 days' notice to the Holder;
- (s) from and after the occurrence of an Event of Default, be deemed to hold all Proceeds in trust, separate and apart from other money, instruments or property, for the benefit of the Holder until all amounts owing by the Corporation to the Holder have been paid in full;
- (t) forever warrant and defend to the Holder the security interests created and evidenced hereby and the validity and first priority hereof in any action or proceeding against the claims of any and all persons whomsoever affecting or purporting to affect the Property or any of the rights of the Holder hereunder;
- (u) immediately upon obtaining knowledge of the pendency of any proceedings for the eviction of the Corporation from the Property or any part thereof by paramount title or otherwise questioning the Corporation's right, title and interest in, to and under the Property as warranted in this Debenture, or of any condition that could give rise to any such proceedings, notify the Holder thereof; and
- (v) not initiate, join in or consent to any change in the zoning or any other permitted use classification of the Property without the prior written consent of the Holder.

12. Holder Not To Be Obligated

The Holder will not be liable to the Corporation or any other person for any failure or delay in exercising any of the rights of the Holder under this debenture (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Property, or to preserve rights against prior parties). Neither the Holder, nor any receiver or agent of the Holder, is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons under any Property in its possession. Neither the Holder nor any receiver or agent will be liable for any, and the Corporation will bear the full risk of all, loss or damage to any and all of the Property (including any Property in the

possession of the Holder or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of the Holder or such receiver or agent. Nothing herein contained shall have the effect of making the Holder responsible for the collection of any accounts or rents or any part thereof or for the performance of any obligations, covenants, terms or conditions in favour of any lessee or in favour of any party to any other agreement or contract with the Corporation or to whom the Corporation may be otherwise obligated. The Holder shall be liable to account only for such moneys as may actually come into its hands, and any such moneys when received by it may be applied on account of any of the principal, interest and other amounts secured hereby. The Holder shall not be deemed by virtue only of the grant of this debenture to be a mortgagee in possession of the Property or any portion thereof. The Holder will have no obligation or liability under any account or monetary obligation (a "Corporation Account"), or any agreement, contract, lease or other document (each a "Contract") giving rise thereto, by reason of or arising out of this Debenture or the receipt by the Holder of any payment relating to such Corporation Account or Contract pursuant hereto, and in particular (but without limitation), the Holder will not be obligated in any manner to perform any of the obligations of the Corporation under or pursuant to any Corporation Account (or any Contract giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Corporation Account (or any Contract giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

13. Events of Default

The Principal Sum, interest and all other obligations secured shall on the demand of the Holder become immediately payable and the security hereby constituted shall at the option of the Holder become enforceable upon the occurrence and continuation of an Event of Default.

14. Waiver of Default

The Holder may by notice to the Corporation waive in whole or in part any default of the Corporation on such terms and conditions as the Holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom. No delay by the Holder in the enforcement of its rights under this debenture shall be deemed to constitute a waiver of a default.

15. Remedies

Whenever the security hereby constituted shall have become enforceable,

- (a) the Holder may proceed to realize the security hereby constituted and to enforce its rights,
 - (i) by written notice to the Corporation, declaring the obligations secured to be immediately due and payable without the necessity of presentment for payment, or notice of non-payment and of protest (all of which are hereby expressly waived by the Corporation);

- (ii) by entry, with the right to have, hold, use, occupy, possess and enjoy the Property or any part thereof without the let, suit, hindrance, interruption or denial of the Corporation, its successors or assigns;
 - (iii) by entry, with the right to make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Property or any part thereof, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Property or any part thereof as it may deem expedient, and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Holder or other person appointed for the above purposes shall be added to the Principal Sum and shall be secured hereby and payable forthwith together with interest thereon calculated at the rate and at the times and in the manner provided for herein for interest arrears on the Principal Sum;
 - (iv) by the appointment, by an instrument in writing, of any person or persons, whether an officer or officers or an employee or employees of the Holder or not, as a receiver (which term also includes an interim receiver and a receiver and manager) or receivers of all or any part of the Property, and the Holder may remove any receiver or receivers so appointed and appoint another or others in his or their stead;
 - (v) under the provisions of Section 21 or other sale permitted at law;
 - (vi) by proceedings in any court of competent jurisdiction for the appointment of one or more receivers, receivers and managers, or interim receivers under any applicable law;
 - (vii) by proceeding in any court of competent jurisdiction for foreclosure and/or judicial sale;
 - (viii) in such other manner as is permitted by the Debt Documents or the Collateral Trust Agreement; and
 - (ix) by any other action, suit, proceeding or other remedy authorized or permitted by law or by equity.
- (b) in connection with any assigned rights and benefits made pursuant to subsections 4(b) and 4(c) (the "Assigned Benefits"),
- (i) the Holder may give to any lessee or other person from whom the Holder would have been entitled to receive or claim any benefit under the Assigned Benefits in question (herein called the "Other Parties" or "Other Party") express notice in writing of this assignment and thereafter the Holder shall be entitled to the benefit of subsection 53(1) of the *Conveyancing and Law of Property Act* (Ontario) or other similar legislation. Without limiting the foregoing the Holder may, after giving such notice, deal with the Other Party or Other Parties in respect of the

Assigned Benefits without reference to or consent of the Corporation, as if the Holder were the absolute owner of the Assigned Benefits.

- (ii) the Corporation acknowledges and agrees that the assignment constitutes an irrevocable direction and authorization of the Corporation to any Other Party to pay rents to the Holder and otherwise honour the rights of the Holder under this assignment. The Corporation agrees that any Other Party may rely upon any notice given by the Holder or on its behalf.
- (iii) it is expressly acknowledged and agreed that nothing herein contained shall oblige the Holder to assume or perform any obligation of the Corporation to any third party in respect of or arising out of the Assigned Benefits or any of them. The Holder may, however, after the occurrence of a Default, and while such Default continues beyond any applicable notice or cure period, at its option, assume or perform any such obligations as the Holder considers necessary or desirable to obtain the benefit of the Assigned Benefits, free of any set-off, deduction or abatement, and any money expended by the Holder in this regard shall form part of and be deemed to form part of the obligations secured and bear interest at the rate stipulated in this debenture.
- (iv) the exercise by the Holder of its rights under the assignment provisions of this debenture or the assumption of certain obligations of the Corporation after Default, shall not constitute or have the effect of making the Holder a mortgagee in possession. Care, control and management of the Property shall remain and be deemed to be with the Corporation, in the absence of clear and unequivocal action by the Holder depriving the Corporation of such care, control and management and the assumption thereof by the Holder or any receiver or agent.
- (v) the Holder's obligations as to any rents or other amounts actually collected shall be discharged by application of such rents or other amounts against the obligations secured or for any of the other purposes described in this debenture. The Holder shall not be liable for and no credit shall be given in respect of any uncollected rents or other uncollected amounts. The Holder shall not be liable to any lessee or other party for the return of any security deposit made under any lease or contract unless the Holder shall have actually received such security deposit. The Holder shall not be, by reason of the assignment provisions of this debenture or the exercise of any right granted herein, responsible for any act committed by the Corporation or any breach or failure to perform by the Corporation with respect to any of the Assigned Benefits. No credit shall be given by the Holder for any sum or sums collected in respect of the rents or other amounts, until the money collected is actually received by the Holder at the address provided herein, nor shall credit be given for any rent or other amounts after the Holder obtains ownership of the Property or part thereof under court order or by operation of law.

16. Possession of Property

Where any Property is in the possession of the Holder or any receiver or agent:

- (a) the Holder shall only have the duty of care with respect to such Property as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that the Holder need not take any steps of any nature to defend or preserve the rights of the Corporation therein against the claims or demands of others or to preserve rights therein against prior parties; and
- (b) the Holder or any receiver or agent may, at any time following the occurrence of an Event of Default which is continuing, use such Property in any manner and to such extent as it deems necessary or desirable.

17. Indemnity

The Corporation agrees to indemnify, defend and save and hold harmless the Holder and each of its Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this debenture (including, without limitation, enforcement of this debenture), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct.

18. Deficiency

Without limiting any rights the Corporation may have at law, the Corporation shall be liable to pay any deficiency remaining after the sale or disposition of the Property.

19. Remedies Cumulative

No remedy for the realization of the security hereby constituted or for the enforcement of the rights of the Holder shall be exclusive of or dependent upon any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

20. Receiver

Subject to the provisions of any instrument in writing appointing a receiver or receivers, upon the appointment hereunder of a receiver of the Property or any part thereof, the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Corporation (which right of access shall not be revocable by the Corporation) and shall have full power and unlimited authority to, without limitation:

- (i) take possession of the Property or any part thereof;
- (ii) carry on or concur in carrying on the business of the Corporation;
- (iii) collect the rents and profits from leases and tenancies whether created before or after these presents;
- (iv) lease or concur in leasing any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (v) complete the construction of any building or buildings or other erections or improvements on the Property left by the Corporation in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Corporation's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
- (vi) insure, manage, operate, repair, alter or extend the Property; and
- (vii) sell, lease or otherwise dispose of all or any part of the Property,

and the Corporation undertakes to ratify and confirm whatever any such receiver may do with respect to the Property.

- (b) The Holder may at its discretion vest the receiver with all or any of the rights and powers of the Holder.
- (c) The Holder may fix the remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Corporation and, in no event, the agent of the Holder and the Holder shall not be in any way responsible for the acts or omissions of any such receiver.
- (e) The appointment of any such receiver by the Holder shall not result in or create any liability or obligation on the part of the Holder to the receiver or to the Corporation or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Holder a mortgagee in possession or responsible as such.
- (f) No such receiver shall be liable to the Corporation to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) his remuneration as aforesaid;

- (ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;
- (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;
- (iv) to the Holder all interest, principal and other monies due hereunder to be paid in such order as the Holder in its discretion shall determine;
- (v) and thereafter, every such receiver shall be accountable to the Corporation for any surplus as required by applicable law.

The remuneration and expenses of the receiver shall be paid by the Corporation on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the principal hereby secured.

- (g) Every such receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Property or any part thereof, or for the purpose of carrying on the business of the Corporation, and any receiver may issue certificates (in this sub clause called "receiver's certificates") for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Property or any part thereof for the amounts from time to time so required by the receiver, and such receiver's certificate may be payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Holder may approve and the receiver may sell, pledge or otherwise dispose of the receiver's certificates in such manner and may pay such commission on the sale thereof, as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such receiver's certificates shall form a charge upon the Property in priority to the amounts secured under this debenture.
- (h) Save as to claims for accounting to which the Corporation is entitled under applicable law pursuant to clause (f) above, the Corporation hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which may arise or be caused to the Corporation or any person claiming through or under it by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of gross negligence, dishonesty or fraud.
- (i) The Holder may, at any time and from time to time, terminate any such receivership by notice in writing to the Corporation and to any such receiver.
- (j) The statutory declaration of an officer of the Holder as to the occurrence and continuance of a Default or Event of Default and/or as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

- (k) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Holder may have.

21. Sales

- (a) **Method of Sale** - Upon the security hereby constituted becoming enforceable and the Holder making demand hereunder, the Holder may, upon the expiry of any applicable notice period, either before or after any entry, sell and dispose of the Property or any part thereof including, without limitation, any rents and profits thereof either as a whole or in separate parcels, at public auction or by tender or by private sale at such time or times as the Holder may determine, and may make such sale either for cash or credit or part cash and part credit, and with or without advertisement, and upon such conditions as to upset price and with or without a reserve bid as the Holder may deem proper.
- (b) **Rescission and Resale** - The Holder may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time without being answerable for any loss occasioned by such sale or by any postponement thereof.
- (c) **Deeds** - The Holder may execute and deliver to the purchaser or purchasers of the Property or any part thereof good and sufficient deeds, assurances and conveyances for the same, the Holder being hereby constituted the irrevocable attorney of the Corporation for the purpose of making such sale and executing such deeds, assurances and conveyances.
- (d) **Sale, Bars, Claims through Corporation** - Any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Corporation and all other persons claiming the said property or any part thereof, by, from, through or under the Corporation.
- (e) **Sale Proceeds** - In the case of a sale for cash or credit, or part cash and part credit, the Holder shall be bound to pay to the Corporation only such moneys as have been actually received from purchasers after the satisfaction of all claims of the Holder and the Secured Parties including payment of any costs, charges and expenses (including without limitation all solicitors' fees as between a solicitor and his client) incurred by the Holder in the taking, recovering, collecting, realising on, keeping possession of, and any sale of, the Property.

22. Prior Encumbrances and Expenses

The Holder may pay the amount of any financial encumbrance, lien or charge now or hereafter existing, or to arise or to be claimed upon the Property having priority over this debenture, including any taxes, utility charges or other rates on the Property, or any of them, and may pay all reasonable costs, charges and expenses and all solicitors' fees as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Property, or in protecting, repairing, restoring or preserving the Property, and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, or in

respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Corporation hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not. The amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Corporation to the Holder. In the event of the Holder paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, the Holder shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or Governmental Authority so paid.

23. No Set-Off, etc.

The Principal Sum, interest and other amounts hereby secured will be paid and shall be assignable in accordance with the terms of the Debt Documents free from any right of set-off or counterclaim or equities between the Corporation and the Holder or any other person or persons.

24. No Merger

The taking of a judgement or judgements under any of the covenants in this debenture shall not operate as a merger of the covenant or affect any other right of the Holder under this debenture or otherwise.

25. Encumbrance in Addition, etc.

This debenture is in addition to and not in substitution for any other security now or hereafter held by the Holder or any other person. No payment to the Holder shall constitute payment on account of any of the Principal Sum, interest or other amounts from time to time owing hereunder unless specifically so appropriated by the Holder by notation of such payment in the Holder's records. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the monies secured hereby, shall not release or affect the charge of this debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted shall not release or affect any other security held by the Holder for the monies hereby secured.

26. Discharge of Debenture

Subject to the provisions of the Collateral Trust Agreement, if there are no obligations secured and the Corporation, its successors and assigns, have paid or caused to be paid to the Holder the money secured by this debenture and have otherwise observed and performed the terms hereof, then this debenture and the rights hereby granted shall cease and be void and thereupon the Holder shall at the request and at the expense of the Corporation, its successors or assigns, cancel and discharge the mortgage and charge of this debenture and execute and deliver to the Corporation, its successors or assigns, such deeds, re-assignments, discharges, releases, financing change statements and other instruments as shall be requisite to cancel and discharge the mortgage and charge hereby constituted and to reassign any agreements or contracts assigned hereby; provided however that this debenture shall not be deemed to be void or to have been discharged or redeemed by reason of the account of the Corporation having ceased to be in debit at any time or times prior to such cancellation and discharge. No postponement or partial release or discharge of the charge in respect of all or any part of the Property shall in any way operate or

be construed so as to release and discharge the security hereby constituted in respect of the Property except as therein specifically provided, or so as to release or discharge the Corporation from its liability to the Holder to fully pay and satisfy the Principal Sum, interest and all other monies due or remaining unpaid by the Corporation to the Holder.

27. Pledge of Debenture

Notwithstanding the provisions of Section 26, this debenture at any time and from time to time may be assigned, transferred, pledged, hypothecated, lodged, deposited or delivered by the Corporation to the Holder as security for advances or loans to or for indebtedness or other obligations or liabilities of the Corporation to the Holder and/or such other parties as the Holder and the Corporation may in writing agree and in such event this debenture shall not be deemed to have been discharged or redeemed or the amounts payable hereunder to have been satisfied or reduced by reason of the account of the Corporation having ceased to be in debit while this debenture remained so assigned, transferred, pledged, hypothecated, lodged, deposited or delivered.

28. Intentionally Deleted

29. Quiet Possession

Subject to the provisions of the Collateral Trust Agreement, until an Event of Default has occurred, it shall be lawful for the Corporation to peaceably and quietly have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof to its own use and benefit, without let, suit, hindrance, interruption or denial by the Holder, or any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them. If any Event of Default has occurred and is continuing, the Holder may peaceably and quietly enter into and hold and occupy the Property without hindrance, interference or denial of the Corporation or of anyone claiming under it or of any prior encumbrances whatsoever.

30. No Obligation to Advance

Neither the execution and delivery nor the registration of this debenture shall for any reason whatsoever obligate or bind the Holder or the Secured Parties to advance any monies, or, having advanced a portion, obligate the Holder or the Secured Parties in any way to advance the balance thereof; but nevertheless the charge shall take effect forthwith upon execution of this debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Corporation to the Holder or the Secured Parties under or pursuant to any Debt Documents and otherwise owing under this debenture.

31. After-Acquired Property

The Corporation covenants and agrees that, if and to the extent that any of its right, title, estate and interest in any of the Property is not acquired until after delivery of this debenture, this debenture shall nonetheless apply thereto and the mortgages, charges, assignments, transfers, pledges and security interests in favour of the Holder hereby created shall attach to such Property, subject to Sections 8 and 9, at the same time as the Corporation acquires rights therein.

without the necessity of any further mortgage, charge, pledge, assignment, transfer, grant of security interest or assurance. The Corporation covenants and agrees to execute such further and other documentation and/or instruments in respect of any after-acquired property, at such time or times and in such form and manner as the Holder may reasonably request.

32. Intentionally Deleted

33. Conflicts – Intercreditor Agreement

- (a) This debenture is being entered into pursuant to the Collateral Trust Agreement. The lien, security interest and/or hypothec granted to the Holder pursuant to this debenture and the exercise of any right or remedy by the Holder hereunder are subject to the provisions of the Collateral Trust Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the terms of this debenture and the terms of the Collateral Trust Agreement, the terms of the Collateral Trust Agreement shall govern and be paramount and any such provision in this debenture shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Holder set out in this debenture or any part hereof which is not set out or provided for in the Collateral Trust Agreement, such additional right or remedy shall not constitute a conflict or inconsistency and the Holder shall, notwithstanding this Section 33, be entitled to exercise such rights and enforce such remedies.
- (b) Notwithstanding anything herein to the contrary, this debenture and the terms hereof are subject, in all respects, to the terms of Intercreditor Agreement, to the extent applicable hereto.

34. Amalgamation

The Corporation acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term “Corporation” when used herein shall apply to the amalgamated company, such that the mortgages, charges, assignments, transfers, pledges and security interests granted hereby: (i) shall extend to the “Property” (as that term is defined herein) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any Property thereafter owned or acquired by the amalgamated company; and (ii) shall secure the obligations secured of the amalgamated company at the time of amalgamation and any obligations secured of the amalgamated company thereafter arising. The mortgages, charges, assignments, transfers, pledges and security interests granted hereby shall attach to the Property owned by each company amalgamating with the Corporation and by the amalgamated company, at the time of the amalgamation, and shall attach to any Property thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired. For greater certainty, nothing in this Section 34 shall be interpreted or deemed to permit the Corporation to merge, combine, consolidate or amalgamate in any manner whatsoever with any other person or entity, except as permitted by the terms of the Debt Documents.

35. Extension of Time/Forbearance

The Holder will not be obliged to exhaust its recourse against the Corporation or any other person or against any other security it may hold in respect of the obligations secured before realizing upon or otherwise dealing with the Property in such manner as the Holder may consider desirable. The Holder may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Property to third parties and otherwise deal with the Corporation's guarantors or sureties and others and with the Property as the Holder may see fit without prejudice to the liability of the Corporation to the Holder or the Holder's rights, remedies and powers under this debenture. No extension of time, forbearance, indulgence or other accommodation now, previously or hereafter given by the Holder to the Corporation shall operate as a waiver, alteration or amendment of the Holder's rights or to otherwise preclude the Holder from enforcing such rights.

36. Power of Attorney

The Corporation hereby irrevocably constitutes and appoints each officer or director of the Holder from time to time, or of any receiver appointed (as agent of the Corporation) as provided for in this debenture, as the true and lawful attorney of the Corporation with full power of substitution in the name of the Corporation to do all such acts and things and to execute and deliver all such deeds, transfers, leases, contracts, agreements and other documents or instruments on its behalf and in its place (and the same shall bind the Corporation and have the same effect as if such documents were executed by the Corporation) and with the right to use the name of the Corporation, whenever and wherever it may be deemed necessary or expedient in the sole discretion of the Holder, in connection with carrying out the provisions of this debenture or the exercise of the rights and remedies set forth in this debenture. The Corporation hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the terms hereof. The power of attorney granted in this Section 36 may only be exercised following an Event of Default which is continuing. The Corporation hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest in favour of the Holder, is given for valuable consideration and shall remain in full force and effect until this debenture is discharged in accordance with the terms of this debenture.

37. Statutory Waivers

To the extent permitted by law, the Corporation waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a lender or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

38. Provisions Reasonable

To the fullest extent permitted by law, the Corporation acknowledges that the provisions of this debenture, and in particular those respecting the rights, remedies and powers of the Holder and any Receiver which may be exercised against the Corporation, its business and any Property upon the security hereby constituted becoming enforceable, are commercially reasonable and not manifestly unreasonable.

39. Further Assurances

At any time and all times the Corporation will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Holder shall reasonably require for the purpose of giving the Holder a valid mortgage, charge or security of the nature herein specified upon all property intended to be covered hereby, and for the better assuring, conveying, mortgaging, assigning, confirmation or charging unto the Holder all and singular the hereditament and premises, estates and property hereby mortgaged and charged, or intended so to be, in favour of the Holder.

40. Registration

The Holder shall have the right at any time and without notice to cause this debenture or notice thereof to be registered or filed in any office of public record where the Holder considers it necessary.

41. Demand or Notice

Any demand, notice to be made or given in connection with this debenture shall be duly made or given if delivered in accordance with the Collateral Trust Agreement at the addresses specified therein.

42. References

All references to articles, sections, subsections, paragraphs, subparagraphs, clauses and schedules unless otherwise specified are to articles, sections, subsections, paragraphs, subparagraphs and clauses of and schedules to this debenture.

43. Headings

The insertion of headings is for convenience of reference only and shall not affect the interpretation of this debenture.

44. Number and Gender

Words importing the singular include the plural and vice versa and words importing gender include all genders.

45. Governing Law

This debenture shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Corporation and the Holder irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and of Canada sitting in Ontario in any action or proceeding arising out of or relating to this debenture and irrevocably agree that all such actions and proceedings may be heard and determined in such courts. The Corporation and the Holder irrevocably waive, to the fullest extent possible, the defence of an inconvenient forum. The Corporation and the Holder agree that a judgement or order in any action or proceeding contemplated in this debenture may be

enforced in any jurisdiction in any manner provided by law. For greater certainty, the Holder may serve legal process in any manner permitted by law and may bring an action or proceeding against the Corporation or the property or assets of the Corporation in the courts of any jurisdiction.

46. Currency

Except where otherwise expressly provided in this debenture, all amounts in this debenture are stated and shall be paid in the lawful currency of Canada.

47. Amendment

No amendment of this debenture shall be binding unless in writing and signed by the parties.

48. Severable

If any provision of this debenture is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

49. Successors and Assigns

This debenture shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, all assignments to be in accordance with the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable. The Holder may assign, transfer and deliver to any transferee of the obligations secured or any part thereof the liability of the Corporation under this debenture and any security, documents or instruments held by the Holder in respect of this debenture and no such assignment, transfer or delivery shall release the Corporation from its liability; thereafter but subject to the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable, the Holder shall be fully discharged from all responsibility with respect to this debenture and security, documents and instruments so assigned, transferred or delivered and the permitted transferee shall be vested with the powers and rights of the Holder under this debenture and under the security, documents or instruments assigned, transferred or delivered. The Holder, however, shall retain all powers and rights with respect to any security, documents or instruments not assigned, transferred or delivered.

50. Assignment

The Corporation may not assign its obligations under this debenture except in accordance with the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable.

51. Land Registration Reform Act

The implied covenants deemed to be included in a charge under Subsection 7(1) of the *Land Registration Reform Act* (Ontario) are, to the extent inconsistent with the provisions hereof, hereby expressly excluded and replaced by the terms of this Debenture.

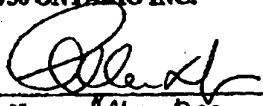
52. Receipt of Copy

The Corporation acknowledges receipt of a copy of this debenture and hereby waives any right it has to receive a copy of any financing statement or financing change statement with respect to any registrations made at any personal property registry pursuant hereto.

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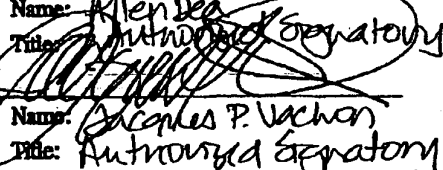
IN WITNESS WHEREOF the Corporation has caused this debenture to be executed as of the date first written above.

1508756 ONTARIO INC.

Per: 

Name: Glen Dea

Title: Authorized Signatory

Per: 

Name: Jacques P. Vachon

Title: Authorized Signatory

I/We have the authority to bind the Corporation.

SCHEDULE A**Legal Description of Owned Real Property****1stly - 64055-0545 (LT)**

PART OF TOWNSHIP LOTS 27, 28, 29, 45, 46 & 47 THOROLD AND RDAL BTN TWP LOTS 28 & 46 THOROLD, PART OF RDAL BTN LOTS 27 & 45 THOROLD, PART OF RDAL BTN LOTS 29 & 47 THOROLD, PART OF RDAL BTN LOTS 28 & 29 THOROLD, PART OF RDAL BTN LOTS 46 & 47 THOROLD, CLOSED BY BYLAWS DB877, TH1145, TH6974, RO277029 AND UNREGISTERED BYLAW 173 DESIGNATED AS PARTS 1 & 5 ON PLAN 59R2381 & PART 1 ON PLAN 59R3181 EXCEPT PT 1, 30R12060; THOROLD; S/T RO406819 & RO775609; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PART 2 PLAN 30R12081 AS IN SN172696; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 1, 2, 3 & 4 PLAN 30R12080 AS IN SN172697; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 3, 4, 7 & 8 PLAN 30R12080 AS IN SN172698; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 2, 3, 10 & 11 PLAN 30R12080 AS IN SN172699; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 3, 11, 12, 13, 14, 15 & 16 PLAN 30R12080 AND PARTS 2 & 3 PLAN 30R12083 AS IN SN172718; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 3, 11, 12, 13, 14, 15 & 16 PLAN 30R12080 AND PARTS 1 & 3 PLAN 30R12083 AS IN SN172719; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PARTS 13, 14 & 15 PLAN 30R12080 AS IN SN172720; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN SN170100 OVER PARTS 2, 3, 4, 5, 6, 7 & 9 PLAN 30R12080 AS IN SN172839; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER THE WHOLE PIN AS IN SN172858; S/T EASE OVER PTS 1 & 5, 59R2381 & PT 1, 59R3181 EXCEPT PT 1, 30R12060 IN FAVOUR OF PT TWP LT 47 THOROLD, PT 1, 59R12060 AS IN SN181495.

2ndly - 64055-0547 (LT)

PT TWP LT 47 THOROLD PART 1 30R12060; THOROLD

3rdly - 64056-0526 (LT)

PT TWP LT 47 THOROLD PART 4, 59R2381; THOROLD; S/T AN EASEMENT IN FAVOUR OF THE LEASEHOLD INTEREST IN LEASE SN170100 OVER PT 4, 59R2381 AS IN SN172700.

4thly - 64056-0043 (LT)

LTS 362, 363, 364, 365, 366, 383 & 384, PL 656; THOROLD

5thly - 64055-0366 (LT)

PT TWP LT 27 THOROLD PT 2 59R2381; THOROLD

SCHEDULE B

DEFINITIONS

In the attached debenture:

"affiliate" has the meaning given to the term Affiliate in the Indenture.

"Assigned Benefits" has the meaning given to it in Section 14(b) of this debenture.

"Business Day" has the meaning ascribed thereto in the Indenture.

"Canadian Security Agreement" means the agreement dated as of April 1, 2008 in favour of Wells Fargo Bank, National Association, in its capacity as collateral trustee for the benefit of the Secured Parties (together with its successors and assigns in such capacity), granted by Abitibi-Consolidated Company of Canada (together with its successors and assigns), as Issuer, and by each of the Grantors thereto as defined therein.

"CIPO" means the Canadian Intellectual Property Office.

"Collateral" means the property and assets subject to the fixed and specific mortgage and charge contained in Sections 4(a), 4(b) and 4(c) of this debenture.

"Collateral Records" means books, records, ledgers, files, correspondence, customer lists, supplier lists, blueprints, technical specifications, manuals, computer software and related documentation, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Property or are otherwise necessary or helpful in the collection or use thereof or realization thereupon.

"Collateral Support" means any personal property or right, title or interest therein assigned, hypothecated or otherwise securing any Property or the payment or performance thereof, including any security agreement or other agreement granting a lien or security interest in such personal property.

"Collateral Trust Agreement" means the collateral trust agreement dated as of April 1, 2008 by and among Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, the other guarantors from time to time party thereto Wells Fargo Bank, National Association as the trustee under the Indenture, and the Holder, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Contracts" means any contracts, agreements, indentures, licences, commitments, entitlements, consents, permits, engagements or other arrangements, including any investment with or interest in any person which does not constitute Pledged Investment Property, whether written or unwritten, to which the Corporation is now or subsequently a party or has a benefit, right, or in which the Corporation now has or subsequently acquires an interest.

"Copyrights" means all of the following (a) all copyrights and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in

any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Corporation" has the meaning given to it in Section 1 of this debenture.

"Debt Documents" has the meaning given to the term Fixed Asset Debt Documents in the Collateral Trust Agreement.

"Default" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"Designs" means all of the following: (a) all industrial designs and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Documents of Title" means all or any part of any documents of title, whether negotiable or non-negotiable, including all warehouse receipts and bills of lading, in which the Corporation now or subsequently has an interest.

"Equipment" has the meaning ascribed thereto in the *Personal Property Security Act* (Ontario).

"Event of Default" has the meaning given to the term Fixed Asset Debt Default in the Collateral Trust Agreement.

"Fixed Asset Collateral Account" means any "Collateral Proceeds Account" (as defined in the Indenture) established by the Corporation pursuant to the Indenture.

"Fixed Asset Collateral Insurance" means all insurance policies covering any or all of the Property.

"Governmental Authority" means any federal, state, provincial, municipal, national or other government, governmental department, commission, board, bureau, court, agency, tribunal or instrumentality or political subdivision thereof or any entity, officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, a province of Canada, Canada, or a foreign entity or government.

"Holder" means Wells Fargo Bank, National Association, in its capacity as collateral trustee for and on behalf of the Secured Parties, together with its successors and permitted assigns.

"Indenture" has the meaning given to it in the Collateral Trust Agreement.

"Intellectual Property Rights" means all rights in, arising out of, or associated with Copyrights, Designs, Patents, Trade-marks and trade secrets, whether registered or not or the subject of a pending application for registration, that are now or in the future owned by or licensed to the Corporation.

"Lien" has the meaning given to it in the Indenture.

"Obligations" has the meaning given to the term Fixed Asset Debt Obligations in the Collateral Trust Agreement.

"obligations secured" has the meaning given to it in Section 3 of this debenture.

"Other Parties" or **"Other Party"** has the meaning given to it in Section 15(b)(i) of this debenture.

"Other Province" has the meaning given to it in Section 46 of this debenture.

"Owned Real Property" has the meaning given to it in Section 4(a) of this debenture.

"Patents" means all of the following: (a) all letters patent of invention and all applications for letters patent, all design patents and all registrations and recordings thereof, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or political subdivision thereof, and (b) all reissues, continuations, continuations-in-part, extensions, divisions, and re-examinations thereof.

"Permitted Liens" has the meaning given to it in the Indenture.

"Pledged Investment Property" has the meaning given to it in the Canadian Pledge and Security Agreement made as of April 1, 2008 granted by the Corporation and others to the Holder.

"Principal Sum" means \$900,000,000.00 dollars in lawful money of Canada.

"Proceeds" means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Property and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.

"Property" means the Collateral.

"receiver's certificates" has the meaning given to it in Section 20(g) of this debenture.

"Secured Parties" has the meaning given to it in the Collateral Trust Agreement.

"Third Party Leases" has the meaning given to it in Section 4(c) of this debenture.

"Trade-marks" means all of the following: (a) all trade-marks, trade names, corporate names, business names, brands and brand names, trade dress, uniform resource locators, domain names, tag lines, designs, graphics, logos and other commercial symbols or business identifiers or indicia of origin, (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.



TAB G

**GRAND FALLS PAPER MILL
(INSTRUMENT No. 244742)**

DEMAND DEBENTURE

ABITIBI-CONSOLIDATED INC.

PRINCIPAL SUM: CDN\$900,000,000.00

DATE: April 1, 2008

1. Acknowledgement and Promise to Pay

Abitibi-Consolidated Inc. (the "**Corporation**"), a corporation organized under the laws of Canada, for value received, hereby acknowledges itself indebted to the Holder, and certain others from time to time as provided in this debenture, and promises: (i) to pay on demand the Principal Sum to or to the order of the Holder, in lawful money of Canada; and (ii) to perform the obligations secured. The Corporation hereby expressly waives presentment for payment, notice of non-payment and protest. The Corporation promises to pay, upon demand being made in accordance with Section 13, interest in like money on the amount of the Principal Sum outstanding from time to time and on all other amounts from time to time owing hereunder at the rate of 25% *per annum*, such interest to accrue on a daily basis and to be calculated and payable monthly on the first business day of each and every month, commencing on the first Business Day of the month following the date of this debenture. Such interest will be payable both before and after maturity, demand, default and judgement. The Corporation promises to pay interest, on demand, at the same rate, on overdue interest, calculated and payable monthly, not in advance on the first business day of each and every month until paid.

2. Place of Payment

The Corporation promises to pay the Principal Sum, interest and all other amounts from time to time owing hereunder at the office of the Holder set out in the Collateral Trust Agreement or at such other place as the Holder may designate by notice to the Corporation.

3. Continuing Security

This debenture secures: (i) the prompt payment, as and when due and payable, of all Obligations and the strict payment, performance and observance by the Corporation to the Holder and the Secured Parties of all agreements, warranties, representations, covenants, conditions, debts, liabilities and obligations, including revolving indebtedness to the extent applicable, present or future, direct or indirect, absolute or contingent, matured or not, whether from time to time reduced and thereafter increased, or entirely extinguished and thereafter incurred again, now or at any time and from time to time due or owing by the Corporation in any currency and whether incurred by the Corporation alone or with another or others and whether as principal or surety, made pursuant to this debenture or any other Debt Document between the Corporation and the Holder or any Secured Party, in each case as now in effect or subsequently entered into, amended, reinstated, supplemented, renewed, extended or replaced from time to time; and (ii) all interest, commissions, reasonable fees, (including reasonable receiver's fees), reasonable legal costs (on a solicitor and its own client basis) and other reasonable costs, charges and expenses incurred by the Holder with respect to the debts, liabilities and obligations referred to above (all of the foregoing being herein collectively called the "**obligations secured**").

4. Security

As continuing security for the due and punctual payment of the Principal Sum, interest, overdue interest and all other obligations secured, and the performance by the Corporation of all its obligations under this debenture and any other Debt Document to which it is a party, the Corporation does hereby:

- (a) create a security interest in and grant, mortgage, assign, transfer, hypothecate and charge as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, all the right, title, estate, interest and benefit of the Corporation, present and future, in, to, under or in respect of the real and immovable property described in Schedule A and all real and immoveable property acquired by the Corporation after the date hereof by the Corporation (the "Owned Real Property"), together with all rights and interest therein, now owned or hereafter acquired by the Corporation including, without limitation, all licences, easements, rights-of-way, privileges, benefits, immunities, rights and options connected therewith and/or appertaining thereto and all amendments thereto, replacements thereof and substitutions therefor from time to time, and all buildings, erections, structures, improvements, fixtures, fixed plant, fixed machinery and fixed equipment at present situate thereon or therein or which may at any time hereafter be constructed or brought or placed thereon or therein or used in connection therewith, including in each and all cases any greater or other right, title and interest therein or in any part thereof which the Corporation may acquire and hold during the currency of this debenture;
- (b) create a security interest in and mortgage, assign, transfer and charge as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, its successors and assigns all the right, title, estate, interest and benefit of the Corporation, if any, in, to, under or in respect of all present and future:
 - (i) Equipment;
 - (ii) Intellectual Property Rights;
 - (iii) Fixed Asset Collateral Insurance;
 - (iv) Pledged Securities (as that term is defined in the Canadian Security Agreement);
 - (v) each Fixed Asset Collateral Account and all property deposited therein;
 - (vi) to the extent not otherwise included above, all Documents of Title, Contracts, Collateral Records and Collateral Support directly and to the extent relating to the Owned Real Property and any of the foregoing;
 - (vii) all Proceeds of the Owned Real Property or any of the foregoing received by the Corporation prior to the occurrence of an Event of Default (or following the cure and/or waiver thereof), but only so long as such Proceeds are held in the Fixed Asset Collateral Account;

REGISTRY OF DEEDS
Registered 03 day of April
A.D. 2008 at 12:35 o'clock P m
Registration No. 244742
Fee Paid \$ 5,000.00 Receipt No. 328-6989
Dea. J. L. L.
Registrar of Deeds (N.L.)

- (viii) all Proceeds of the Owned Real Property or any of the foregoing received by the Corporation after the occurrence of and during the continuance of an Event of Default;

including in each and all cases any greater right, title and interest therein or in any part thereof which the Corporation may acquire and hold during the currency of this debenture; and

- (c) create a security interest in and subject to the exception set out in Section 8 hereof, assign, transfer and set over unto and in favour of the Holder, its successors and assigns, as and by way of a general assignment of all of its right, title, estate and interest present and future, in and to:
 - (i) any and all existing or future leases, subleases, agreements to lease or sublease or other occupancy or tenancy agreements relating to the whole or any part of the Owned Real Property and all existing or future licenses or concessions whereby any person is given the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Owned Real Property and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into (collectively the "Third Party Leases"), and all benefits, powers and advantages of the Corporation to be derived therefrom and all covenants, obligations and agreements of the tenants thereunder;
 - (ii) all rents and other moneys now due and payable or hereafter to become due and payable under the Third Party Leases, and each guarantee of or indemnity in respect of the obligations of the tenants thereunder with full power to demand, sue for recovery, receive and give receipts for all such rents and other moneys and otherwise to enforce the rights of the Corporation thereto in the name of the Corporation;
 - (iii) any and all existing or future agreements, contracts, licenses, permits, plans and specifications, bonds, letters of credit, letters of guarantee or other documents or instruments affecting or relating to the servicing or development of the Owned Real Property or any part or parts thereof or the construction, use, operation or maintenance of buildings, erections, structures, improvements and fixtures thereon and all extensions, amendments, renewals or substitutions thereof or therefor which may hereafter be effected or entered into and all benefit, power and advantage of the Corporation to be derived therefrom;
 - (iv) any and all existing or future agreements of purchase and sale, options to purchase and mortgage, loan or other financing commitments relating exclusively to the Owned Real Property or any part or parts thereof and all proceeds and other moneys now due and payable or hereafter to become due and payable thereunder and all benefit, power and advantage of the Corporation to be derived therefrom; and

- (v) all proceeds of and from any and all existing or future insurance policies in respect of property damage and business interruption insurance pertaining to the Collateral and all proceeds of expropriation or similar taking of the Owned Real Property or any part or parts thereof and all benefit, power and advantage of the Corporation to be derived therefrom.

5. Habendum

TO HAVE AND TO HOLD the Property and all rights hereby conferred to the Holder forever for the uses and purposes and with the powers and authorities and subject to the terms and conditions herein set forth.

6. Definitions

Unless otherwise provided, the capitalized terms used in this debenture shall have the meanings ascribed to them in Schedule B.

7. Attachment

The Corporation acknowledges that value has been given. Subject to Section 31, the security interests created by this debenture are intended to attach when this debenture is executed by the Corporation and delivered to the Holder or in the case of after-acquired property, when the Corporation has rights or any interest in such property.

8. Reservation of Last Day of Lease

The last day of any term of years reserved by any Third Party Lease or any extension or renewal thereof, oral or written, or any agreement therefor, now held or hereafter acquired by the Corporation, is hereby excepted out of the security created hereby or by any other instrument supplemental hereto and does not and shall not form part of the Property charged hereby or by any such other instrument, but the Corporation shall stand possessed of the reversion remaining in the Corporation of any interest therein for the time being demised as aforesaid, upon trust to assign and dispose thereof as the Holder shall direct; and upon any sale of such interest, or any part thereof, the Holder for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or other writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in the place of the Corporation and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation respecting the same.

9. Excluded Collateral and Consents

Nothing herein shall constitute an assignment, mortgage, charge or security interest or attempted assignment, mortgage, charge or security interest of or in any contract, agreement, intellectual property license or permit which by the provisions thereof or by law is not assignable, or cannot be made the subject of a mortgage, charge or security interest or which requires the consent of a third party to its assignment or being made subject to a mortgage, charge or security interest, unless such consent has been obtained. In each such case, the Corporation shall, unless the Holder otherwise agrees in writing, use best efforts to obtain the consent of any necessary third

party to its assignment hereby and to its further assignment by the Holder to any third party who may acquire same as a result of the exercise by the Holder of remedies after demand. Upon such consent being obtained or waived, this debenture shall apply to the applicable contract, agreement, license or permit without regard to this section and without the necessity of any further assurance to effect the assignment thereof. Unless and until such consent is obtained as provided above, the Corporation shall, to the extent it may do so by law or pursuant to the provisions of the document or interest referred to therein, hold all right, title, estate, interest and benefit to be derived from the applicable contracts, agreements, licenses or permits in trust for the Holder, (including, without limitation, the Corporation's beneficial interest in any contract, agreement, license or permit which may be held in trust for the Corporation by a third party) as additional security for payment of the obligations secured and shall deliver up all such benefit to the Holder, forthwith upon demand by the Holder.

10. Representations and Warranties of the Corporation

The Corporation represents and warrants to the Holder for the benefit of the Holder and the Secured Parties that:

- (a) the Corporation has all requisite corporate power and authority to execute, deliver and perform its obligations under this debenture;
- (b) the Corporation has good and marketable title in fee simple to all Owned Real Property and good and marketable rights in and title to all other Property owned by it, in each case free and clear of all Liens other than Permitted Liens, and the Permitted Liens do not materially affect the value of any such property and do not interfere with the use made and proposed to be made of any such property by the Corporation and its affiliates;
- (c) the Corporation has direct legal access to a municipal right-of-way and otherwise have such rights of entry and exit to and from all Owned Real Property as is reasonably necessary to carry on the use and proposed use to be made of the Owned Real Property by the Corporation and its affiliates;
- (d) the Owned Real Property is fully serviced to a level sufficient to permit the use made and proposed to be made of the Owned Real Property by the Corporation and its affiliates;
- (e) the uses made and proposed to be made by the Corporation and its affiliates of all Owned Real Property are permitted under current zoning and land use regulations and laws;
- (f) all municipal levies, royalties, local improvements, imposts and permit fees due and payable in respect of the Owned Real Property have been paid;
- (g) the Corporation has been duly organized and is validly existing under the laws of Canada, with power and authority (corporate and other) to own or lease its properties and conduct its business, and has been duly qualified as a foreign or extra-provincial corporation or other business entity for the transaction of business and is in good standing under the laws of each other jurisdiction in which

it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

- (h) this debenture has been duly authorized, executed and delivered by the Corporation and will constitute the valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, arrangement, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (i) this debenture is effective to grant and create, in favor of the Holder, for the benefit of each present and future Secured Party, a valid and enforceable first lien and charge on the Property (including all lands, buildings and improvements comprising the paper mill plant in Grand Falls, Newfoundland and Labrador), and when this debenture is registered or filed for record and recorded in the applicable filing office or registry office, the security interest and/or charge of the Holder in the Property will create a first priority lien and charge, duly perfected on the Property, including all lands, buildings and improvements comprising the paper mill plant in Grand Falls, Newfoundland and Labrador;
- (j) (i) the Corporation has not received notice of nor is it aware of any outstanding breach of any by-laws or local authority or statutory requirements or covenants relating to the Owned Real Property, (ii) the Corporation has not received notice of nor is aware of any outstanding breach of covenant as regards any Owned Real Property, (iii) there is no covenant, restriction, burden, stipulation or outgoing (other than usual business outgoings) affecting any Owned Real Property which is of an onerous or unusual nature (either generally or in the context of the present use of such property) or which affects or may affect the conduct of its existing business at or from such property or its value nor is there any reason why any such matters should not continue to be complied with, and (iv) the Owned Real Property is held free from any tenancies, subtenancies or licences to occupy, in each case which could materially adversely affect the value, saleability or use of any such property; and
- (k) neither the Corporation nor any of its affiliates is (i) in violation of its charter, articles, by-laws, operating agreement or other organizational document, (ii) in default in the performance or observance of any obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or (iii) in violation of any law, statute or any judgment, order, rule or regulation of any court or arbitrator or Governmental Authority.

- (j) promptly pay when due all amounts which are payable by it relating to the Property howsoever arising, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties and shall provide the Holder with evidence of such payment upon request;
- (k) shall give immediate written notice to the Holder of all loss or damage to or loss of possession of the Property otherwise than by disposition in accordance with the terms of this debenture;
- (l) carry on and conduct business in a proper and efficient manner so as to protect and preserve the Property;
- (m) shall at all times keep accurate and complete records of the Property as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied and shall permit the Holder or its authorized agent to have access to all premises occupied by the Corporation or any place where the Property may be found to inspect the Property and to examine the books of accounts, financial records and reports of the Corporation and to have temporary custody of, make copies of and take extracts from such books, records and reports;
- (n) shall grant to the Holder and its agents the right to inspect the Property and review and copy any and all information and data relating to the Property or to any other transactions between the parties hereto wherever and however such data may be stored and in the event that the use of a computer system is required to access any information and data which the Holder is entitled to access and examine hereunder, the Corporation shall allow the Holder the use of its computer system for such purpose and shall provide assistance in that regard (If for any reason the said information and data cannot be accessed and retrieved at the Corporation's premises the Holder may remove the medium in which such information or data is stored from the Corporation's premises to any other place which has a computer system that will give the Holder the opportunity to retrieve, record or copy such information and data)(The Holder shall be entitled to reproduce and retain a copy of any such information and data in any format whatsoever);
- (o) shall deliver to the Holder promptly upon request:
 - (i) all computer software, tapes, discs, drums and cards, all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Property or the Corporation's business for the purpose of inspecting, auditing or copying the same;
 - (ii) all financial statements prepared by or for the Corporation regarding the Corporation's business;
 - (iii) all policies and certificates of insurance relating to the Property;

- (iv) all agreements, licenses, permits and consents relating to the Property and the Corporation's business; and
- (v) such information concerning the Property, the Corporation and the Corporation's business and affairs as the Holder may request;
- (p) shall bear the sole risk of any loss, damage, destruction or confiscation of or to the Property during the Corporation's possession thereof or otherwise;
- (q) shall insure the Property with insurers acceptable to the Holder against loss or damage by fire, theft or other insurable perils customarily insured against by persons having an interest in such Property for the full insurable value thereof with loss payable to the Holder as its interest may appear and obtain such other insurance coverage as the Holder may reasonably require from time to time;
- (r) all policies of insurance shall provide that the Holder is named a loss payee by way of mortgagee's form of loss endorsement and that the insurance coverage provided thereunder shall not be changed or cancelled except on 30 days' notice to the Holder;
- (s) from and after the occurrence of an Event of Default, be deemed to hold all Proceeds in trust, separate and apart from other money, instruments or property, for the benefit of the Holder until all amounts owing by the Corporation to the Holder have been paid in full;
- (t) forever warrant and defend to the Holder the security interests created and evidenced hereby and the validity and first priority hereof in any action or proceeding against the claims of any and all persons whomsoever affecting or purporting to affect the Property or any of the rights of the Holder hereunder;
- (u) immediately upon obtaining knowledge of the pendency of any proceedings for the eviction of the Corporation from the Property or any part thereof by paramount title or otherwise questioning the Corporation's right, title and interest in, to and under the Property as warranted in this Debenture, or of any condition that could give rise to any such proceedings, notify the Holder thereof; and
- (v) not initiate, join in or consent to any change in the zoning or any other permitted use classification of the Property without the prior written consent of the Holder.

12. Holder Not To Be Obligated

The Holder will not be liable to the Corporation or any other person for any failure or delay in exercising any of the rights of the Holder under this debenture (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Property, or to preserve rights against prior parties). Neither the Holder, nor any receiver or agent of the Holder, is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other persons under any Property in its possession. Neither the Holder nor any receiver or agent will be liable for any, and the Corporation will bear the full risk of all, loss or damage to any and all of the Property (including any Property in the

possession of the Holder or any receiver or agent) caused for any reason other than the gross negligence or wilful misconduct of the Holder or such receiver or agent. Nothing herein contained shall have the effect of making the Holder responsible for the collection of any accounts or rents or any part thereof or for the performance of any obligations, covenants, terms or conditions in favour of any lessee or in favour of any party to any other agreement or contract with the Corporation or to whom the Corporation may be otherwise obligated. The Holder shall be liable to account only for such moneys as may actually come into its hands, and any such moneys when received by it may be applied on account of any of the principal, interest and other amounts secured hereby. The Holder shall not be deemed by virtue only of the grant of this debenture to be a mortgagee in possession of the Property or any portion thereof. The Holder will have no obligation or liability under any account or monetary obligation (a "**Corporation Account**"), or any agreement, contract, lease or other document (each a "**Contract**") giving rise thereto, by reason of or arising out of this Debenture or the receipt by the Holder of any payment relating to such Corporation Account or Contract pursuant hereto, and in particular (but without limitation), the Holder will not be obligated in any manner to perform any of the obligations of the Corporation under or pursuant to any Corporation Account (or any Contract giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Corporation Account (or any Contract giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

13. Events of Default

The Principal Sum, interest and all other obligations secured shall on the demand of the Holder become immediately payable and the security hereby constituted shall at the option of the Holder become enforceable upon the occurrence and continuation of an Event of Default.

14. Waiver of Default

The Holder may by notice to the Corporation waive in whole or in part any default of the Corporation on such terms and conditions as the Holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom. No delay by the Holder in the enforcement of its rights under this debenture shall be deemed to constitute a waiver of a default.

15. Remedies

Whenever the security hereby constituted shall have become enforceable,

- (a) the Holder may proceed to realize the security hereby constituted and to enforce its rights,
 - (i) by written notice to the Corporation, declaring the obligations secured to be immediately due and payable without the necessity of presentment for payment, or notice of non-payment and of protest (all of which are hereby expressly waived by the Corporation);

- (ii) by entry, with the right to have, hold, use, occupy, possess and enjoy the Property or any part thereof without the let, suit, hindrance, interruption or denial of the Corporation, its successors or assigns;
 - (iii) by entry, with the right to make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Property or any part thereof, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Property or any part thereof as it may deem expedient, and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Holder or other person appointed for the above purposes shall be added to the Principal Sum and shall be secured hereby and payable forthwith together with interest thereon calculated at the rate and at the times and in the manner provided for herein for interest arrears on the Principal Sum;
 - (iv) by the appointment, by an instrument in writing, of any person or persons, whether an officer or officers or an employee or employees of the Holder or not, as a receiver (which term also includes an interim receiver and a receiver and manager) or receivers of all or any part of the Property, and the Holder may remove any receiver or receivers so appointed and appoint another or others in his or their stead;
 - (v) under the provisions of Section 21 or other sale permitted at law, including pursuant to power of sale procedure set forth in the *Conveyancing Act* (Newfoundland and Labrador);
 - (vi) by proceedings in any court of competent jurisdiction for the appointment of one or more receivers, receivers and managers, or interim receivers under any applicable law;
 - (vii) by proceeding in any court of competent jurisdiction for foreclosure and/or judicial sale;
 - (viii) in such other manner as is permitted by the Debt Documents or the Collateral Trust Agreement; and
 - (ix) by any other action, suit, proceeding or other remedy authorized or permitted by law or by equity.
- (b) in connection with any assigned rights and benefits made pursuant to subsections 4(b) and 4(c) (the "Assigned Benefits"),
- (i) the Holder may give to any lessee or other person from whom the Holder would have been entitled to receive or claim any benefit under the Assigned Benefits in question (herein called the "Other Parties" or "Other Party") express notice in writing of this assignment. Without limiting the foregoing the Holder may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Benefits

without reference to or consent of the Corporation, as if the Holder were the absolute owner of the Assigned Benefits.

- (ii) the Corporation acknowledges and agrees that the assignment constitutes an irrevocable direction and authorization of the Corporation to any Other Party to pay rents to the Holder and otherwise honour the rights of the Holder under this assignment. The Corporation agrees that any Other Party may rely upon any notice given by the Holder or on its behalf.
- (iii) it is expressly acknowledged and agreed that nothing herein contained shall oblige the Holder to assume or perform any obligation of the Corporation to any third party in respect of or arising out of the Assigned Benefits or any of them. The Holder may, however, after the occurrence of a Default, and while such Default continues beyond any applicable notice or cure period, at its option, assume or perform any such obligations as the Holder considers necessary or desirable to obtain the benefit of the Assigned Benefits, free of any set-off, deduction or abatement, and any money expended by the Holder in this regard shall form part of and be deemed to form part of the obligations secured and bear interest at the rate stipulated in this debenture.
- (iv) the exercise by the Holder of its rights under the assignment provisions of this debenture or the assumption of certain obligations of the Corporation after Default, shall not constitute or have the effect of making the Holder a mortgagee in possession. Care, control and management of the Property shall remain and be deemed to be with the Corporation, in the absence of clear and unequivocal action by the Holder depriving the Corporation of such care, control and management and the assumption thereof by the Holder or any receiver or agent.
- (v) the Holder's obligations as to any rents or other amounts actually collected shall be discharged by application of such rents or other amounts against the obligations secured or for any of the other purposes described in this debenture. The Holder shall not be liable for and no credit shall be given in respect of any uncollected rents or other uncollected amounts. The Holder shall not be liable to any lessee or other party for the return of any security deposit made under any lease or contract unless the Holder shall have actually received such security deposit. The Holder shall not be, by reason of the assignment provisions of this debenture or the exercise of any right granted herein, responsible for any act committed by the Corporation or any breach or failure to perform by the Corporation with respect to any of the Assigned Benefits. No credit shall be given by the Holder for any sum or sums collected in respect of the rents or other amounts, until the money collected is actually received by the Holder at the address provided herein, nor shall credit be given for any rent or other amounts after the Holder obtains ownership of the Property or part thereof under court order or by operation of law.

16. Possession of Property

Where any Property is in the possession of the Holder or any receiver or agent:

- (a) the Holder shall only have the duty of care with respect to such Property as would a reasonable and prudent owner, including the duty to use reasonable care in the custody and preservation thereof, provided that the Holder need not take any steps of any nature to defend or preserve the rights of the Corporation therein against the claims or demands of others or to preserve rights therein against prior parties; and
- (b) the Holder or any receiver or agent may, at any time following the occurrence of an Event of Default which is continuing, use such Property in any manner and to such extent as it deems necessary or desirable.

17. Indemnity

The Corporation agrees to indemnify, defend and save and hold harmless the Holder and each of its Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this debenture (including, without limitation, enforcement of this debenture), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct.

18. Deficiency

Without limiting any rights the Corporation may have at law, the Corporation shall be liable to pay any deficiency remaining after the sale or disposition of the Property.

19. Remedies Cumulative

No remedy for the realization of the security hereby constituted or for the enforcement of the rights of the Holder shall be exclusive of or dependent upon any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

20. Receiver

Subject to the provisions of any instrument in writing appointing a receiver or receivers, upon the appointment hereunder of a receiver of the Property or any part thereof, the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Property as agent and attorney for the Corporation (which right of access shall not be revocable by the Corporation) and shall have full power and unlimited authority to, without limitation:

- (i) take possession of the Property or any part thereof;
- (ii) carry on or concur in carrying on the business of the Corporation;
- (iii) collect the rents and profits from leases and tenancies whether created before or after these presents;
- (iv) lease or concur in leasing any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (v) complete the construction of any building or buildings or other erections or improvements on the Property left by the Corporation in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Corporation's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
- (vi) insure, manage, operate, repair, alter or extend the Property; and
- (vii) sell, lease or otherwise dispose of all or any part of the Property,

and the Corporation undertakes to ratify and confirm whatever any such receiver may do with respect to the Property.

- (b) The Holder may at its discretion vest the receiver with all or any of the rights and powers of the Holder.
- (c) The Holder may fix the remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.
- (d) Every such receiver shall be deemed the agent or attorney of the Corporation and, in no event, the agent of the Holder and the Holder shall not be in any way responsible for the acts or omissions of any such receiver.
- (e) The appointment of any such receiver by the Holder shall not result in or create any liability or obligation on the part of the Holder to the receiver or to the Corporation or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Holder a mortgagee in possession or responsible as such.
- (f) No such receiver shall be liable to the Corporation to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) his remuneration as aforesaid;

- (ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;
- (iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;
- (iv) to the Holder all interest, principal and other monies due hereunder to be paid in such order as the Holder in its discretion shall determine;
- (v) and thereafter, every such receiver shall be accountable to the Corporation for any surplus as required by applicable law.

The remuneration and expenses of the receiver shall be paid by the Corporation on demand and shall be a charge on the Property and shall bear interest from the date of demand at the same rate as applies to the principal hereby secured.

- (g) Every such receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Property or any part thereof, or for the purpose of carrying on the business of the Corporation, and any receiver may issue certificates (in this sub clause called "receiver's certificates") for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Property or any part thereof for the amounts from time to time so required by the receiver, and such receiver's certificate may be payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Holder may approve and the receiver may sell, pledge or otherwise dispose of the receiver's certificates in such manner and may pay such commission on the sale thereof, as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such receiver's certificates shall form a charge upon the Property in priority to the amounts secured under this debenture.
- (h) Save as to claims for accounting to which the Corporation is entitled under applicable law pursuant to clause (f) above, the Corporation hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which may arise or be caused to the Corporation or any person claiming through or under it by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of gross negligence, dishonesty or fraud.
- (i) The Holder may, at any time and from time to time, terminate any such receivership by notice in writing to the Corporation and to any such receiver.
- (j) The statutory declaration of an officer of the Holder as to the occurrence and continuance of a Default or Event of Default and/or as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

- (k) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Holder may have.

21. Sales

- (a) **Method of Sale** - Upon the security hereby constituted becoming enforceable and the Holder making demand hereunder, the Holder may, upon the expiry of any applicable notice period, either before or after any entry, sell and dispose of the Property or any part thereof including, without limitation, any rents and profits thereof either as a whole or in separate parcels, at public auction or by tender or by private sale at such time or times as the Holder may determine, and may make such sale either for cash or credit or part cash and part credit, and with or without advertisement, and upon such conditions as to upset price and with or without a reserve bid as the Holder may deem proper.
- (b) **Rescission and Resale** - The Holder may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time without being answerable for any loss occasioned by such sale or by any postponement thereof.
- (c) **Deeds** - The Holder may execute and deliver to the purchaser or purchasers of the Property or any part thereof good and sufficient deeds, assurances and conveyances for the same, the Holder being hereby constituted the irrevocable attorney of the Corporation for the purpose of making such sale and executing such deeds, assurances and conveyances.
- (d) **Sale, Bars, Claims through Corporation** - Any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Corporation and all other persons claiming the said property or any part thereof, by, from, through or under the Corporation.
- (e) **Sale Proceeds** - In the case of a sale for cash or credit, or part cash and part credit, the Holder shall be bound to pay to the Corporation only such moneys as have been actually received from purchasers after the satisfaction of all claims of the Holder and the Secured Parties including payment of any costs, charges and expenses (including without limitation all solicitors' fees as between a solicitor and his client) incurred by the Holder in the taking, recovering, collecting, realising on, keeping possession of, and any sale of, the Property.

22. Prior Encumbrances and Expenses

The Holder may pay the amount of any financial encumbrance, lien or charge now or hereafter existing, or to arise or to be claimed upon the Property having priority over this debenture, including any taxes, utility charges or other rates on the Property, or any of them, and may pay all reasonable costs, charges and expenses and all solicitors' fees as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Property, or in protecting, repairing, restoring or preserving the Property, and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, or in

respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Corporation hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not. The amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Corporation to the Holder. In the event of the Holder paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, the Holder shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or Governmental Authority so paid.

23. No Set-Off, etc.

The Principal Sum, interest and other amounts hereby secured will be paid and shall be assignable in accordance with the terms of the Debt Documents free from any right of set-off or counterclaim or equities between the Corporation and the Holder or any other person or persons.

24. No Merger

The taking of a judgement or judgements under any of the covenants in this debenture shall not operate as a merger of the covenant or affect any other right of the Holder under this debenture or otherwise.

25. Encumbrance in Addition, etc.

This debenture is in addition to and not in substitution for any other security now or hereafter held by the Holder or any other person. No payment to the Holder shall constitute payment on account of any of the Principal Sum, interest or other amounts from time to time owing hereunder unless specifically so appropriated by the Holder by notation of such payment in the Holder's records. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the monies secured hereby, shall not release or affect the charge of this debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted shall not release or affect any other security held by the Holder for the monies hereby secured.

26. Discharge of Debenture

Subject to the provisions of the Collateral Trust Agreement, if there are no obligations secured and the Corporation, its successors and assigns, have paid or caused to be paid to the Holder the money secured by this debenture and have otherwise observed and performed the terms hereof, then this debenture and the rights hereby granted shall cease and be void and thereupon the Holder shall at the request and at the expense of the Corporation, its successors or assigns, cancel and discharge the mortgage and charge of this debenture and execute and deliver to the Corporation, its successors or assigns, such deeds, re-assignments, discharges, releases, financing change statements and other instruments as shall be requisite to cancel and discharge the mortgage and charge hereby constituted and to reassign any agreements or contracts assigned hereby; provided however that this debenture shall not be deemed to be void or to have been discharged or redeemed by reason of the account of the Corporation having ceased to be in debit at any time or times prior to such cancellation and discharge. No postponement or partial release or discharge of the charge in respect of all or any part of the Property shall in any way operate or

be construed so as to release and discharge the security hereby constituted in respect of the Property except as therein specifically provided, or so as to release or discharge the Corporation from its liability to the Holder to fully pay and satisfy the Principal Sum, interest and all other monies due or remaining unpaid by the Corporation to the Holder.

27. Pledge of Debenture

Notwithstanding the provisions of Section 26, this debenture at any time and from time to time may be assigned, transferred, pledged, hypothecated, lodged, deposited or delivered by the Corporation to the Holder as security for advances or loans to or for indebtedness or other obligations or liabilities of the Corporation to the Holder and/or such other parties as the Holder and the Corporation may in writing agree and in such event this debenture shall not be deemed to have been discharged or redeemed or the amounts payable hereunder to have been satisfied or reduced by reason of the account of the Corporation having ceased to be in debit while this debenture remained so assigned, transferred, pledged, hypothecated, lodged, deposited or delivered.

28. Intentionally Deleted

29. Quiet Possession

Subject to the provisions of the Collateral Trust Agreement, until an Event of Default has occurred, it shall be lawful for the Corporation to peaceably and quietly have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof to its own use and benefit, without let, suit, hindrance, interruption or denial by the Holder, or any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them. If any Event of Default has occurred and is continuing, the Holder may peaceably and quietly enter into and hold and occupy the Property without hindrance, interference or denial of the Corporation or of anyone claiming under it or of any prior encumbrances whatsoever.

30. No Obligation to Advance

Neither the execution and delivery nor the registration of this debenture shall for any reason whatsoever obligate or bind the Holder or the Secured Parties to advance any monies, or, having advanced a portion, obligate the Holder or the Secured Parties in any way to advance the balance thereof; but nevertheless the charge shall take effect forthwith upon execution of this debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Corporation to the Holder or the Secured Parties under or pursuant to any Debt Documents and otherwise owing under this debenture.

31. After-Acquired Property

The Corporation covenants and agrees that, if and to the extent that any of its right, title, estate and interest in any of the Property is not acquired until after delivery of this debenture, this debenture shall nonetheless apply thereto and the mortgages, charges, assignments, transfers, pledges and security interests in favour of the Holder hereby created shall attach to such Property, subject to Sections 8 and 9, at the same time as the Corporation acquires rights therein,

without the necessity of any further mortgage, charge, pledge, assignment, transfer, grant of security interest or assurance. The Corporation covenants and agrees to execute such further and other documentation and/or instruments in respect of any after-acquired property, at such time or times and in such form and manner as the Holder may reasonably request.

32. Intentionally Deleted

33. Conflicts – Intercreditor Agreement

- (a) This debenture is being entered into pursuant to the Collateral Trust Agreement. The lien, security interest and/or hypothec granted to the Holder pursuant to this debenture and the exercise of any right or remedy by the Holder hereunder are subject to the provisions of the Collateral Trust Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the terms of this debenture and the terms of the Collateral Trust Agreement, the terms of the Collateral Trust Agreement shall govern and be paramount and any such provision in this debenture shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Holder set out in this debenture or any part hereof which is not set out or provided for in the Collateral Trust Agreement, such additional right or remedy shall not constitute a conflict or inconsistency and the Holder shall, notwithstanding this Section 33, be entitled to exercise such rights and enforce such remedies.
- (b) Notwithstanding anything herein to the contrary, this debenture and the terms hereof are subject, in all respects, to the terms of Intercreditor Agreement, to the extent applicable hereto.

34. Amalgamation

The Corporation acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term “Corporation” when used herein shall apply to the amalgamated company, such that the mortgages, charges, assignments, transfers, pledges and security interests granted hereby (i) shall extend to the “Property” (as that term is defined herein) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any Property thereafter owned or acquired by the amalgamated company; and (ii) shall secure the obligations secured of the amalgamated company at the time of amalgamation and any obligations secured of the amalgamated company thereafter arising. The mortgages, charges, assignments, transfers, pledges and security interests granted hereby shall attach to the Property owned by each company amalgamating with the Corporation and by the amalgamated company, at the time of the amalgamation, and shall attach to any Property thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired. For greater certainty, nothing in this Section 34 shall be interpreted or deemed to permit the Corporation to merge, combine, consolidate or amalgamate in any manner whatsoever with any other person or entity, except as permitted by the terms of the Debt Documents.

35. Extension of Time/Forbearance

The Holder will not be obliged to exhaust its recourse against the Corporation or any other person or against any other security it may hold in respect of the obligations secured before realizing upon or otherwise dealing with the Property in such manner as the Holder may consider desirable. The Holder may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Property to third parties and otherwise deal with the Corporation's guarantors or sureties and others and with the Property as the Holder may see fit without prejudice to the liability of the Corporation to the Holder or the Holder's rights, remedies and powers under this debenture. No extension of time, forbearance, indulgence or other accommodation now, previously or hereafter given by the Holder to the Corporation shall operate as a waiver, alteration or amendment of the Holder's rights or to otherwise preclude the Holder from enforcing such rights.

36. Power of Attorney

The Corporation hereby irrevocably constitutes and appoints each officer or director of the Holder from time to time, or of any receiver appointed (as agent of the Corporation) as provided for in this debenture, as the true and lawful attorney of the Corporation with full power of substitution in the name of the Corporation to do all such acts and things and to execute and deliver all such deeds, transfers, leases, contracts, agreements and other documents or instruments on its behalf and in its place (and the same shall bind the Corporation and have the same effect as if such documents were executed by the Corporation) and with the right to use the name of the Corporation, whenever and wherever it may be deemed necessary or expedient in the sole discretion of the Holder, in connection with carrying out the provisions of this debenture or the exercise of the rights and remedies set forth in this debenture. The Corporation hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with the terms hereof. The power of attorney granted in this Section 36 may only be exercised following an Event of Default which is continuing. The Corporation hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest in favour of the Holder, is given for valuable consideration and shall remain in full force and effect until this debenture is discharged in accordance with the terms of this debenture.

37. Statutory Waivers

To the extent permitted by law, the Corporation waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a lender or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

38. Provisions Reasonable

To the fullest extent permitted by law, the Corporation acknowledges that the provisions of this debenture, and in particular those respecting the rights, remedies and powers of the Holder and any Receiver which may be exercised against the Corporation, its business and any Property upon the security hereby constituted becoming enforceable, are commercially reasonable and not manifestly unreasonable.

39. Further Assurances

At any time and all times the Corporation will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the Holder shall reasonably require for the purpose of giving the Holder a valid mortgage, charge or security of the nature herein specified upon all property intended to be covered hereby, and for the better assuring, conveying, mortgaging, assigning, confirmation or charging unto the Holder all and singular the hereditament and premises, estates and property hereby mortgaged and charged, or intended so to be, in favour of the Holder.

40. Registration

The Holder shall have the right at any time and without notice to cause this debenture or notice thereof to be registered or filed in any office of public record where the Holder considers it necessary.

41. Demand or Notice

Any demand, notice to be made or given in connection with this debenture shall be duly made or given if delivered in accordance with the Collateral Trust Agreement at the addresses specified therein.

42. References

All references to articles, sections, subsections, paragraphs, subparagraphs, clauses and schedules unless otherwise specified are to articles, sections, subsections, paragraphs, subparagraphs and clauses of and schedules to this debenture.

43. Headings

The insertion of headings is for convenience of reference only and shall not affect the interpretation of this debenture.

44. Number and Gender

Words importing the singular include the plural and vice versa and words importing gender include all genders.

45. Governing Law

This debenture shall be governed by and construed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada applicable therein. The Corporation and the Holder irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Newfoundland and Labrador and of Canada sitting in Newfoundland and Labrador in any action or proceeding arising out of or relating to this debenture and irrevocably agree that all such actions and proceedings may be heard and determined in such courts. The Corporation and the Holder irrevocably waive, to the fullest extent possible, the defence of an inconvenient forum. The Corporation and the Holder agree that a judgement or order in any

action or proceeding contemplated in this debenture may be enforced in any jurisdiction in any manner provided by law. For greater certainty, the Holder may serve legal process in any manner permitted by law and may bring an action or proceeding against the Corporation or the property or assets of the Corporation in the courts of any jurisdiction.

46. Currency

Except where otherwise expressly provided in this debenture, all amounts in this debenture are stated and shall be paid in the lawful currency of Canada.

47. Amendment

No amendment of this debenture shall be binding unless in writing and signed by the parties.

48. Severable

If any provision of this debenture is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

49. Successors and Assigns

This debenture shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, all assignments to be in accordance with the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable. The Holder may assign, transfer and deliver to any transferee of the obligations secured or any part thereof the liability of the Corporation under this debenture and any security, documents or instruments held by the Holder in respect of this debenture and no such assignment, transfer or delivery shall release the Corporation from its liability; thereafter but subject to the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable, the Holder shall be fully discharged from all responsibility with respect to this debenture and security, documents and instruments so assigned, transferred or delivered and the permitted transferee shall be vested with the powers and rights of the Holder under this debenture and under the security, documents or instruments assigned, transferred or delivered. The Holder, however, shall retain all powers and rights with respect to any security, documents or instruments not assigned, transferred or delivered.

50. Assignment

The Corporation may not assign its obligations under this debenture except in accordance with the provisions of the Debt Documents or the Collateral Trust Agreement, as applicable.

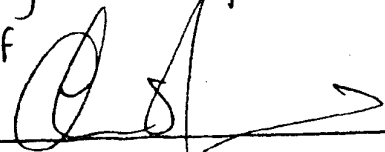
51. Intentionally Deleted.

52. Receipt of Copy

The Corporation acknowledges receipt of a copy of this debenture and hereby waives any right it has to receive a copy of any financing statement or financing change statement with respect to any registrations made at any personal property registry pursuant hereto.

IN WITNESS WHEREOF the Corporation has caused this debenture to be executed as of the date first written above.

Signed in the presence
of


SYLVIA AEDIS

ABITIBI-CONSOLIDATED INC.

Per:

Name:

Title:

Per:

Name:

Title:

I/We have the authority to bind the Corporation.

IN THE MATTER OF the Family Law Act,
Chapter F-2 of the Revised Statutes
of Newfoundland and Labrador, 1990, as amended

and

IN THE MATTER OF a Debenture made between
Abitibi-Consolidated Inc. as
Grantor of the one part and

of the other part in respect of property situate at
Grand Falls, Newfoundland and Labrador

AFFIDAVIT OF STATUS

I, ALEX DEA of MONTREAL, in the Province of QUEBEC,
make oath and say as follows:

1. THAT I am VICE-PRESIDENT AND SECRETARY of Abitibi-Consolidated Inc. (the "Grantor"), the grantor named in the within Debenture respecting the property therein described, and as such have full knowledge of the facts herein deposed to except where otherwise stated.
2. THAT the Grantor is not a non-resident of Canada within the meaning of Section 116 of The Income Tax Act.
3. THAT the word "spouse" as hereinafter used means a spouse as defined in Section 2(1)(e) of The Family Law Act(NL) (hereinafter referred to as the "Act").
4. THAT the property described in the within Debenture has never been occupied by any director, officer or shareholder of the Grantor or by the spouse of any director, officer or shareholder of the Grantor as the matrimonial home of any such person.
5. THAT the property described in the within Debenture does not constitute matrimonial assets or a matrimonial home as defined by the Act, and that the said property is not held for the benefit of any officer, director or shareholder of the Grantor and no spouse of any officer, director or shareholder of the Grantor has any right to possession of the said property by reason of Section 6 or Section 15 of the Act, a separation agreement or a marriage contract.
6. THAT the ownership of a share or an interest in a share of the capital stock of the Grantor does not entitle the shareholder thereof, or his or her spouse, to the occupation of or constitute an interest in the property described in the within Debenture.

7. THAT to the best of my knowledge, information and belief, at this date there are no statutory liens of any kind whatsoever charging or encumbering any assets of the Grantor and specifically the property herein more particularly described in the within Debenture.

SWORN TO at MONTREAL, in the
Province of QUEBEC, this
2nd day of APRIL A.D., 2008, before me:-

Dick O'Neill ~~NOTARY~~
(Notary Public for the Province of Quebec)

[Signature]

SCHEDULE B

DEFINITIONS

In the attached debenture:

"affiliate" has the meaning given to the term Affiliate in the Indenture.

"Assigned Benefits" has the meaning given to it in Section 14(b) of this debenture.

"Business Day" has the meaning ascribed thereto in the Indenture.

"Canadian Security Agreement" means the agreement dated as of April 1, 2008 in favour of Wells Fargo Bank, National Association, in its capacity as collateral trustee for the benefit of the Secured Parties (together with its successors and assigns in such capacity), granted by Abitibi-Consolidated Company of Canada (together with its successors and assigns), as Issuer, and by each of the Grantors thereto as defined therein.

"CIPO" means the Canadian Intellectual Property Office.

"Collateral" means the property and assets subject to the fixed and specific mortgage and charge contained in Sections 4(a), 4(b) and 4(c) of this debenture.

"Collateral Records" means books, records, ledgers, files, correspondence, customer lists, supplier lists, blueprints, technical specifications, manuals, computer software and related documentation, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Property or are otherwise necessary or helpful in the collection or use thereof or realization thereupon.

"Collateral Support" means any personal property or right, title or interest therein assigned, hypothecated or otherwise securing any Property or the payment or performance thereof, including any security agreement or other agreement granting a lien or security interest in such personal property.

"Collateral Trust Agreement" means the collateral trust agreement dated as of April 1, 2008 by and among Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, the other guarantors from time to time party thereto Wells Fargo Bank, National Association as the trustee under the Indenture, and the Holder, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Contracts" means any contracts, agreements, indentures, licences, commitments, entitlements, consents, permits, engagements or other arrangements, including any investment with or interest in any person which does not constitute Pledged Investment Property, whether written or unwritten, to which the Corporation is now or subsequently a party or has a benefit, right, or in which the Corporation now has or subsequently acquires an interest.

"Copyrights" means all of the following (a) all copyrights and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPO or in

any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Corporation" has the meaning given to it in Section 1 of this debenture.

"Debt Documents" has the meaning given to the term Fixed Asset Debt Documents in the Collateral Trust Agreement.

"Default" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"Designs" means all of the following: (a) all industrial designs and intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in CIPPO or in any similar office or agency in any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Documents of Title" means all or any part of any documents of title, whether negotiable or non-negotiable, including all warehouse receipts and bills of lading, in which the Corporation now or subsequently has an interest.

"Equipment" has the meaning ascribed thereto in the *Personal Property Security Act* (Newfoundland and Labrador).

"Event of Default" has the meaning given to the term Fixed Asset Debt Default in the Collateral Trust Agreement.

"Fixed Asset Collateral Account" means any "Collateral Proceeds Account" (as defined in the Indenture) established by the Corporation pursuant to the Indenture.

"Fixed Asset Collateral Insurance" means all insurance policies covering any or all of the Property.

"Governmental Authority" means any federal, state, provincial, municipal, national or other government, governmental department, commission, board, bureau, court, agency, tribunal or instrumentality or political subdivision thereof or any entity, officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, a province of Canada, Canada, or a foreign entity or government.

"Holder" means Wells Fargo Bank, National Association, in its capacity as collateral trustee for and on behalf of the Secured Parties, together with its successors and permitted assigns.

"Indenture" has the meaning given to it in the Collateral Trust Agreement.

"Intellectual Property Rights" means all rights in, arising out of, or associated with Copyrights, Designs, Patents, Trade-marks and trade secrets, whether registered or not or the subject of a pending application for registration, that are now or in the future owned by or licensed to the Corporation.

"Lien" has the meaning given to it in the Indenture.

"Obligations" has the meaning given to the term Fixed Asset Debt Obligations in the Collateral Trust Agreement.

"obligations secured" has the meaning given to it in Section 3 of this debenture.

"Other Parties" or **"Other Party"** has the meaning given to it in Section 15(b)(i) of this debenture.

"Other Province" has the meaning given to it in Section 46 of this debenture.

"Owned Real Property" has the meaning given to it in Section 4(a) of this debenture.

"Patents" means all of the following: (a) all letters patent of invention and all applications for letters patent, all design patents and all registrations and recordings thereof, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or political subdivision thereof, and (b) all reissues, continuations, continuations-in-part, extensions, divisions, and re-examinations thereof.

"Permitted Liens" has the meaning given to it in the Indenture.

"Pledged Investment Property" has the meaning given to it in the Canadian Pledge and Security Agreement made as of April 1, 2008 granted by the Corporation and others to the Holder.

"Principal Sum" means \$900,000,000.00 dollars in lawful money of Canada.

"Proceeds" means all proceeds and personal property in any form derived directly or indirectly from any dealing with all or any part of the Property and any insurance or payment that indemnifies or compensates for such property lost, damaged or destroyed, and proceeds of proceeds and any part of any such proceeds.

"Property" means the Collateral.

"receiver's certificates" has the meaning given to it in Section 20(g) of this debenture.

"Secured Parties" has the meaning given to it in the Collateral Trust Agreement.

"Third Party Leases" has the meaning given to it in Section 4(c) of this debenture.

"Trade-marks" means all of the following: (a) all trade-marks, trade names, corporate names, business names, brands and brand names, trade dress, uniform resource locators, domain names, tag lines, designs, graphics, logos and other commercial symbols or business identifiers or indicia of origin, (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in CIPO or in any similar office or agency in any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.

AFFIDAVIT OF EXECUTION

I, SYLVIA ANEDIS of the city of Montreal in the Province of
Quebec make oath and say:

1. That I was present and saw the attached Debenture and the duplicates thereof duly
signed and executed by Allen Dea and at the city of Montreal in the
Province of Quebec. Jayce Vadea
2. That I know the said Allen Dea and and that he/she is of the full age of
eighteen years. Jayce Vadea
3. That I am a subscribing witness to the Agreement and duplicate.

ET J'AI SIGNÉ:

Nom: Sylvia Anedis

AFFIRMÉ solennellement devant moi
à Montréal ce 1^{er} jour d'Avril 2008


COMMISSAIRE À L'ASSERMENTATION
POUR LE DISTRICT JUDICIAIRE DE MONTREAL



SCHEDULE A**Legal Description of Owned Real Property**

All that piece or parcel of land situate and being at Grand Falls-Windsor, in the Provincial Electoral District of Grand Falls-Windsor-Buchans, Newfoundland & Labrador abutted and bounded as follows, that is to say: Beginning at a point on the south side of Scott Avenue (20 meters wide), the said point having NAD 83 coordinates of north 5,420,976.487 meters and east 329,755.624 meters: Thence along the westerly limit of a local road south ten degrees eight minutes three seconds west for thirty eight decimal six three six meters, thence along the northwest side of a local road to a point which bears south fifty-seven degrees forty-nine minutes ten seconds west for a straight line distance of one hundred fifty nine decimal seven seven two meters, thence along the northwest side of a local road south eighty-four degrees fifty-four minutes fifty-four seconds west for fifty seven decimal five nine one meters, thence along the northwest side of a local road to a point which bears south forty-six degrees twenty-seven minutes fourteen seconds west for a straight line distance of eighty five decimal eight two seven meters, thence along the westerly side of a local road south twenty-three degrees forty-three minutes twenty-three seconds west for fifty six decimal three six seven meters, thence along the shoreline for the Exploits River north sixty-five degrees forty-nine minutes seventeen seconds west for one hundred forty seven decimal zero eight four meters, thence along the shoreline for the Exploits River south eighty-nine degrees fifty-eight minutes nine seconds west for ninety six decimal six two zero meters, thence along the shoreline for the Exploits River south eighty-five degrees thirty minutes twenty-two seconds west for fifty four decimal one six zero meters, thence along the shoreline for the Exploits River north four degrees seventeen minutes thirteen seconds east for thirty one decimal two two five meters, thence along the shoreline for the Exploits River north seventy-five degrees fifty-six minutes twenty-nine seconds west for one hundred thirty one decimal one zero nine meters, thence along the shoreline for the Exploits River north three degrees twenty-three minutes forty seconds east for one hundred thirty one decimal two three eight meters, thence along the shoreline for the Exploits River north forty-seven degrees forty-one minutes thirty seconds west for five decimal two six nine meters, thence along the shoreline for the Exploits River north fifteen degrees forty-six minutes six seconds west for twenty nine decimal four three nine meters, thence along the shoreline for the Exploits River north three degrees eleven minutes forty-four seconds east for fifty eight decimal one three nine meters, thence along the shoreline for the Exploits River north fourteen degrees ten minutes forty-seven seconds east for nineteen decimal zero nine five meters, thence along the shoreline for the Exploits River north nineteen degrees forty-two minutes thirty-one seconds east for one hundred sixty five decimal seven six three meters, thence along the shoreline for the Exploits River south eighty degrees fifty-four minutes zero seconds west for five decimal eight two three meters, thence along the shoreline for the Exploits River north eight degrees forty-three minutes sixteen seconds west for zero decimal five zero seven meters, thence along the shoreline for the Exploits River north eighty degrees forty minutes twenty-one seconds east for six decimal zero zero three meters, thence along the shoreline for the Exploits River north four degrees forty-one minutes forty-nine seconds east for two hundred decimal seven three nine meters, thence along the shoreline for the Exploits River north seventy degrees fifty-two minutes two seconds west for six decimal three eight seven meters, thence along the shoreline for the Exploits River north eighteen degrees fifty-six minutes fifty-eight seconds east for two decimal four four three meters, thence along the shoreline for the Exploits River north seventy degrees thirty-two minutes twelve seconds west for two decimal four six seven meters, thence along the shoreline for the Exploits

River north twenty degrees eight minutes forty-two seconds east for nine decimal two three nine meters, thence along the Grand Falls Dam north sixty-nine degrees twenty-nine minutes thirty-six seconds west for six decimal one two four meters, thence along the Grand Falls Dam south nineteen degrees forty-one minutes fifty seconds west for four decimal four one one meters, thence along the Grand Falls Dam north sixty-nine degrees five minutes thirty-one seconds west for two decimal four zero three meters, thence along the Grand Falls Dam north seventy degrees twenty-nine minutes thirty-six seconds west for two hundred fifty six decimal eight one eight meters, thence along the Grand Falls Dam south nineteen degrees fifty minutes thirty-one seconds west for seven decimal two seven zero meters, thence along the Grand Falls Dam north sixty-nine degrees forty-three minutes twenty-nine seconds west for seven decimal two five six meters, thence along the Grand Falls Dam north twenty degrees two minutes thirty-nine seconds east for five decimal eight six two meters, thence along the Grand Falls Dam south sixty-nine degrees eighteen minutes thirty-seven seconds east for one decimal six nine one meters, thence along the Grand Falls Dam north fifty-nine degrees fifty-five minutes forty-two seconds east for four decimal one five six meters, thence along the Grand Falls Dam north twenty degrees twenty-one minutes thirty-one seconds east for seventeen decimal three five nine meters, thence along the Grand Falls Dam south sixty-nine degrees twenty seven minutes twenty-three seconds east for four decimal two nine one meters, thence along the Grand Falls Dam south sixty-eight degrees twenty minutes fifty-five seconds east for two hundred fifty six decimal eight six five meters, thence along the Grand Falls Dam south twenty-two degrees twenty-one minutes thirty-four seconds east for one decimal five four six meters, thence along the Grand Falls Dam south sixteen degrees seventeen minutes zero seconds west for one decimal seven six one meters, thence along the Grand Falls Dam south sixty-nine degrees forty minutes seven seconds east for six decimal one four one meters, thence along the Grand Falls Dam north twenty degrees nine minutes twenty-five seconds east for thirty three decimal zero eight nine meters, thence along the Grand Falls Dam north six degrees forty-five minutes thirty-six seconds east for thirty two decimal eight four five meters, thence along the Grand Falls Dam north twenty degrees thirty minutes eighteen seconds east for two decimal six seven eight meters, thence along the Grand Falls Dam north eighty degrees twenty-four minutes fifty seconds east for thirty decimal two nine five meters, thence by the sinuosities of the east bank of the Exploits River north to a point which bears north six degrees forty-six minutes forty-four seconds west for a straight line distance of three hundred fifty eight decimal eight seven one meters, thence by the sinuosities of the east bank of the Exploits River north to a point which bears north zero degrees fifty-four minutes thirty-three seconds west for a straight line distance of three hundred ninety nine decimal two five one meters, thence by the sinuosities of the northeasterly bank of the Exploits River north to a point which bears north fifty-four degrees forty-nine minutes forty-five seconds west for four hundred fifty decimal three six three meters, thence along property of ACI & ACCC north eight degrees eight minutes fifty-one seconds east for one hundred fifty one decimal one seven six meters, thence along property of ACI & ACCC north eighty-seven degrees twenty-eight minutes forty-five seconds east for one hundred ninety five decimal six seven nine meters, thence along property of ACI & ACCC south thirty-one degrees thirty-two minutes one second east for ninety nine decimal nine eight nine meters, thence along property of ACI & ACCC south twenty-eight degrees thirty-three minutes fifteen seconds east for fifteen decimal one eight four meters, thence along property of ACI & ACCC south twenty-five degrees forty-six minutes thirty-three seconds east for thirty one decimal nine seven six meters, thence along property of ACI & ACCC north eighty degrees fifty-three minutes twenty-one seconds east for four decimal nine six one meters, thence along property of ACI & ACCC south nineteen degrees six minutes seven seconds east for two hundred ninety five decimal zero six five meters, thence along

property of ACI & ACCC south fifty-one degrees forty-six minutes fifty-nine seconds east for eighty five decimal six two nine meters, thence along property of ACI & ACCC south sixty-five degrees twenty minutes forty-four seconds east for fifty two decimal three two one meters, thence along property of ACI & ACCC south eighty-seven degrees nineteen minutes three seconds east for seventy two decimal six six zero meters, thence along property of ACI & ACCC north seventy-seven degrees seventeen minutes twenty-eight seconds east for thirty decimal one seven two meters, thence along property of ACI & ACCC south four degrees fifty-five minutes eight seconds west for forty eight decimal six six five meters, thence along property of ACI & ACCC south four degrees six minutes forty-five seconds east for seventy two decimal eight four zero meters, thence along property of ACI & ACCC south ten degrees seven minutes fifty-eight seconds east for thirty four decimal two zero zero meters, thence along property of ACI & ACCC south six degrees twenty-six minutes thirty-four seconds west for one hundred fifteen decimal six three zero meters, thence along property of Riverview Motors Ltd. (75 Lincoln Road) south six degrees fifteen minutes zero seconds west for ninety decimal nine six one meters, thence along property of Riverview Motors Ltd. (75 Lincoln Road) south sixteen degrees forty minutes forty seconds east for one hundred seven decimal nine nine zero meters, thence along property of Myrtle Etheridge (No. 16 Riverview Road) south twenty-three degrees twenty-five minutes forty-seconds west for thirty decimal five four seven meters, thence along properties of David Sullivan (No. 18 Riverview Road), Reginald Sullivan (No. 20 Riverview Road), James Hennessey (No. 22 Riverview Road) south twenty degrees thirty-four minutes forty-four seconds west for sixty three decimal seven four three meters, thence along property of James Hennessey (No. 22 Riverview Road) and Rodney Burt (No. 24 Riverview Road) south sixteen degrees forty-six minutes fifty-two seconds west for eighteen decimal two three nine meters, thence along property of Dennis Russell (No. 26 Riverview Road) south zero degrees seventeen minutes fifty-six seconds west for eighteen decimal three eight three meters, thence along properties of Frederick Drover (No. 28 Riverview Road), Mary Baird (No. 30 Riverview Road) south one degree fifty minutes thirteen seconds east for forty seven decimal nine four six meters, thence along property of Mary Baird (No. 30 Riverview Road) south seventy-one degrees fourteen minutes fifteen seconds east for twenty eight decimal zero six eight meters, thence along the westerly limit of Riverview Road south eleven degrees twenty-three minutes forty-three seconds west for ten decimal five six three meters, thence along the westerly limit of Riverview Road south eleven degrees thirteen minutes thirty-two seconds east for twenty five decimal zero four nine meters, thence along the westerly limit of Riverview Road south thirteen degrees forty-five minutes forty-four seconds west for one hundred fifteen decimal zero seven three meters, thence along properties of Nellie Beresford (No. 32 Riverview Road), Jennifer Blackwood (No. 34 Riverview Road) south fifty-seven degrees thirty-five minutes one seconds east for forty nine decimal nine three four meters, thence along properties of Donald Baird (No. 36-38 Riverview Road), Lorraine Morgan (No. 40 Riverview Road) south fifty-six degrees forty-one minutes zero seconds east for thirty eight decimal one three three meters, thence along property of Louise Sullivan (No. 42 Riverview Road) south forty-two degrees fifty-six minutes fifty seconds east for nineteen decimal seven two eight meters, thence along property of Elizabeth Walters (No. 44 Riverview Road) south thirty-five degrees thirty-four minutes thirty seconds west for four decimal five six zero meters, thence along property of Elizabeth Walters (No. 44 Riverview Road) south fifty-seven degrees thirty-four minutes thirty-six seconds east for seventeen decimal six nine five meters, thence along properties of Beothuk Housing Co-op (No. 26 Carmelite Road), David Sullivan (No. 24 Carmelite Road) South five degrees fifty-two minutes eleven seconds east for fifty one decimal eight nine seven meters, thence along properties of David Sullivan (No. 24 Carmelite Road), Daniel Blackmore (No. 22 Carmelite

Road) south fourteen degrees nineteen minutes twenty-eight seconds east for thirty two decimal two four one meters, thence along property of Calinn O'Brien (No. 20 Carmelite Road) south eleven degrees fifty-three minutes fifteen seconds east for eighteen decimal five two nine meters, thence along property of Leo Maher (No. 18 Carmelite Road) south two degrees twelve minutes twenty-one seconds west for twenty two decimal four six one meters, thence along properties of Terry Browne (No. 16 Carmelite Road), Walter Fewer (No. 14 Carmelite Road), David Waugh (No. 12 Carmelite Road) and ACI & ACCC south three degrees forty-four minutes four seconds west for forty two decimal three two eight meters, thence along properties of ACI & ACCC, Robert Ledrew (No. 8 Carmelite Road), Terry Boone (No. 6 Carmelite Road), Paul Finn (No. 4 Carmelite Road), James Molloy (No. 2 Carmelite Road) south thirteen degrees thirty-seven minutes five seconds west for ninety two decimal two six three meters, thence along property of James Molloy (No. 2 Carmelite Road) south sixty-six degrees thirty-nine minutes six seconds east for thirty one decimal nine three four meters, thence along the westerly limit of Carmelite Road south twenty-two degrees eleven minutes sixteen seconds west for thirty two decimal five three eight meters, thence along the southerly limit of Scott Avenue (20 meters wide) south seventy-two degrees eight minutes forty-five seconds east for three hundred eleven decimal zero five zero meters to point of beginning. Containing an area of 52.059 Hectares: All bearings are referred to Grid North (Zone 2 - NAD83).