GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of April 23, 2010.

GRANTED BY: **4513541 CANADA INC.**, a body corporate organized and existing under the laws of Canada and registered to carry on undertakings in the Province of Newfoundland and Labrador

(the "**Borrower**")

TO: **ABITIBI-CONSOLIDATED INC.**, a body corporate organized and existing under the laws of Canada and registered to carry on undertakings in the Province of Newfoundland (hereinafter called "**ACI**") and **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, a body corporate organized and existing under the laws of the Province of Quebec and registered to carry on undertakings in the Province of Newfoundland (hereinafter called "**ACCC**")

(the said "**ACI**" and "**ACCC**" being hereinafter collectively referred to as the "**Secured Parties**")

RECITALS:

A. Pursuant to an indenture (as amended, supplemented, restated, extended, renewed or replaced from time to time) dated as of the date hereof between the Borrower and the Secured Parties (the "**Indenture**") and a promissory note given by the Borrower to and in favour of the Secured Parties dated the ___ day of ________, 2010 (the "**Promissory Note**"), the Borrower agreed to repay to the Secured Parties the sum of One Thousand Dollars ($1,000.00) (subject to any adjustments made pursuant to the Promissory Note) (the "**Principal Amount**") of lawful money of Canada.

B. As security for its Secured Obligations, the Borrower has agreed to grant to the Secured Parties, a security interest in the Secured Property of the Borrower.

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, the terms "advance", "consumer goods", "court", "default", "financial asset", "financing change statement", "financing statement", "fixture", "goods", "intangible", "inventory", "money", "option", "personal property", "receiver", "security", and "value" used in this Agreement without initial capitals, which are defined in the PPSA have the same meanings in this Agreement as in the PPSA, as applicable.

1.2 Definitions

As used in this Agreement, the following words and terms have the meanings set out below:

"**ACCC**" has the meaning ascribed hereto in the Recital;

"**ACI**" has the meaning ascribed hereto in the Recital;

"**Agreement**" means this security agreement as it may be amended, supplemented, extended, renewed, restated or otherwise modified from time to time;

"**Borrower**" has the meaning ascribed hereto in the Recital;

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

"**Event of Default**" means any default of payment of the Principal Amount in accordance with the Promissory Note or any breach of any covenant or proviso contained in this Agreement or in that certain mortgage granted by the Borrower to the Secured Parties of even date herewith;

"**Expenses**" means all expenses, costs and charges incurred by or on behalf of the Secured Parties in connection with this Agreement, the Security Interest or the Collateral Support, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral Support, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Parties interest in any Collateral Support, whether or not directly relating to the enforcement of this Agreement or the Indenture;

"**Indenture**" has the meaning ascribed hereto in the Recital;

"**PPSA**" means the *Personal Property Security Act* (Newfoundland and Labrador); provided, however, if the validity, attachment, perfection (or opposability), effect of perfection or of non-perfection or priority of the Secured Parties' security interest in any Secured Property 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;

"**Principal Amount**" has the meaning ascribed hereto in the Recital;

"**Promissory Note**" has the meaning ascribed hereto in the Recital;

"**Secured Obligations**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower to the Secured Parties in any currency, under, in connection with or pursuant to the Promissory Note;

"**Secured Parties**" has the meaning ascribed hereto in the Recital;

"**Secured Property**" means, Borrower'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 Borrower has or acquires an interest, wherever situate, including all insurance policies covering such property and any and all proceeds of any of the foregoing;

"**Security Interest**" has the meaning ascribed hereto at Section 2.1.

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 Newfoundland and Labrador and the federal laws of Canada applicable in the Province of Newfoundland and Labrador without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of any Borrower 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 constitutes the entire agreement between the parties and set out all the covenants, promises, 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.

ARTICLE 2
SECURITY INTEREST

2.1 Security Interest

As continuing security for the payment and the performance of the Secured Obligations, the Borrower hereby grants to the Secured Parties, a first priority, continuing, specific and fixed security interest in all of such Borrower's Secured Property. The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the "**Security Interest**") secures the payment and performance of the Secured Obligations and the Expenses.

2.2 Fixed Nature of Security Interest

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

2.3 Attachment

Borrower 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 Borrower is intended to attach, as to all Secured Property, and with respect to any particular item of Secured Property, upon the execution of this Agreement.

ARTICLE 3
REMEDIES

3.1 Secured Parties' Rights and Remedies

Upon the occurrence and during the continuance of an Event of Default, all of the Secured Obligations shall, at Secured Parties' option and without notice to Borrower, become immediately due and payable and Secured Parties may, in their 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. Secured Parties shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable law.

3.2 Waivers and Extensions

The Secured Parties may waive default or any breach by Borrower of any of the provisions contained in this 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 Borrower or the rights of any Secured Party resulting therefrom. Any such waiver must be in writing and signed by the Secured Parties to be effective.

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

3.3 Remedies Cumulative

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Secured Parties 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 the Secured Parties 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 they may be lawfully entitled for such default or breach.

3.4 Statutory Waivers by Borrower

To the fullest extent permitted by law, Borrower 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 the Secured Parties 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.

3.5 Limitation of Liability

The Secured Parties shall not be liable or accountable:

(a) by reason of any entry into or taking possession of all or any of the Secured Property, 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 Secured Property, or (iii) protect the Secured Property 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 the Secured parties, Borrower or any other Person in respect of same.

The Secured Parties shall not by virtue of these presents be deemed to be a mortgagee in possession of the Secured Property. Borrower releases and discharges them and the receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to Borrower or any Person claiming through or under it by reason or as a result of anything done or not done by either Secured Party or the receiver under the provisions of this Agreement unless such claim be the result of gross negligence or wilful misconduct.

3.6 Redemption of Secured Property

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

ARTICLE 4
POWER OF ATTORNEY

4.1 Grant

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower irrevocably constitutes and appoints the Secured Parties as its true and lawful attorneys with power of substitution in the name of Borrower to do any and all acts and things, complete any endorsements or registrations and execute and deliver all agreements, documents and instruments as the Secured Parties, in their sole discretion, consider necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise their rights and remedies, provided that such power of attorney shall not be exercised until an Event of Default has occurred and is continuing. Borrower ratifies and agrees to ratify all acts of any attorney taken or done in accordance with this Section 5.1. 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 5
GENERAL

5.1 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered in accordance with the Indenture.

5.2 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 Secured Property, 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 the Secured Parties and the Borrower expressly provide to the contrary in writing.

5.3 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 all parties to this Agreement.

5.4 Assignment and Enurement

This Agreement may be assigned by the Secured Parties and any such assignee shall be entitled to exercise any and all discretions, powers and rights of the Secured Parties under this Agreement. Borrower may not assign this Agreement or any of its rights or obligations under this Agreement unless permitted to do so pursuant by the Secured Parties. All of the Secured Parties' rights under this Agreement shall enure to the benefit of their successors and assigns and all of Borrower's obligations under this Agreement shall bind its successors and assigns.

5.5 Further Assurances

Borrower 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 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.

5.6 Access; Right of Inspection

The Secured Parties shall at all times have full and free access during normal business hours and upon reasonable prior notice, to all books, correspondence and records of Borrower;

provided that, prior notice shall not be required upon the occurrence and during the continuance of any Default or Event of Default.

5.7 Filings

Borrower 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.

5.8 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.

Borrower 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 pursuant hereto.

5.9 Security Interest Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate the Secured Parties to make any advance or loan or further advance, or bind the Secured Parties to grant or extend any credit to Borrower, but the Security Interest shall take effect forthwith on the date hereof upon the execution of this Agreement by Borrower.

5.10 Reasonableness

Borrower acknowledges that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of the Secured Parties and any receiver against Borrower, its business and any Secured Property upon the occurrence of an Event of Default, are commercially reasonable and not manifestly unreasonable.

5.11 Discharge

Upon termination of the commitments in respect of all Secured Obligations and full and final payment and performance by Borrower of the Secured Obligations, the Secured Parties shall upon request in deliver up this Agreement to Borrower and shall at the expense of Borrower cancel and discharge the Security Interest and execute and deliver such documents as shall be requisite to discharge the Security Interest.

5.12 Attornment

Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province of Newfoundland and Labrador 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. 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.

[Signature page follows]

IN WITNESS OF WHICH Borrower has duly executed this Agreement.

4513541 CANADA INC.

By: ______________________

Name: ALLEN DEA

Title: DIRECTOR