CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

the other Petitioners listed herein

Petitioners

and

ERNST & YOUNG INC.,

Monitor

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

BANK OF MONTREAL

and

3239432 NOVA SCOTIA COMPANY

and

U.S. BANK NATIONAL ASSOCIATION

Respondents

MOTION FOR THE ISSUANCE OF AN ORDER AUTHORIZING THE SALE OF CERTAIN ASSETS OF THE PETITIONERS
(Mackenzie Assets)
(Section 11 of the *Companies' Creditors Arrangement Act* ("CCAA"))

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

A. PREAMBLE

1. On April 17, 2009, this Honourable Court issued an order (as amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively with ACI, the "**Abitibi Petitioners**")[1]; (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (collectively, the "**Bowater Petitioners**")[2] and (iii) certain partnerships.[3]

2. Pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was named monitor of the Abitibi Petitioners and Bowater Petitioners (collectively the "**Petitioners**").

3. Any undefined capitalized expressions used herein shall have the meaning set forth in the Initial Order and in the APA (as defined hereinafter).

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[1] The Abitibi Petitioners are Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd. and 9150-3383 Québec Inc. Abitibi-Consolidated (U.K.) Inc. was added to the schedule of Abitibi Petitioners on November 10, 2009.

[2] The Bowater Petitioners are Bowater Canadian Holdings Incorporated., Bowater Canada Finance Corporation, Bowater Canadian Limited, 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St. Maurice River Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc. and Bowater Couturier Inc.

[3] The partnerships are Bowater Canada Finance Limited Partnership, Bowater Pulp and Paper Canada Holdings Limited Partnership and Abitibi-Consolidated Finance LP.

B. ORDERS SOUGHT

4. The Petitioners hereby seek the issuance of the following orders in connection with the sale of the Purchased Assets (as defined hereinafter) :

   (a) an order authorizing and approving the execution by ACCC and 1508756 Ontario Inc. ("**1508756**") of the agreement entitled *Asset Purchase Agreement* (the "**APA**") dated March 11, 2010, by and between ACCC and 1508756 (ACCC and 1508756 collectively the "**Vendors**"), as vendors, and 0869550 B.C. Ltd. (the "**Purchaser**"), as purchaser, an executed copy of which is communicated herewith under confidential seal as **Exhibit R-1** and the completion of all transactions contemplated therein;

   (b) the issuance of a vesting order in connection with the transactions contemplated in the above-mentioned agreement; and

   (c) a number of orders typically requested along with the above-mentioned orders;

   the whole as set forth in the draft order (the "**Vesting Order**") communicated herewith as **Exhibit R-2**.

5. The APA contemplates the sale of all the Vendors' right, title and interest in and to certain assets (as more particularly set out in the APA) situated near Mackenzie, in the Province of British Columbia (the "**Purchased Assets**"), including:

   - two sawmills and two planer mills, including all buildings, all timber concessions, licenses, and associated lands, all land use agreements and permits, and all spare parts;

   - a newsprint paper mill, including the land on which the newsprint paper mill is situated, the thermo-mechanical pulp plant, the steam/power plant, including the associated turbine and boiler and certain paper machine assets;

   - certain current assets and liabilities comprising "net working capital", which include all inventory and supplies, including all raw materials (including logs), finished goods (including lumber) and work in process left on the site;

   - any remaining mobile and other assets (permits, licenses, deposits, etc.) associated with the sawmills and planer mills; and

   - four (4) corporate residential houses.

6. All the facilities included in the Purchased Assets, including the sawmills, were shut down on November 29, 2007, due to market conditions. One sawmill and planer mill were restarted on or about October 18, 2009 to process and monetize the value of some of the existing on-site inventory and to attract greater interest from potential purchasers.

C. BACKGROUND

7. As part of its reorganization efforts, ACCC decided in late 2008 to sell its paper mill and sawmill assets located in Mackenzie, British Columbia (collectively the "**Mackenzie Assets**"). In May 2009, ACCC launched a formal sale process (the "**Sale Process**") with respect to the Mackenzie Assets.

8. In order to maximize the value of the Mackenzie Assets, ACCC approached twelve (12) purchasers potentially interested in purchasing the Mackenzie Assets.

9. On or about June 3rd, 2009, and as part of the Sale Process, ACCC sent initial teasers and non-disclosure agreements to each of the above-mentioned potential purchasers.

10. The list of first round purchasers was elaborated internally by ACCC, based on the potential purchasers' strategic merit, existing relationships with ACCC and/or previous indications of interest in acquiring the Mackenzie Assets.

11. First round bids were received in July 2009 and out of the twelve (12) prospective purchasers approached, four (4) submitted first round non-binding offers covering different combinations of Mackenzie Assets.

12. The two highest bidders were then invited to complete their due diligence process. Following such review process, one (1) bidder withdrew from the process while the other substantially reduced the amount of its offer.

13. Negotiations continued with the remaining bidder but ACCC's concerns kept growing over its ability to secure adequate financing and complete the transaction in a timely manner.

14. In parallel to the continued negotiations with the remaining bidder, ACCC was approached by two first round bidders (one of which is the Purchaser) who had not submitted initial bids.

15. In September 2009, one of these first round bidders submitted a non-binding offer but never followed through on its due diligence process.

16. In December 2009, the Purchaser submitted a non-binding offer for some but not all of the Mackenzie Assets and requested exclusivity going forward.

17. Soon thereafter, ACCC reached the conclusion that the terms and conditions of the Purchaser's above mentioned offer were commercially attractive and that the Purchaser was the strongest bidder to have submitted an offer in the context of the Sale Process. As a result, on December 18th, 2009, a letter of intent (the "**LOI**"), between ACCC and the Purchaser was therefore executed.

18. The LOI contemplates the purchase of some but not all of the Mackenzie Assets. Excluded from the proposed transaction were the newsprint paper mill and certain paper machine assets.

19. Due to complications in carving out the newsprint paper mill and the Purchaser's continued interest in these assets, the parties verbally agreed, on February 17, 2010, to adjust the purchase price and include the newsprint paper mill assets in the overall sale of the Mackenzie Assets.

20. Following the execution of the LOI, additional negotiations took place between the parties to settle the form of the APA and the LOI was extended on two occasions, the last extension ending March 12, 2010.

21. On or about February 17, 2010, the parties agreed verbally to modify the terms and conditions of the transactions contemplated in the LOI to, *inter alia,*:

    (a) include substantially all of the Mackenzie Assets previously excluded under the LOI, with the exception of one (1) specific component of the newsprint paper mill; and

    (b) increase the proposed purchase price.

22. Following this verbal agreement, the Vendors and the Purchaser finalized the negotiations of the terms and conditions of the APA. On March 11, 2010 the APA was executed by the parties thereto.

23. It is currently expected that the transactions contemplated in the APA will close on or about April 30, 2010 (or such later date as the closing conditions have been satisfied), subject the satisfaction of the conditions set forth in the APA.

D. GROUNDS FOR THIS MOTION

24. The Petitioners submit that the sale of the Purchased Assets as contemplated in the APA is in the best interest of and will generally benefit to all of their stakeholders, in that, *inter alia*:

    (a) the sale of the Purchased Assets forms part of Petitioners' continuing objective and strategy to elaborate a restructuring plan, which will allow them (or any successor thereof) to be profitable over time. Such plan will include the following previously announced measures: (a) disposing of non-strategic assets, (b) reducing indebtedness, and (c) reducing financial costs;

    (b) the Mackenzie Assets are not required to continue the operations of the ACCC, nor are they vital for ACCC to successfully restructure its business;

    (c) the proposed transaction involving the Mackenzie Assets is on attractive terms in the current market and will provide ACCC with additional liquidity;

    (d) ACCC's creditors will not suffer any prejudice as a result of the proposed sale of the Purchase Assets and the issuance of the Vesting Order since the proceeds of such transaction will be remitted to the Monitor in trust and shall stand in the place and stead of the Purchased Assets. As a result, all liens, charges and encumbrances on the Purchased Assets will attach to such proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale;

(e) the APA provides that the Purchaser is required, among other things, to fully assume certain responsibilities in respect of the Purchased Assets, including environmental and silviculture liabilities as well as to indemnify and release the Vendors from any such future liability.

25. The Petitioners are in the process of restructuring their business and of disposing of certain assets, including assets which present characteristics that are similar to those of the Purchased Assets. In this context, the Petitioners submit that it is appropriate for the APA, Exhibit R-1, to remain under seal even after the closing of the Mackenzie transaction.

26. The Petitioners respectfully submit that this Motion should be granted in accordance with its conclusions.

27. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

1. **GRANT** this *Motion for the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners (Mackenzie Assets)* (the "**Motion**").

2. **EXEMPT**, if applicable, the Petitioners from having to serve this Motion and from any notice or delay of presentation.

3. **ISSUE** an Order substantially in the form of the draft order communicated as **Exhibit R-2** in support of the Motion;

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

Montréal, March 18, 2010

Stikeman Elliott LLP

Stikeman Elliott LLP
Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, Gerry Timotheatos, having my principal place of business at Suite 800, 1155 Metcalfe Street, Montréal, Quebec, H3B 5H2 solemnly declare the following:

1. I am Director - Corporate Development of AbitibiBowater Inc.

2. All the facts alleged in the *Motion of the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners* are true.

AND I HAVE SIGNED

GERRY TIMOTHEATOS

Solemnly declared before me at Montréal, on the 18th day of March, 2010

Commissioner for oaths

Commissioner of Oaths
Districts of Longueuil and Montréal
 # 142 518

NOTICE OF PRESENTATION

TO : SERVICE LIST

TAKE NOTICE that the *Motion for the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners and the Issuance of a Vesting Order* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in practice in and for the District of Montreal, in the **Montreal Court House, 1 Notre-Dame Street East**, on **March 23, 2010**, at **9:00 a.m.** in a Room to be announced to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, March 18, 2010

Stikeman Elliott, S.E.N.C.R.L., s.r.l.

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

the other Petitioners listed herein

Petitioners

and

ERNST & YOUNG INC.,

Monitor

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

BANK OF MONTREAL

and

3239432 NOVA SCOTIA COMPANY

and

U.S. BANK NATIONAL ASSOCIATION

Respondents

LIST OF EXHIBITS OF THE PETITIONERS

Motion for the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners (Mackenzie assets)

DESCRIPTION		TAB
R-1:	Copy of the *Asset Purchase Agreement* dated March 11, 2010	1
R-2:	Draft Vesting Order in respect of the MacKenzie Assets	2

Montréal, this 18th day of March, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

Exhibit R-1

[FILED UNDER SEAL]

Exhibit R-2

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: ●, 2010

PRESENT: THE HONOURABLE ●, J.S.C.

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.

and

THE OTHER PETITIONERS LISTED ON SCHEDULES "A", "B" AND "C"

Petitioners

and

ERNST & YOUNG INC.

And

WELLS FARGO BANK, NATIONAL ASSOCIATION

And

BANK OF MONTREAL

And

3239432 Nova Scotia Company

And

U.S. BANK NATIONAL ASSOCIATION

Respondents

VESTING ORDER

CONSIDERING Petitioners' *Motion for the Issuance of a Vesting Order (MacKenzie Assets)* (the "**Motion**");

CONSIDERING the representations of the parties;

GIVEN the provisions of the *Companies' Creditors Arrangement Act* (the "**CCAA**");

FOR THESE REASONS, THE COURT:

[1] **AUTHORIZES AND APPROVES** the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") and 1508756 Ontario Inc. ("**1508756**") of the Asset Purchase Agreement dated March 11, 2010, filed under confidential seal as Exhibit R-1 to the Motion (the "**APA**"), by and between 1508756 and ACCC (collectively the "**Vendors**"), as vendors, and 0869550 B.C. Ltd. (the "**Purchaser**"), as purchaser, and the completion of all the transactions contemplated therein (the "**Proposed Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor;

[2] **ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Petitioners to proceed with the Proposed Transactions and that no shareholder or regulatory approval shall be required in connection therewith save and except for those contemplated in the APA;

[3] **ORDERS AND DECLARES** that upon the filing of a Monitor's certificate, substantially in the form appended as **Schedule "D"** hereto (the "**Monitor's Certificate**"), with this Court's registry, all right, title and interest in and to the Purchased Assets as defined in the APA (the "**Purchased Assets**"), shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities, obligations, interests, prior claims, hypothecs, security interests (whether contractual, statutory or otherwise), liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, liabilities (direct, indirect, absolute or contingent), pledges, executions, rights of first refusal or other pre-emptive rights in favour of third parties, mortgages, hypothecs, trusts or deemed trusts (whether contractual, statutory or otherwise), restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Purchased Assets Encumbrances**"), other than the permitted encumbrances, easements and restrictive covenants listed on **Schedule "F"** hereto (the "**Permitted Encumbrances**"), including without limiting the generality of the foregoing: (i) any Purchased Assets Encumbrances created by the Order issued on April 17, 2009 by Justice Clément Gascon, J.S.C., as amended, and/or any other CCAA order; and (ii) all Purchased Assets Encumbrances evidenced by registration, publication or filing pursuant to the British Columbia *Personal Property Security Act* (the "**BC PPR**") or any other applicable legislation providing for a security interest in personal or movable property, the *Bank Act* or any other applicable

legislation and, for greater certainty, **ORDERS** that all of the Purchased Assets Encumbrances affecting or relating to the Purchased Assets, other than the Permitted Encumbrances, be expunged and discharged as against the Purchased Assets, in each case effective as of the applicable time and date set out in the APA;

[4] **ORDERS** that upon the registration in the Land Title Office for the Land Title District of Prince George of a certified copy of this Order, the lands identified in items 1 -10 of **Schedule "E"** hereto (collectively, the "**Lands**") and the leasehold interest identified in item 11 of **Schedule "E"** hereto (the "**Lease**"), together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licences, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto shall, as to the Lands, be transferred to and vest in the Purchaser as registered owner in fee simple, and as to the Lease, be assigned to and vest in the Purchaser as registered owner of the leasehold estate, without further instrument of transfer, assignment or discharge, free and clear of all Purchased Assets Encumbrances, other than the Permitted Encumbrances, and for the purpose of this paragraph 4, the Registrar of Land Titles is hereby directed to vest the Purchaser as the registered owner of the Lands in fee simple with indefeasible title, and as the registered owner of the leasehold estate pursuant to the Lease, and is hereby directed to discharge, cancel and release from title to the Lands, and as against the Lease, all of the Purchased Assets Encumbrances, other than the Permitted Encumbrances, and this Court declares that it has been proven to the satisfaction of the Court on investigation that the title of the Purchaser in and to the Lands is a good, safe holding and marketable title, and that the landlord's consent to the assignment of the Lease has been duly obtained;

[5] **ORDERS** the Registrar of Land Titles of the Land Title Office for the Land Title District of Prince George, upon presentation of a certified copy of this Order and a copy of the Monitor's Certificate, to discharge, cancel and release from title to the Lands and as against the Lease, the mortgages and charges filed in said land registry under the following numbers:

(a) As to the Lands:

- Personal Property Security Act Notice, CA739864 in favour of Wells Fargo Bank, National Association;
- Mortgage CA1106802 and Assignment of Rents CA1106803 in favour of Bank of Montreal;
- Mortgage BB1230870 and Assignment of Rents BB1230871 in favour of 3239432 Nova Scotia Company;

(b) As to the Lease:

- Personal Property Security Act Notice, CA739864 in favour of Wells Fargo Bank, National Association;

- Mortgage CA1106804 and Assignment of Rents CA1106805 (of Lease PJ7008) in favour of U.S. Bank National Association (as to an undivided ½ interest) and Wells Fargo Bank (as to an undivided ½ interest);

- Mortgage BB1230872 and Assignment of Rents BB1230873 (of Lease PJ7008) in favour of 3239432 Nova Scotia Company;

[6] **ORDERS** that upon the filing of the Monitor's Certificate with this Court's registry, the Vendors shall be authorized to take all such steps as may be necessary to effect the discharge of all liens, charges and encumbrances registered against the Purchased Assets in the BC PPR, including by way of further application to this Court;

[7] **ORDERS** that if any rights, benefits or remedies (hereinafter collectively called the "**Rights**") under the Forest Licence (as defined in the APA), the Leasehold Interest and any of the Authorizations (as defined in the APA) assigned to or assumed by the Purchaser pursuant to the APA are not assignable by the Vendors without the consent of one or more other parties thereto (hereinafter called a "**Third Party**") and such consent is not obtained prior to the Time of Closing (but the Proposed Transaction otherwise completes), such Rights will not vest in the Purchaser at the Time of Closing but will be held by the Vendors for the benefit of the Purchaser in accordance with the APA, providing further that upon any such Third Party consent being obtained, such Rights shall automatically vest in the Purchaser without the requirement of any further action on the part of the Purchaser;

[8] **ORDERS AND DECLARES** that the Purchaser shall be deemed to have taken an assignment of only those agreements enumerated in the APA, including the Schedules thereto, and under no circumstances shall the Purchaser be deemed to have taken an assignment of, assumed, be bound by or have any obligations under any other agreement between the Vendors or any of the other Petitioners, including without limitation any fibre supply agreements entered into by ACCC or any of the other Petitioners and any agreements relating in any way to the Business or any of the Purchase Assets;

[9] **ORDERS** that the proceeds from the sale of the Purchased Assets, net of all transaction-related costs, including without limitation, attorney's fees (the "**Net Proceeds**") shall be remitted to Ernst & Young Inc., in its capacity as Monitor of the Petitioners, until the issuance of directions by this Court with respect to the allocation of said Net Proceeds;

[10] **ORDERS** that for the purposes of determining the nature and priority of Purchased Assets Encumbrances, the Net Proceeds shall stand in the place and stead of the Purchased Assets, and that upon payment of the Purchase Price (as defined in the APA) by the Purchaser all Purchased Assets Encumbrances shall attach to the Net Proceeds

with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale;

[11] **ORDERS** that notwithstanding:

(i) the proceedings under the CCAA;

(ii) any petitions for a receiving order now or hereafter issued pursuant to the Bankruptcy and Insolvency Act ("**BIA**") and any order issued pursuant to any such petition; or

(iii) the provisions of any federal or provincial legislation;

the vesting of the Purchased Assets, contemplated in this Vesting Order, as well as the execution of the APA pursuant to this Vesting Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression or any other remedy; and

[12] **ORDERS AND DECLARES** that the Vendors and the Purchaser shall be at liberty to amend the Schedules to the APA to include any Purchased Assets not identified by those parties prior to execution of the APA without the need for further Order of this Court;

[13] **ORDERS AND DECLARES** that the Vendors and the Purchaser shall be at liberty to apply for such further and other directions as may be necessary to carry out the terms of this Order; and

[14] **ORDERS** the provisional execution of this Vesting Order notwithstanding any appeal and without the necessity of furnishing any security.

[15] **WITHOUT COSTS.**

●, J.S.C.

●
Stikeman Elliott LLP
Attorneys for Petitioners

SCHEDULE "A"

ABITIBI PETITIONERS

1. ABITIBI-CONSOLIDATED INC.
2. ABITIBI-CONSOLIDATED COMPANY OF CANADA
3. 3224112 NOVA SCOTIA LIMITED
4. MARKETING DONOHUE INC.
5. ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
6. 3834328 CANADA INC.
7. 6169678 CANADA INC.
8. 4042140 CANADA INC.
9. DONOHUE RECYCLING INC.
10. 1508756 ONTARIO INC.
11. 3217925 NOVA SCOTIA COMPANY
12. LA TUQUE FOREST PRODUCTS INC.
13. ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
14. SAGUENAY FOREST PRODUCTS INC.
15. TERRA NOVA EXPLORATIONS LTD.
16. THE JONQUIERE PULP COMPANY
17. THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY,
18. SCRAMBLE MINING LTD.
19. 9150-3383 QUÉBEC INC.
20. ABITIBI-CONSOLIDATED (U.K.) INC.

SCHEDULE "B"

BOWATER PETITIONERS

1. BOWATER CANADIAN HOLDINGS INC.
2. BOWATER CANADA FINANCE CORPORATION
3. BOWATER CANADIAN LIMITED
4. 3231378 NOVA SCOTIA COMPANY
5. ABITIBIBOWATER CANADA INC.
6. BOWATER CANADA TREASURY CORPORATION
7. BOWATER CANADIAN FOREST PRODUCTS INC.
8. BOWATER SHELBURNE CORPORATION
9. BOWATER LAHAVE CORPORATION
10. ST-MAURICE RIVER DRIVE COMPANY LIMITED
11. BOWATER TREATED WOOD INC.
12. CANEXEL HARDBOARD INC.
13. 9068-9050 QUÉBEC INC.
14. ALLIANCE FOREST PRODUCTS (2001) INC.
15. BOWATER BELLEDUNE SAWMILL INC.
16. BOWATER MARITIMES INC.
17. BOWATER MITIS INC.
18. BOWATER GUÉRETTE INC.
19. BOWATER COUTURIER INC.

SCHEDULE "C"

18.6 CCAA PETITIONERS

1. ABITIBIBOWATER INC.
2. ABITIBIBOWATER US HOLDING 1 CORP.
3. BOWATER VENTURES INC.
4. BOWATER INCORPORATED
5. BOWATER NUWAY INC.
6. BOWATER NUWAY MID-STATES INC.
7. CATAWBA PROPERTY HOLDINGS LLC
8. BOWATER FINANCE COMPANY INC.
9. BOWATER SOUTH AMERICAN HOLDINGS INCORPORATED
10. BOWATER AMERICA INC.
11. LAKE SUPERIOR FOREST PRODUCTS INC.
12. BOWATER NEWSPRINT SOUTH LLC
13. BOWATER NEWSPRINT SOUTH OPERATIONS LLC
14. BOWATER FINANCE II, LLC
15. BOWATER ALABAMA LLC
16. COOSA PINES GOLF CLUB HOLDINGS LLC

SCHEDULE "D"

DRAFT MONITOR'S CERTIFICATE

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act,* R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

the other Petitioners listed herein

Petitioners

and

ERNST & YOUNG INC.,

Monitor

CERTIFICATE OF THE MONITOR

RECITALS:

WHEREAS on April 17, 2009, the Superior Court of Quebec (the "**Court**") issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively, the "**Abitibi Petitioners**"),[1] (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (collectively, the "**Bowater Petitioners**")[2] and (iii) certain partnerships[3]. Any undefined capitalized expression used herein has the meaning set forth in the Initial Order and in the McKenzie Vesting Order (as defined below);

WHEREAS pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was named monitor of, *inter alia*, the Abitibi Petitioners; and

WHEREAS on ●, 2010, the Court issued an Order (the "**MacKenzie Vesting Order**") thereby, inter alia, authorizing and approving the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") and 1508756 Ontario Inc. ("**1508756**") of the Asset Purchase Agreement dated March 11, 2010 (the "**APA**"), by and between 1508756 and ACCC (collectively the "**Vendors**"), as vendors, and 0869550 B.C. Ltd. (the "**Purchaser**"), as purchaser, and the completion of all the transactions contemplated therein (the "**Proposed Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor.

THE MONITOR CERTIFIES THAT IT HAS BEEN ADVISED BY THE VENDORS AND THE PURCHASER AS TO THE FOLLOWING:

(a) the APA has been executed and delivered;

(b) the portion of the Purchase Price (as defined in the APA) payable at closing and all applicable taxes have been paid;

(c) all conditions to closing under the APA have been satisfied or waived by the

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1 The Abitibi Petitioners are Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc. and Abitibi-Consolidated (U.K.) Inc.

2 The Bowater Petitioners are Bowater Canadian Holdings Incorporated., Bowater Canada Finance Corporation, Bowater Canadian Limited, 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St. Maurice River Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc. and Bowater Couturier Inc.

3 The partnerships are Bowater Canada Finance Limited Partnership, Bowater Pulp and Paper Canada Holdings Limited Partnership and Abitibi-Consolidated Finance LP.

parties thereto;

(d) all obligations of the parties that are required to be satisfied at or prior to closing under the APA have been satisfied or waived pursuant to the terms of the APA;

This Certificate was delivered by the Monitor at ____ **[TIME]** on ___________ **[DATE].**

Ernst & Young Inc. in its capacity as the monitor for the restructuration proceedings under the *CCAA* undertaken by AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc. and the other Petitioners listed herein, and not in its personal capacity.

Name: ______________________________

Title: ______________________________

SCHEDULE "E"

REAL PROPERTY

Fee Simple:

1. PID: 023-579-013 Lot 2 District Lot 12572 Cariboo District Plan PGP40586 – FFI Road, Mackenzie, British Columbia.

2. PID: 015-221-385 Lot 2 District Lot 12572 Cariboo District Plan 34223 – FFI Road, Mackenzie, British Columbia.

3. PID: 015-221-431 Lot 3 District Lot 12572 Cariboo District Plan 34223 – FFI Road, Mackenzie, British Columbia.

4. PID: 023-578-581 Lot A District Lot 12572 Cariboo District Plan PGP40585, except Plan PGP40586 - FFI Road, Mackenzie, British Columbia.

5. PID: 023-802-201 Lot 1 District Lots 12571 and 12572 Cariboo District Plan PGP41340 – FFI Road, Mackenzie, British Columbia.

6. PID: 023-891-785 Lot 1 District Lot 12571 Cariboo District Plan PGP41661 – Mill Road, Mackenzie, British Columbia.

7. PID: 013-229-371 Lot 31 District Lot 12463 Cariboo District Plan 19397.

8. PID: 008-915-440 Lot 107 District Lot 3673 Cariboo District Plan 22048.

9. PID: 009-083-685 Lot 110 District Lot 3673 Cariboo District Plan 22048.

10. PID: 010-173-811 Lot 133 District Lot 3673 Cariboo District Plan 20179.

Leasehold:

PID: 011-712-970 District Lot 12571, Cariboo District, except Plans 33137, 32952, PGP40538 and PGP41661 on Plan PGP38630 pursuant to Lease Agreement PJ7008 between BCR Properties Ltd. and ACCC dated February 18, 1994.

SCHEDULE "F"

PERMITTED ENCUMBRANCES

1. All subsisting reservations, limitations, provisions or conditions, including royalties, expressed in the original grants from the Crown of any of the Lands and the statutory exceptions to title currently applicable to the Lands.

2. All registered or pending reservations, easements, restrictive covenants, rights-of-way or charges granted by or in favour of utilities or public authorities as of the date of the APA.

3. Any claim of right, title or jurisdiction which may be made or established by any aboriginal peoples by virtue of their status as aboriginal peoples to or over any lands, waters or products harvested therefrom.

4. Any undetermined or inchoate liens and charges incidental to current construction or current operations which have not been filed or registered in accordance with applicable law or of which written notice has not yet been duly given in accordance with applicable law or that relate to an obligation not yet due or delinquent, which in each case relate to Purchased Assets.

5. As to PID: 023-579-013:

   (a) Legal Notations:

      (i) Nil

   (b) Registered Charges:

      (i) Right of Way E896 in favour of British Columbia Hydro and Power Authority

      (ii) Right of Way G23552 in favour of British Columbia Hydro and Power Authority

      (iii) Statutory Right of Way PG7504 in favour of BC Gas Inc.

6. As to PID: 015-221-385:

   (a) Legal Notations:

      (i) Nil

   (b) Registered Charges:

      (i) Covenant PC56436 in favour of District of Mackenzie

7. As to PID: 015-221-431:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Covenant PC56436 in favour of District of Mackenzie

8. As to PID: 023-578-581:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Right of Way E896 in favour of British Columbia Hydro and Power Authority

(ii) Right of Way G23552 in favour of British Columbia Hydro and Power Authority

(iii) Covenant PC56436 in favour of District of Mackenzie

(iv) Statutory Right of Way PG7504 in favour of BC Gas Inc.

9. As to PID: 023-802-201:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Right of Way E896 in favour of British Columbia Hydro and Power Authority

(ii) Right of Way G23552 in favour of British Columbia Hydro and Power Authority

(iii) Covenant PC56436 in favour of District of Mackenzie

(iv) Statutory Right of Way PG7504 in favour of BC Gas Inc.

10. As to PID: 023-891-785:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Right of Way F3526 in favour of British Columbia Hydro and Power Authority

(ii) Statutory Right of Way Y47400 in favour of Inland Natural Gas Co. Ltd.

11. As to PID: 013-229-371:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Nil

12. As to PID: 008-915-440:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Nil

13. As to PID: 009-083-685:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) U. and E&R PC7101 in favour of Her Majesty the Queen in Right of the Province of British Columbia

14. As to PID: 010-173-811:

(a) Legal Notations:

(i) Nil

(b) Registered Charges:

(i) Nil

15. As to PID: 011-712-970:

(a) Legal Notations:

(i) Notice of Interest, Builders Lien Act (s.3(2)), See BX409253

(b) Registered Charges:

(i) Right of Way F3526 in favour of British Columbia Hydro and Power Authority

(ii) Statutory Right of Way Y47400 in favour of Inland Natural Gas Co. Ltd.

16. A headbox access and removal agreement to be entered into between the Purchaser and ACCC, substantially in the form attached as Schedule V to the APA.

17. Any fixtures notice to be registered in the appropriate Land Title Office and any registration in the B.C. Personal Property Registry, in each case with respect to the Vendors' interest in the Headbox (as defined in the APA), following the date of this Agreement .

18. Registration No. 922186E (Crown charge filed pursuant to the *Forest Act)* by the Ministry of Finance against ACCC dated April 16, 2009 in the B.C. Personal Property Registry.

SUPERIOR COURT
Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*)

N°. 500-11-036133-094

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:
ABITIBIBOWATER INC. *et al*
Petitioners
- and -

ERNST & YOUNG INC.
Monitor
-and-

WELLS FARGO BANK, NATIONAL ASSOCIATION *et al.*
Respondents

BS0350 n/dos.: 041053-1170

LIST OF EXHIBITS AND EXHIBITS R-1 TO R-2

COPY

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Fax : (514) 397-3493

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