EXHIBIT R-18

DEED OF SALE

MADE as of this ● day of ●, 2010 (hereinafter referred to as the "**Effective Date**")

APPEARED:

ABITIBI-CONSOLIDATED COMPANY OF CANADA, a company duly constituted in virtue of the laws of the Province of Quebec, having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2 and herein acting and represented by ●, its ●, duly authorized for the purposes hereof in virtue of a resolution of its shareholders.

(hereinafter called the "**Vendor**");

AND:

4513541 CANADA INC., a corporation duly constituted in virtue of laws of Canada, herein acting and represented by Samson Belair/Deloitte & Touche Inc., in its capacity as court-appointed receiver of the assets, property and undertaking of 4513541 CANADA INC. and not in its personal capacity, appointed pursuant to the order of the Honourable Mr. Justice Gascon, dated ●, 2010 of the Superior Court of Quebec, court file no. ●, and having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2, represented by ●, its ●.

(hereinafter called the "**Purchaser**");

WHO HAVE DECLARED AND AGREED AS FOLLOWS :

ARTICLE 1
SALE AND ASSIGNMENT

The Vendor hereby sells, conveys, assigns, cedes and transfers to the Purchaser, hereto present and accepting, all of its rights, title and interest in the following property (hereinafter called the "**Property**") :

1.1 A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION FOUR HUNDRED THREE THOUSAND ONE HUNDRED AND ELEVEN (3 403 111) of the Cadastre du Québec, Registration Division of Saguenay;

As the Property now subsists, with all its rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto.

ARTICLE 2
POSSESSION

The Purchaser shall be the owner of the Property from the Effective Date, with immediate possession and occupancy.

ARTICLE 3
"AS IS, WHERE IS" SALE

The sale of the Property shall be made on an "as is, where is" basis, without any warranty whatsoever, legal or contractual, at Purchaser's own risk. Without limiting the generality of the foregoing, it is expressly agreed that the sale of the Property, and any use or enjoyment of such Property shall be at the entire risk of the Purchaser and its successors and assigns from and after the date hereof, and the Purchaser for itself and its successors and assigns agrees to assume and hereby assumes any and all responsibilities and liabilities, whether of an environmental nature or otherwise, in any way arising out of or in connection with the state, quality or condition of, or in or upon, the Property and every part thereof existing as of or prior to the date hereof and thereafter, and whether such liabilities or responsibilities arise or are in any manner imposed by law, statute, regulations and/or by any regulatory authorities or parties or official entity in any manner whatsoever.

ARTICLE 4
TRANSFER OF RISKS

If the Property is surrendered at a latter date further to the transfer of the ownership right, the Purchaser shall assume the risks relating to the Property from the Effective Date, notwithstanding paragraph 2 of Article 1456 of the *Civil Code of Québec* and in accordance with Article 950 of the *Civil Code of Québec*.

ARTICLE 5
VENDOR'S RESIDENCY STATUS

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and of the *Taxation Act* (Quebec).

ARTICLE 6
PURCHASER'S OBLIGATIONS

The Purchaser binds and obliges itself to, from the Effective Date:

6.1 Pay all real estate taxes due and to become due related to the Property;

6.2 Pay the costs and fees of these presents, their publication and copies for all parties; and

6.3 Pay, to the entire exoneration of the Vendor, all transfer duties within the meaning of the Act (as this term is hereinafter defined) arising out of the present acquisition.

ARTICLE 7
ADJUSTMENTS

The Purchaser and the Vendor hereto declare that they have made the usual adjustments as of the Effective Date and if other adjustments become necessary, they shall be made as of the same date.

ARTICLE 8
PRICE

This sale is made for and in consideration of a purchase price composed of the sum of (i) $● and (ii) the assumption by the Purchaser of any liabilities of the Vendor for unpaid real estate taxes in connection with the Property **[($●)]**, and for other good and valuable considerations, whereof quit.

ARTICLE 9
TAX PROVISIONS

9.1 It is understood and agreed by the Vendor and the Purchaser that the Purchase Price does not include the goods and services tax ("**GST**") or the Québec sales tax ("**QST**"), payment of which taxes shall be the sole responsibility of the Purchaser;

9.2 The Vendor and the Purchaser declare that the Property is not residential complex, as defined in the *Excise Tax Act* (Canada) ("**ETA**") and in the *Act respecting the Québec Sales Tax* ("**QSTA**").

9.3 The Purchaser declares and warrants to the Vendor that:

9.3.1 It is duly registered under the provisions of the ETA, that its registration number in relation with the GST is ● and that said registration has not been cancelled nor terminated;

9.3.2 It is duly registered under the provisions of the QSTA, that its registration number in relation with the QST is ● and that said registration has not been cancelled nor terminated;

9.3.3 It has acquired the Property for use exclusively in its commercial activities;

9.4 The Vendor declares that it is duly registered under the ETA (registration number 88879 1241 RT0001) and under the QSTA (registration number 1020361006 TQ0001).

9.5 Each of the Vendor and the Purchaser declares that the present sale is a taxable supply and that the GST and QST payable in respect thereof is subject to subsections 221(2), 228(4) and 228(6) of the ETA and to Sections 423, 438 and 441 of the QSTA and, consequently, the Vendor is not required to collect same in respect thereof, the Purchaser being liable for the payment of the GST and QST in respect thereof.

9.6 The Purchaser shall self-assess and remit to the appropriate governmental authority all GST and QST which is payable under the ETA and QSTA in connection with the transfer of the Property, all in accordance with the ETA and QSTA.

9.7 The Purchaser shall indemnify and hold harmless the Vendor from all claims, liabilities, penalties, interests, costs and legal and other expenses incurred directly or indirectly in connection with the self-assessment by the Purchaser of GST and/or QST payable in respect of these presents.

ARTICLE 10
INTERPRETATION

10.1 This Deed constitutes the entire agreement of the parties with regard to its subject matter, and supersedes all previous written or oral representations, agreements and understandings between the parties.

10.2 This Deed shall be governed by and interpreted and enforced in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

10.3 As the context may require, any reference in this Deed to gender includes all genders and words importing the singular number only shall include plural and *vice versa.*

ARTICLE 11
MENTIONS REQUIRED UNDER SECTION 9 OF THE ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES (QUEBEC) (the "**Act**")

11.1 The names and addresses of the transferor and the transferee are mentioned in the appearances;

11.2 The Property is situated in the territory of the City of Baie-Comeau. Province of Quebec;

11.3 The amount of the consideration for the transfer of the Property is CDN$●;

11.4 The amount constituting the basis of imposition of the transfer duties for the transfer of the Property is CDN$●;

11.5 The amount of the municipal transfer duties is CDN$●;

11.6 The invoicing address is: 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2;

11.7 There is no transfer of both corporal immovable and movable referred to in Section 1.0.1 of the above mentioned Act. **[NTD: To be confirmed]**

[Signature and attestation page for Vendor follows]

Signature and attestation of the Vendor to this Deed of Sale executed on ●, 2010 between **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, as vendor, and **4513541 CANADA INC.**, as purchaser.

SIGNED IN Montréal (Quebec),

ABITIBI-CONSOLIDATED COMPANY OF CANADA

By: ______________________________

●

●

ATTESTATION

I, the undersigned, ●, advocate, practising at ●, certify that:

1. I have verified the identity, quality and capacity of the Vendor to the present Deed of Sale;

2. The document is valid as to its form; and

3. The present Deed of Sale represents the will expressed by the Vendor.

CERTIFIED at the City of Montréal, Province of Quebec, this __________ day of ●, 2010.

____

●, Advocate

[Signature and attestation page for Purchaser follows]

Signature and attestation of the Purchaser to this Deed of Sale executed on ●, 2010 between **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, as vendor, and **4513541 CANADA INC.**, as purchaser.

SIGNED IN Montréal (Quebec),

SAMSON BELAIR/DELOITTE & TOUCHE INC.,
in its capacity as court-appointed receiver for and on behalf of **4513541 CANADA INC.**

By: ______________________________
●
●

ATTESTATION

I, the undersigned, ●, advocate, practising at ●, certify that:

1. I have verified the identity, quality and capacity of the Purchaser to the present Deed of Sale;

2. The document is valid as to its form; and

3. The present Deed of Sale represents the will expressed by the Purchaser thereto.

CERTIFIED at the City of Montréal, Province of Quebec, this __________ day of ●, 2010.

____
●, Advocate

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. *& al*

Petitioners

- and -
ERNST & YOUNG INC.

Monitor

- and -
THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*

Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-18

ORIGINAL

Me Joseph Reynaud (514) 397-3019
Fax : (514) 397-3616

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. AVOCATS
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Québec H3B 3V2

EXHIBIT R-19

DEED OF SALE

MADE as of this ● day of ●, 2010 (hereinafter referred to as the "**Effective Date**")

APPEARED:

ABITIBI-CONSOLIDATED COMPANY OF CANADA, a company duly constituted in virtue of the laws of the Province of Quebec, being vested in all the rights of PRODUITS FORESTIERS DONOHUE INC., which later amalgamated with ABITIBI-CONSOLIDATED COMPANY OF CANADA, the resulting company being ABITIBI-CONSOLIDATED COMPANY OF CANADA, having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2 and herein acting and represented by ●, its ●, duly authorized for the purposes hereof in virtue of a resolution of its shareholders.

(hereinafter called the "**Vendor**");

AND:

4513541 CANADA INC., a corporation duly constituted in virtue of laws of Canada, herein acting and represented by Samson Belair/Deloitte & Touche Inc., in its capacity as court-appointed receiver of the assets, property and undertaking of 4513541 CANADA INC. and not in its personal capacity, appointed pursuant to the order of the Honourable Mr. Justice Gascon, dated ●, 2010 of the Superior Court of Quebec, court file no. ●, and having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2, represented by ●, its ●.

(hereinafter called the "**Purchaser**");

WHO HAVE DECLARED AND AGREED AS FOLLOWS :

ARTICLE 1
SALE AND ASSIGNMENT

The Vendor hereby sells, conveys, assigns, cedes and transfers to the Purchaser, hereto present and accepting, all of its rights, title and interest in the following property (hereinafter called the "**Property**") :

1.1 A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION FOUR HUNDRED THREE THOUSAND TWO HUNDRED AND EIGHTEEN (3 403 218) of the Cadastre du Québec, Registration Division of Saguenay; and

1.2 A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION FOUR HUNDRED THREE THOUSAND AND EIGHTY-SEVEN (3 403 087) of the Cadastre du Québec, Registration Division of Saguenay

As the said immovables now subsist, with all their rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto.

ARTICLE 2
POSSESSION

The Purchaser shall be the owner of the Property from the Effective Date, with immediate possession and occupancy.

ARTICLE 3
"AS IS, WHERE IS" SALE

The sale of the Property shall be made on an "as is, where is" basis, without any warranty whatsoever, legal or contractual, at Purchaser's own risk. Without limiting the generality of the foregoing, it is expressly agreed that the sale of the Property, and any use or enjoyment of such Property shall be at the entire risk of the Purchaser and its successors and assigns from and after the date hereof, and the Purchaser for itself and its successors and assigns agrees to assume and hereby assumes any and all responsibilities and liabilities, whether of an environmental nature or otherwise, in any way arising out of or in connection with the state, quality or condition of, or in or upon, the Property and every part thereof existing as of or prior to the date hereof and thereafter, and whether such liabilities or responsibilities arise or are in any manner imposed by law, statute, regulations and/or by any regulatory authorities or parties or official entity in any manner whatsoever.

ARTICLE 4
TRANSFER OF RISKS

If the Property is surrendered at a latter date further to the transfer of the ownership right, the Purchaser shall assume the risks relating to the Property from the Effective Date, notwithstanding paragraph 2 of Article 1456 of the *Civil Code of Québec* and in accordance with Article 950 of the *Civil Code of Québec*.

ARTICLE 5
VENDOR'S RESIDENCY STATUS

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and of the *Taxation Act* (Quebec).

ARTICLE 6
PURCHASER'S OBLIGATIONS

The Purchaser binds and obliges itself to, from the Effective Date:

6.1 Pay all real estate taxes due and to become due related to the Property;

6.2 Pay the costs and fees of these presents, their publication and copies for all parties; and

6.3 Pay, to the entire exoneration of the Vendor, all transfer duties within the meaning of the Act (as this term is hereinafter defined) arising out of the present acquisition.

ARTICLE 7
ADJUSTMENTS

The Purchaser and the Vendor hereto declare that they have made the usual adjustments as of the Effective Date and if other adjustments become necessary, they shall be made as of the same date.

ARTICLE 8
PRICE

This sale is made for and in consideration of a purchase price composed of the sum of (i) $● and (ii) the assumption by the Purchaser of any liabilities of the Vendor for unpaid real estate taxes in connection with the Property **[($●)]**, and for other good and valuable considerations, whereof quit.

ARTICLE 9
TAX PROVISIONS

9.1 It is understood and agreed by the Vendor and the Purchaser that the Purchase Price does not include the goods and services tax ("**GST**") or the Québec sales tax ("**QST**"), payment of which taxes shall be the sole responsibility of the Purchaser;

9.2 The Vendor and the Purchaser declare that the Property is not residential complex, as defined in the *Excise Tax Act* (Canada) ("**ETA**") and in the *Act respecting the Québec Sales Tax* ("**QSTA**").

9.3 The Purchaser declares and warrants to the Vendor that:

9.3.1 It is duly registered under the provisions of the ETA, that its registration number in relation with the GST is ● and that said registration has not been cancelled nor terminated;

9.3.2 It is duly registered under the provisions of the QSTA, that its registration number in relation with the QST is ● and that said registration has not been cancelled nor terminated;

9.3.3 It has acquired the Property for use exclusively in its commercial activities;

9.4 The Vendor declares that it is duly registered under the ETA (registration number 88879 1241 RT0001) and under the QSTA (registration number 1020361006 TQ0001).

9.5 Each of the Vendor and the Purchaser declares that the present sale is a taxable supply and that the GST and QST payable in respect thereof is subject to subsections 221(2), 228(4) and 228(6) of the ETA and to Sections 423, 438 and 441 of the QSTA and, consequently, the Vendor is not required to collect same in respect thereof, the Purchaser being liable for the payment of the GST and QST in respect thereof.

9.6 The Purchaser shall self-assess and remit to the appropriate governmental authority all GST and QST which is payable under the ETA and QSTA in connection with the transfer of the Property, all in accordance with the ETA and QSTA.

9.7 The Purchaser shall indemnify and hold harmless the Vendor from all claims, liabilities, penalties, interests, costs and legal and other expenses incurred directly or indirectly in connection with the self-assessment by the Purchaser of GST and/or QST payable in respect of these presents.

ARTICLE 10
INTERPRETATION

10.1 This Deed constitutes the entire agreement of the parties with regard to its subject matter, and supersedes all previous written or oral representations, agreements and understandings between the parties.

10.2 This Deed shall be governed by and interpreted and enforced in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

10.3 As the context may require, any reference in this Deed to gender includes all genders and words importing the singular number only shall include plural and *vice versa*.

ARTICLE 11
MENTIONS REQUIRED UNDER SECTION 9 OF THE ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES (QUEBEC) (the "**Act**")

11.1 The names and addresses of the transferor and the transferee are mentioned in the appearances;

11.2 The Property is situated in the territory of the City of Baie-Comeau, Province of Quebec;

11.3 The amount of the consideration for the transfer of the Property is CDN$●;

11.4 The amount constituting the basis of imposition of the transfer duties for the transfer of the Property is CDN$●;

11.5 The amount of the municipal transfer duties is CDN$●;

11.6 The invoicing address is: 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2;

11.7 There is no transfer of both corporal immovable and movable referred to in Section 1.0.1 of the above mentioned Act. **[NTD: To be confirmed]**

[Signature and attestation page for Vendor follows]

Signature and attestation of the Vendor to this Deed of Sale executed on ●, 2010 between **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, as vendor, and **4513541 CANADA INC.**, as purchaser.

SIGNED IN Montréal (Quebec),

ABITIBI-CONSOLIDATED COMPANY OF CANADA

By: ______________________________

●

●

ATTESTATION

I, the undersigned, ●, advocate, practising at ●, certify that:

1. I have verified the identity, quality and capacity of the Vendor to the present Deed of Sale;

2. The document is valid as to its form; and

3. The present Deed of Sale represents the will expressed by the Vendor.

CERTIFIED at the City of Montréal, Province of Quebec, this ___________ day of ●, 2010.

____

●, Advocate

[Signature and attestation page for Purchaser follows]

Signature and attestation of the Purchaser to this Deed of Sale executed on ●, 2010 between **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, as vendor, and **4513541 CANADA INC.**, as purchaser.

SIGNED IN Montréal (Quebec),

SAMSON BELAIR/DELOITTE & TOUCHE INC.,
in its capacity as court-appointed receiver for and on behalf of **4513541 CANADA INC.**

By: ______________________________
●
●

ATTESTATION

I, the undersigned, ●, advocate, practising at ●, certify that:

1. I have verified the identity, quality and capacity of the Purchaser to the present Deed of Sale;

2. The document is valid as to its form; and

3. The present Deed of Sale represents the will expressed by the Purchaser thereto.

CERTIFIED at the City of Montréal, Province of Quebec, this __________ day of ●, 2010.

____

●, Advocate

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. *& al*

Petitioners

- and -
ERNST & YOUNG INC.

Monitor

- and -
THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*

Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-19

ORIGINAL

Me Joseph Reynaud (514) 397-3019
Fax : (514) 397-3616

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. AVOCATS
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Québec H3B 3V2

#10578657 v1

EXHIBIT R-20

DEED OF SALE

MADE as of this ● day of ●, 2010 (hereinafter referred to as the "**Effective Date**")

APPEARED:

ABITIBI-CONSOLIDATED COMPANY OF CANADA, a company duly constituted in virtue of the laws of the Province of Quebec and having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2, herein acting and represented by ●, its ●, duly authorized for the purposes hereof in virtue of a resolution of its shareholders.

(hereinafter called the "**Vendor**");

AND:

4513541 CANADA INC., a corporation duly constituted in virtue of laws of Canada, herein acting and represented by Samson Belair/Deloitte & Touche Inc., in its capacity as court-appointed receiver of the assets, property and undertaking of 4513541 CANADA INC. and not in its personal capacity, appointed pursuant to the order of the Honourable Mr. Justice Gascon, dated ●, 2010 of the Superior Court of Quebec, court file no. ●, and having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2, represented by ●, its ●.

(hereinafter called the "**Purchaser**");

WHO HAVE DECLARED AND AGREED AS FOLLOWS :

ARTICLE 1
SALE AND ASSIGNMENT

The Vendor hereby sells, conveys, assigns, cedes and transfers to the Purchaser, hereto present and accepting, all of its rights, title and interest in the following property (hereinafter called the "**Property**") :

1.1 A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION TWO HUNDRED ELEVEN THOUSAND AND EIGHTY-SEVEN (3 211 087) of the Cadastre du Québec, Registration Division of Saguenay.

As the said immovables now subsist, with all their rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto.

ARTICLE 2
POSSESSION

The Purchaser shall be the owner of the Property from the Effective Date, with immediate possession and occupancy.

ARTICLE 3
"AS IS, WHERE IS" SALE

The sale of the Property shall be made on an "as is, where is" basis, without any warranty whatsoever, legal or contractual, at Purchaser's own risk. Without limiting the generality of the foregoing, it is expressly agreed that the sale of the Property, and any use or enjoyment of such Property shall be at the entire risk of the Purchaser and its successors and assigns from and after the date hereof, and the Purchaser for itself and its successors and assigns agrees to assume and hereby assumes any and all responsibilities and liabilities, whether of an environmental nature or otherwise, in any way arising out of or in connection with the state, quality or condition of, or in or upon, the Property and every part thereof existing as of or prior to the date hereof and thereafter, and whether such liabilities or responsibilities arise or are in any manner imposed by law, statute, regulations and/or by any regulatory authorities or parties or official entity in any manner whatsoever.

ARTICLE 4
TRANSFER OF RISKS

If the Property is surrendered at a latter date further to the transfer of the ownership right, the Purchaser shall assume the risks relating to the Property from the Effective Date, notwithstanding paragraph 2 of Article 1456 of the *Civil Code of Québec* and in accordance with Article 950 of the *Civil Code of Québec.*

ARTICLE 5
VENDOR'S RESIDENCY STATUS

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and of the *Taxation Act* (Quebec).

ARTICLE 6
PURCHASER'S OBLIGATIONS

The Purchaser binds and obliges itself to, from the Effective Date:

6.1 Pay all real estate taxes due and to become due related to the Property;

6.2 Pay the costs and fees of these presents, their publication and copies for all parties; and

6.3 Pay, to the entire exoneration of the Vendor, all transfer duties within the meaning of the Act (as this term is hereinafter defined) arising out of the present acquisition.

ARTICLE 7
ADJUSTMENTS

The Purchaser and the Vendor hereto declare that they have made the usual adjustments as of the Effective Date and if other adjustments become necessary, they shall be made as of the same date.

ARTICLE 8
PRICE

This sale is made for and in consideration of a purchase price composed of the sum of (i) $● and (ii) the assumption by the Purchaser of any liabilities of the Vendor for unpaid real estate taxes in connection with the Property **[($●)]**, and for other good and valuable considerations, whereof quit.

ARTICLE 9
TAX PROVISIONS

9.1 It is understood and agreed by the Vendor and the Purchaser that the Purchase Price does not include the goods and services tax ("**GST**") or the Québec sales tax ("**QST**"), payment of which taxes shall be the sole responsibility of the Purchaser;

9.2 The Vendor and the Purchaser declare that the Property is not residential complex, as defined in the *Excise Tax Act* (Canada) ("**ETA**") and in the *Act respecting the Québec Sales Tax* ("**QSTA**").

9.3 The Purchaser declares and warrants to the Vendor that:

9.3.1 It is duly registered under the provisions of the ETA, that its registration number in relation with the GST is ● and that said registration has not been cancelled nor terminated;

9.3.2 It is duly registered under the provisions of the QSTA, that its registration number in relation with the QST is ● and that said registration has not been cancelled nor terminated;

9.3.3 It has acquired the Property for use exclusively in its commercial activities;

9.4 The Vendor declares that it is duly registered under the ETA (registration number 88879 1241 RT0001) and under the QSTA (registration number 1020361006 TQ0001).

9.5 Each of the Vendor and the Purchaser declares that the present sale is a taxable supply and that the GST and QST payable in respect thereof is subject to subsections 221(2), 228(4) and 228(6) of the ETA and to Sections 423, 438 and 441 of the QSTA and, consequently, the Vendor is not required to collect same in respect thereof, the Purchaser being liable for the payment of the GST and QST in respect thereof.

9.6 The Purchaser shall self-assess and remit to the appropriate governmental authority all GST and QST which is payable under the ETA and QSTA in connection with the transfer of the Property, all in accordance with the ETA and QSTA.

9.7 The Purchaser shall indemnify and hold harmless the Vendor from all claims, liabilities, penalties, interests, costs and legal and other expenses incurred directly or indirectly in connection with the self-assessment by the Purchaser of GST and/or QST payable in respect of these presents.

ARTICLE 10
INTERPRETATION

10.1 This Deed constitutes the entire agreement of the parties with regard to its subject matter, and supersedes all previous written or oral representations, agreements and understandings between the parties.

10.2 This Deed shall be governed by and interpreted and enforced in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

10.3 As the context may require, any reference in this Deed to gender includes all genders and words importing the singular number only shall include plural and *vice versa.*

ARTICLE 11
MENTIONS REQUIRED UNDER SECTION 9 OF THE ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES (QUEBEC) (the "**Act**")

11.1 The names and addresses of the transferor and the transferee are mentioned in the appearances;

11.2 The Property is situated in the territory of the City of Baie-Comeau, Province of Quebec;

11.3 The amount of the consideration for the transfer of the Property is CDN$●;

11.4 The amount constituting the basis of imposition of the transfer duties for the transfer of the Property is CDN$●;

11.5 The amount of the municipal transfer duties is CDN$●;

11.6 The invoicing address is: 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2;

11.7 There is no transfer of both corporal immovable and movable referred to in Section 1.0.1 of the above mentioned Act.

[Signature and attestation page for Vendor follows]

Signature and attestation of the Vendor to this Deed of Sale executed on ●, 2010 between **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, as vendor, and **4513541 CANADA INC.**, as purchaser.

SIGNED IN Montréal (Quebec),

ABITIBI-CONSOLIDATED COMPANY OF CANADA

By: ______________________________
●
●

ATTESTATION

I, the undersigned, ●, advocate, practising at ●, certify that:

1. I have verified the identity, quality and capacity of the Vendor to the present Deed of Sale;

2. The document is valid as to its form; and

3. The present Deed of Sale represents the will expressed by the Vendor.

CERTIFIED at the City of Montréal, Province of Quebec, this ___________ day of ●, 2010.

____
●, Advocate

[Signature and attestation page for Purchaser follows]

Signature and attestation of the Purchaser to this Deed of Sale executed on ●, 2010 between **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, as vendor, and **4513541 CANADA INC.**, as purchaser.

SIGNED IN Montréal (Quebec),

SAMSON BELAIR/DELOITTE & TOUCHE INC., in its capacity as court-appointed receiver for and on behalf of **4513541 CANADA INC.**

By: ______________________________
●
●

ATTESTATION

I, the undersigned, ●, advocate, practising at ●, certify that:

1. I have verified the identity, quality and capacity of the Purchaser to the present Deed of Sale;

2. The document is valid as to its form; and

3. The present Deed of Sale represents the will expressed by the Purchaser thereto.

CERTIFIED at the City of Montréal, Province of Quebec, this __________ day of ●, 2010.

____

●, Advocate

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. *& al*

Petitioners

- and -
ERNST & YOUNG INC.

Monitor

- and -
THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*

Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-20

ORIGINAL

Me Joseph Reynaud (514) 397-3019
Fax : (514) 397-3616

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. AVOCATS
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Québec H3B 3V2

#10578657 v1

EXHIBIT R-21

DEED OF HYPOTHEC

ON THE ●(●th) DAY OF ● TWO THOUSAND AND TEN (2010).

B E F O R E M^tre ●, the undersigned notary for the Province of Quebec, practicing at Montréal ("**Notary**").

APPEARED: **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, a company duly constituted in virtue of the laws of the Province of Quebec, herein acting and represented by ●, its ●, duly authorized for the purposes hereof in virtue of a resolution of its shareholders, a certified copy, extract or duplicate of which remains annexed hereto after having been acknowledged as true and signed for identification by said representative and by the undersigned Notary.

(hereinafter, the "**Trustee**")

AND: **4513541 CANADA INC.**, a corporation duly constituted in virtue of laws of Canada, herein acting and represented by Samson Belair/Deloitte & Touche Inc., in its capacity as the court-appointed receiver of the assets, property and undertaking of 4513541 CANADA INC. and not in its personal capacity, appointed pursuant to the order of the Honourable Mr. Justice Gascon, dated ●, 2010 of the Superior Court of Quebec, court file no. ●, and having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2, represented by ●, its ●, duly authorized for the purposes hereof in virtue of ● , copies of which order and by-law remain annexed hereto after having been acknowledged as true and signed for identification by said representative and by the undersigned Notary.

(hereinafter, the "**Grantor**")

WHICH PARTIES HAVE DECLARED AS FOLLOWS:

WHEREAS the Grantor has issued the Notes;

WHEREAS the Grantor is desirous of securing the Notes in the manner hereinafter appearing;

WHEREAS the execution of this Deed and the security of the Notes in conformity thereof have been duly authorized.

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

1. INTERPRETATION

1.1 Definitions

The following terms, wherever used in this Deed, shall, unless there be something in the context inconsistent therewith, have the following meanings:

1.1.1 "**Business Day**" means any day during which Canadian chartered banks are open in Montréal, Quebec, to transact business in the ordinary course;

1.1.2 "**Charged Property**" shall have the meaning ascribed to it in Article 2.1 hereof;

1.1.3 "**Civil Code**" means *Civil Code of Québec*, as amended from time to time;

1.1.4 "**Creditor**" means ABITIBI-CONSOLIDATED COMPANY OF CANADA and any of its successors and assigns;

1.1.5 "**Default**" means any of the events set out in Article 11 hereof;

1.1.6 "**Dollars**" and the symbol "**$**" each means the lawful money of Canada;

1.1.7 "**Governmental Entity**" means any international tribunal, agency, body commission or other authority, any government, executive, parliament, legislature or local authority, or any governmental entity, ministry, department or agency or regulatory authority, court, tribunal, commission or board of or within Canada, or any other foreign jurisdiction, or any political subdivision of any thereof or any authority having jurisdiction therein or any quasi governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

1.1.8 "**Grantor**" means 4513541 Canada Inc. and any of its permitted successors or assigns;

1.1.9 "**Hypothec**" shall have the meaning ascribed to it in Article 2.1 hereof;

1.1.10 "**Immovables**" shall have the meaning ascribed to it in Section 2.2 hereof, and "**Immovable**" means any one of the Immovables;

1.1.11 "**Laws**" includes as the case may be, laws, statutes, by-laws, codes, regulations, orders, ordinances, decrees, rulings, decisions, policies and other rules having binding effect adopted by any competent authority, whether federal, provincial or municipal, local or otherwise, including without limitation those dealing with pollution of the environment and hazardous materials or any other environmental hazards or public health and safety.

1.1.12 "**Lien**" means any hypothec, security interest, mortgage, pledge, priority, prior claim, lien, transfer, assignment or encumbrance of whatever kind or nature that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

1.1.13 "**Notes**" means all of the non-interest bearing demand promissory notes each dated ●, 2010 issued by the Grantor in favour of the Creditor in connection with each of the properties listed in Schedule "A" hereto, and "**Note**" means any one of the Notes;

1.1.14 "**Noteholder**" means the Creditor or any assignee of a Note;

1.1.15 "**Noteholder's Instrument**" means at any time a document signed by the Noteholder;

1.1.16 "**Person**" means any corporation, natural person, firm, joint venture, partnership, trust, unincorporated organization or Governmental Entity;

1.1.17 "**Property in Stock**" shall have the meaning ascribed to it in Section 2.5;

1.1.18 "**Secured Obligations**" means all of the obligations which are to be secured by the Hypothec pursuant to Article 4 hereof;

1.1.19 "**Securities**" shall have the meaning ascribed to it in Section 2.7;

1.1.20 "**This Deed**", "**these presents**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Deed, and to any deed or document supplemental or complementary hereto or restating this Deed; and

1.1.21 "**Trustee**" means ABITIBI-CONSOLIDATED COMPANY OF CANADA, the person appointed as *Fondé de pouvoir* for the Noteholder and shall include its successors or assigns appointed in replacement thereof.

1.2 Gender and Number

Unless there be something in the context inconsistent therewith, words importing the masculine gender shall include the feminine gender and *vice versa* and words importing the singular number shall include the plural and *vice versa.*

1.3 Headings

The division of this Deed into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the meaning or the interpretation of the present Deed. Unless otherwise indicated, a reference to a particular Article, Section, subsection, paragraph or subparagraph is a reference to the particular Article, Section, subsection, paragraph or subparagraph in this Deed.

1.4 Benefits of this Deed

The parties hereto and the Noteholder shall be bound by the provisions hereof (including the irrevocable appointment in Article 2 below) and the benefits, rights, remedies or claims under this Deed shall enure to them.

1.5 Delays and Calculation of Delays

The delays provided hereunder are calculated simultaneously with the delays imposed by Law and are not in addition to such delays. In the calculation of delays, the first day is not included but the last is. When the date on which a delay expires or a payment has to be made or an act has to be done is not a Business Day, the delay expires or the payment must be made or the act must be done on the following Business Day, unless the context indicates otherwise.

2. APPOINTMENT OF THE TRUSTEE AS *FONDÉ DE POUVOIR*

The Grantor hereby irrevocably appoints ABITIBI-CONSOLIDATED COMPANY OF CANADA and ABITIBI-CONSOLIDATED COMPANY OF CANADA irrevocably accepts (subject to Section 14.6 hereof) to act as *Fondé de pouvoir* ("person holding the power of attorney"), as contemplated in Article 2692 of the Civil Code, on behalf of the Noteholder, in order to receive and hold any right, hypothec and security interest created hereby and hereafter created or constituted, as continuing security for the payment of the Secured Obligations.

Any person who becomes a Noteholder shall benefit from the provisions hereof and the appointment of the Trustee as "*Fondé de pouvoir*" for the Noteholder and, upon becoming a Noteholder, irrevocably authorizes the Trustee to perform such functions.

2.1 HYPOTHEC AND DESCRIPTION OF CHARGED PROPERTY

The Grantor hereby hypothecates in favour of the Trustee for its own benefit and for the benefit of the Noteholder, all of its rights, title and interest in (i) the immovables hereinafter described in Section 2.2, and (ii) the universality of all of its movable assets, corporeal and incorporeal, present and future, of whatever nature and kind and wherever situated (the "**Charged Property**"), the whole including without limitation the following universalities of present and future properties (the "**Hypothec**"):

2.2 Immovables

The immovable properties described in Schedule "A" hereof, together with all of the Grantor's rights, titles and interests in and to such immovable properties, the whole including, without limiting the generality of the foregoing, all improvements erected thereon or made thereto and the buildings, erections, materials, plants and warehouses, in each case owned by the Grantor, forming part of such immovable properties and any and all rights of way, servitudes, benefits, privileges, grants and immunities and other immovable rights connected therewith or appertaining or accessory thereto (hereinafter referred to as the "**Immovables**").

2.3 Rentals, Revenues and Leases of Immovables

All rentals, annuities and revenues which are or may be produced by the Immovables (if any), as well as any other right of the Grantor in any lease, present and future, which may affect such Immovables.

2.4 Rental Insurance

Proceeds of any insurance covering losses of revenue and rentals described in Section 2.3 above.

2.5 Property in Stock

All property in stock or inventory of every nature and kind of the Grantor whether in its possession, in transit or held on its behalf, including raw materials, work in process, finished goods or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property evidenced by bills of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof from the time of their extraction (the Grantor's property in stock is collectively hereinafter referred to as the "**Property in Stock**").

The Property in Stock of the Grantor held by third parties under a lease agreement, a leasing contract, a franchise or licence agreement, or any other agreement entered into with or on behalf of the Grantor, is also subject to the Hypothec.

Property having formed part of the Grantor's Property in Stock which is alienated by the Grantor in favour of a third Person but in respect of which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged by the Hypothec until title is transferred; any of the Grantor's Property in Stock the ownership of which reverts to the Grantor pursuant to the resolution or resiliation of any agreement or following its repossession is also subject to the Hypothec granted by the Grantor hereunder.

2.6 Claims, Book Debts and Other Movable Property

2.6.1 Claims, Receivables and Book Debts

All of the Grantor's claims, debts, demands and *choses in action*, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), notes, acceptances, bills of exchange or drafts; whether litigious or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Grantor under any and all risk insurance policy, any life insurance policy or any liability insurance policy, subject to the rights of other creditors holding hypothecs on the insured property, (ii) the sums owing to the Grantor in connection with interest or currency exchange contracts and other treasury or hedging instruments, management of risks or derivative instruments existing in favour of the Grantor, and (iii) the Grantor's rights in any credit balances, monies or deposits in accounts held for it by the Trustee (subject to the Trustee's compensation or set-off rights) or by any financial institution or any other Person.

2.6.2 Contracts, Permits and Rights of Action

All of the Grantor's rights, title and interest in, to and under the contracts, agreements, deeds, licences, permits and leases, present and future, entered into from time to time by the Grantor or issued in its favour and all renewals thereof together with the present and continuing right to make a claim thereunder and to enforce or cause the enforcement of all of the said rights, titles and interest of the Grantor. It is agreed that the Hypothec granted by the Grantor hereunder does not extend to any contract, agreement, deed, licence or permit to the extent that the creation of the Hypothec would constitute a breach or cause the acceleration of same.

2.6.3 Accessories

The hypothecs, security interests, security agreements, guarantees, suretyships, notes, acceptances and accessories to the claims and rights described above and other rights relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under any instalment sale, with respect to the claims hereby hypothecated which are the result of such sale).

2.6.4 Movable Property

All movable property owned by the Grantor and covered by the instalment sales mentioned in subsection 2.6.3 hereof.

A right or a claim shall not be excluded from the Charged Property of the Grantor merely because: (i) the debtor thereof is not domiciled in the Province of Quebec or (ii) the debtor thereof is an affiliate (as such term is defined in the *Canada Business Corporations Act*) of the Grantor (regardless of the applicable Law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the ordinary course of business or the operations of the Grantor.

2.7 Securities

All securities (including shares, debentures, partnership or trust units, bonds, obligations, rights, options, warrants, debt securities, investment certificates, units in mutual funds, certificates or other instruments representing such property) now or hereafter owned by the Grantor or held by the Grantor or on its behalf, as well as all those which are delivered by the Grantor to the Trustee or to a third party on its behalf from time to time (the "**Securities**").

2.8 Fruits and Revenues

All cash, profits, proceeds, fruits, dividends, rights and revenues which are or may be produced by or declared or distributed with respect to the Charged Property of the Grantor or in exchange thereof, as well as the proceeds of the Charged Property of the Grantor, including without limitation any property, equipment, negotiable instrument, bill, commercial paper, security, money, compensation for expropriation remitted, given in exchange or paid pursuant to a sale, repurchase, distribution or any other transaction with respect to the Charged Property of the Grantor.

2.9 Records and Other Documents

All present and future records, data, vouchers, invoices and other documents related to the Charged Property of the Grantor described above, including without limitation, computer programs, disks, tapes and other means of electronic communications of the Grantor, as well as the rights of the Grantor to recover such property from third parties, receipts, customer lists, distribution lists, directories and other similar property of the Grantor.

2.10 Replacement Property

Any and all Charged Property of the Grantor which is acquired, transformed or manufactured after the date of this Deed shall be charged by the Hypothec of the Grantor, (i) whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, (ii) whether or not such property results from a transformation, mixture or combination of any Charged Property of the Grantor, and (iii) in the case of Securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the Securities and without the Trustee being required to register or re-register any notice whatsoever, the property charged under the Hypothec of the Grantor being the universality of the Grantor's present and future movable property.

2.11 Charged Property Requiring Consent to Hypothec

If any of the Charged Property may not be assigned, subleased, charged or encumbered without the leave, license, consent or approval of the applicable counterparty, a governmental authority or any other Person, any Hypothec created hereby on any such property shall be under the suspensive condition of obtaining such leave, license, consent or approval.

3. AMOUNT OF THE HYPOTHEC

The amount for which the Hypothec is granted is a principal amount of ● ($●) with interest thereon from the date of this Deed at the rate of TWENTY-FIVE PERCENT (25%) per annum.

4. SECURED OBLIGATIONS

The Hypothec shall secure payment of all amounts owed under the Notes in principal, interest and costs.

The Hypothec further secures the payment of all sums due or to become due pursuant to this Deed and the performance of all obligations provided for under this Deed.

Any future obligation hereby secured shall be deemed to be one in respect of which the Grantor has once again obligated itself hereunder according to the provisions of Article 2797 of the Civil Code.

5. ADDITIONAL PROVISIONS PERTAINING TO THE HYPOTHEC ON RENTAL INCOME AND LEASES

With respect to any Immovable generating rentals and revenues:

5.1 Rents, Annuities and Revenues Collection

The Trustee hereby authorizes the Grantor to collect all rents, annuities and revenues which are rental income; however, the Grantor shall not collect in advance more than one month of rent nor shall they renounce to the payment of more than one month of rent unless otherwise provided in existing leases. Upon the occurrence of a Default, such authorization may be revoked by the Trustee in writing in accordance with what is provided for by Law; in such a case, the Trustee may exercise as it deems appropriate, to the exclusion of the Grantor, all rights, claims, privileges and hypothecs (legal or conventional) of the Grantor in order to maintain, renew, grant or terminate any lease, and to further protect or collect rents, annuities and revenues from the Immovables, and if, after such authorization is revoked (and even if such revocation is not yet registered or delivered to the holders of such claims), any rents, annuities or revenues which are rental income are paid to the Grantor, they shall receive same as mandatary of the Trustee and shall remit same to the Trustee promptly without the necessity of any demand to this effect.

5.2 Pursuits

Following the occurrence of a Default, the Trustee shall have the right to bring an action for recovery of rentals provided the Trustee impleads the Grantor, it being understood that the Trustee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals. The Trustee shall have the right to deduct any collection fee from any rentals collected as well as any commission usually charged by the Trustee for the collection of rentals, miscellaneous reasonable costs and expenses (copies, service fees, legal counsel fees and others, opening files, surveillance fees, execution fees or fees for cancellation of lease) incurred as a result of such collection.

6. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON CLAIMS

6.1 Authorization to Recover

Save and except for insurance and expropriation claims, the Trustee hereby authorizes the Grantor to recover all claims and other Charged Property referred to in Section 2.6 (collectively, the "**Hypothecated Claims**"). However, upon the occurrence of a Default which is continuing, such authorization may be revoked at any time by the Trustee by written notice with respect to all or any part of the Hypothecated Claims, whereupon the Trustee shall be free to itself effect such recovery and to exercise any of the rights referred to in Section 6.2 below; the Grantor shall then remit to the Trustee all records, books, invoices, bills, contracts, titles, papers and other documents related to the Hypothecated Claims. If, after such authorization is revoked (and even if such revocation is not yet registered or delivered to the holders of such claims), sums payable under such Hypothecated Claims and property are paid to the Grantor, it shall receive same as mandatary of the Trustee and shall remit same to the Trustee promptly without the necessity of any demand to this effect.

6.2 Recovery

The Trustee may, upon the occurrence of a Default which is continuing, recover all Hypothecated Claims in accordance with what is provided for by Law; it may further exercise any rights regarding such Hypothecated Claims and more particularly, it may grant or refuse any consent which may be required from the Grantor in its capacity as owner of such Hypothecated Claims, and shall not, in the exercise of such rights, be required to obtain the consent of the Grantor or serve the Grantor any notice thereof, nor shall it be under any obligation to establish that the Grantor has refused or neglected to exercise such rights, and it may further grant delays, take or abandon any security, make arrangements with debtors of any Hypothecated Claims, make compromises, grant releases and generally deal at its discretion with matters concerning all Hypothecated Claims without the intervention or consent of the Grantor.

7. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON SECURITIES

The Grantor hereby acknowledges and agrees that the Trustee may from time to time hold all or part of the Securities hereof for its own benefit and for the benefit of the Noteholder.

Until the occurrence of a Default which is continuing, the Grantor shall be entitled to exercise all rights attached to the Securities owned by it, including any right to vote and any right of conversion or redemption, provided such rights are not exercised in a manner which would impair the value of the Securities.

Upon the occurrence of a Default which is continuing and if permitted or not otherwise prohibited under the Civil Code, the Trustee may sell the Securities or security entitlements or otherwise dispose of them without having to give a prior notice, obtain their surrender or observe the time limits prescribed by Title Three of Book Six of the Civil Code.

Upon the occurrence of a Default which is continuing, the Trustee and each of its officers are hereby irrevocably authorized and empowered to complete the blanks in any transfer form or power of attorney of any certificate representing the Securities with such names and dates and in such manner as the Trustee or any such officer may deem advisable, and to deal with and deliver the same in the manner herein provided. Such rights of the Trustee shall survive and have effect notwithstanding the dissolution of the Grantor or the appointment of any trustee or receiver to its assets.

This Deed need not be signed for acceptance by the Noteholder in order to be binding on the Grantor. Such acceptance by the Noteholder shall be presumed and cannot be disputed by the Grantor. The Grantor consents to the holding of the Securities by the Trustee for and on behalf of the Noteholder, upon and subject to the terms and conditions hereof. The Trustee hereby acknowledges that, as of the date of the execution of this Deed, it has received evidence in writing of the hypothec constituted hereunder on the Securities.

The Trustee may, upon the occurrence and continuance of a Default, transfer any of the Securities or any part thereof into its own name or that of a third party appointed by it so that, the Trustee or its nominee(s) may appear as the sole registered holder thereof, in which case:

7.1 Voting Rights

All voting rights and any other right attached to the Securities may be exercised by the Trustee (without any obligation of the Trustee to do so) or on behalf of the Trustee.

7.2 Revenues, Dividends and Others

The Trustee shall collect revenues, dividends and capital distributions and the Grantor holding the Securities shall cease to have any right thereto and the Trustee may either hold same as Charged Property or apply them in reduction of the Secured Obligations.

7.3 Proxy

The Trustee may give the Grantor holding the Securities a proxy, revocable at any time, authorizing it to exercise, in whole or in part, all voting rights and any other rights attached to the Securities.

For the purpose of this Article 7, the Grantor hereby irrevocably appoints any officer or employee of the Trustee as its attorney with full power of substitution and authority, effective upon the occurrence and continuance of a Default, to execute such documents necessary to render effective the rights granted to the Trustee pursuant to this Article 7.

8. ASSIGNMENT OF CLAIMS SUBJECT TO THE *FINANCIAL ADMINISTRATION ACT*

The Grantor hereby assigns to the Trustee, by way of absolute assignment, all its present and future claims which are subject to Sections 67 and 68 of the *Financial Administration Act* (Canada) or analogous legislation, as collateral and continuing security for the performance of all Secured Obligations. The Trustee may, at any time, fulfill any of the formalities required by Law to make such transfer enforceable.

9. REPRESENTATIONS AND WARRANTIES

The Grantor hereby represents and warrants that:

9.1 Claims subject to the Financial Administration Act

It has no claim of substantial value falling under Article 8 hereof other than those indicated in Schedule "B" hereof (Section 19.2).

9.2 Claims secured by Registered Hypothec

It has no claim which is secured by registered hypothec other than those indicated in Schedule "C" hereof (Section 19.3).

9.3 Registered and Head Office

Its registered office, chief executive office and principal office and place of business is located in the Province of Quebec.

10. COVENANTS

The Grantor hereby covenants:

10.1 Information

To give notice in writing to the Trustee:

10.1.1 of any change whatsoever in the representations and warranties hereinabove mentioned in Article 9;

10.1.2 of the name of any surety (guarantor) which may have guaranteed the payment of claims hypothecated hereby and other Charged Property mentioned in Section 2.6 hereof;

10.1.3 of the existence of any hypothec securing claims and other Charged Property referred to in Section 2.6 hereof and, in such cases, to provide the Trustee, upon demand, with satisfactory proof that such hypothec has been registered or published in accordance with applicable Law in order for the rights of the Trustee to be set up against third persons;

10.1.4 of the existence and details of any new claim falling under Article 8 hereof.

10.2 Title

To ensure that its right of ownership in any Charged Property in the hands or possession of any third party remains enforceable against third parties and, accordingly, that such right has been registered or published, if registration or publication is required by Law for the purpose of enforcement against third parties.

10.3 Compensation, Fees and Expenses

To pay all reasonable costs and expenses relating to this Deed and to the exercise of all rights resulting in favour of the Trustee from such Deed as well as all reasonable costs and expenses incurred to set up the rights of the Trustee against third persons, and all reasonable discharge fees (such costs and expenses shall include all fees and expenses of consultants, mandataries or counsel retained for any appraisal required in connection with the sale of an enterprise or in case of default, as well as administrative fees and, as the case may be); to reimburse the Trustee for all costs and expenses incurred by it for the purpose of carrying out the Grantor's obligations or of exercising its rights.

10.4 Public Utilities

To pay the cost of any public utility services and authorizes the Trustee to obtain from the related authorities the amounts due to this account and any information relating to payment of such charges.

11. EVENTS OF DEFAULT

The Grantor shall be in default hereunder without notice or other formality if any of the following occurs: (i) should the Grantor fail to pay the Notes, in principal or interest, as and when same shall become due or (ii) should the Grantor default in the performance or fulfillment of its obligations hereunder, if any of the representations or warranties made herein by the Grantor is wrong or inaccurate, or if the Grantor is otherwise in breach of any of the terms and conditions hereof (each a "**Default**").

12. TRUSTEE'S RECOURSES IN CASE OF DEFAULT

12.1 Exercise of Rights

In case of a Default which is continuing, the Trustee shall, upon receipt of a Noteholder's Instrument, by notice in writing to the Grantor, demand payment of the principal of and interest on the Notes and other amounts secured hereby or owing by the Grantor hereunder and the same shall forthwith be and become immediately due and payable by the Grantor to the Trustee and the Grantor shall forthwith pay to the Trustee for the benefit of the Noteholder all such principal, interest and other moneys. Any such payment then made by the Grantor shall be deemed to have been made in discharge of its obligations hereunder or under the Notes, and any monies so received by the Trustee shall be applied in the same manner as if they were proceeds of realization of the Charged Property.

In case of a Default which is continuing and the Grantor shall have failed to pay the Trustee, on demand, the principal of and interest on the Notes together with any other amounts secured hereby or owing by the Grantor hereunder, the Trustee may, upon receipt of a Noteholder's Instrument, proceed to realize the security created by this Deed and to exercise any right, recourse or remedy of the Trustee and of the Noteholder under this Deed or provided for by Law, including without limitation any of the hypothecary rights and recourses provided for under the Civil Code.

No Noteholder shall have any right to institute any action or proceeding or to exercise any other remedy authorized by this Deed or by Law for the purpose of enforcing payment of principal or interest or of realizing any security, other than in accordance with the terms hereof, unless a Noteholder's Instrument shall have been tendered to the Trustee and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Noteholder shall be entitled to take proceedings such as the Trustee might have taken pursuant to the Noteholder's Instrument.

12.2 Rights of the Trustee

Whatever hypothecary rights the Trustee elects to exercise, the following provisions shall apply:

12.2.1 the Trustee may, in its discretion, at the Grantor's expense:

a) pursue the transformation of the Charged Property or any work in process or unfinished goods comprised in the Charged Property or proceed with any operations to which such property is submitted by the Grantor in the ordinary course of its business and acquire property for such purposes;

b) alienate or dispose of any Charged Property which may be obsolete, may perish or is likely to depreciate rapidly;

c) use for its benefit all information obtained while exercising its rights;

d) perform any of the Grantor's obligations or covenants hereunder;

e) exercise any right attached to the Charged Property on such conditions and in such manner as it may determine, acting reasonably, including without restriction the granting of licences whether general or special on an exclusive or non exclusive basis, of any intellectual property charged hereunder;

f) for the exercise of any of its rights, utilize without charge the Grantor's plant, equipment, machinery, process, informations, records, computer programs and intellectual property;

g) borrow monies or lend monies and, in such cases, the monies borrowed or lent by the Trustee shall bear interest at the rate then obtained or charged by the Trustee for such borrowing or loan; these monies shall be reimbursed by the Grantor on demand and, until they have been repaid in full, such monies and interest thereon shall be secured by the present Hypothec and be paid in priority to any other sums secured hereunder; and

h) maintain or repair, restore or renovate, begin or complete any construction work on or related to the Charged Property;

12.2.2 the Trustee shall exercise its rights in good faith in order to attempt to reduce the Secured Obligations, in a reasonable manner, taking into account all circumstances;

12.2.3 the Trustee may, directly or indirectly, purchase or otherwise acquire the Charged Property;

12.2.4 the Trustee, when exercising its rights, may waive any right of the Grantor, with or without consideration therefor;

12.2.5 the Trustee shall have no obligation to make an inventory of the Charged Property, to take out any kind of insurance with respect thereto or to grant any security whatsoever;

12.2.6 the Trustee shall not be bound to continue to carry on the Grantor enterprise or to make any productive use of the Charged Property or to maintain such property in operating condition; and

12.2.7 the Grantor shall, upon request of the Trustee, move the Charged Property and render it available to the Trustee unto premises designated by the Trustee and which, in its opinion, shall be more suitable in the circumstances.

12.3 Grantor's Remedy

If the Grantor remedies the Default mentioned in the prior notice of exercise of hypothecary rights, the Grantor shall, as required by Law, pay all reasonable fees incurred by the Trustee by reason of the Default; these fees shall include without limitation the administrative fees of the Trustee, the legal fees of its legal advisers and fees paid to experts.

12.4 Taking in Payment

If the Trustee elects to exercise its right to take in payment the Charged Property and the Grantor requires that the Trustee instead sell, by itself or under judicial authority, the Charged Property on which such right is exercised, the Grantor hereby acknowledges that the Trustee shall not be bound to abandon its recourse of taking in payment unless, prior to the expiry of the time period allocated for surrender, the Trustee (i) has been granted a security satisfactory to it to ensure that the proceeds of the sale of the Charged Property will be sufficient to pay the Secured Obligations in full, (ii) has been reimbursed for all reasonable costs and expenses incurred in connection with this Deed, including all fees of consultants and legal counsel and (iii) has been advanced the necessary sums for the sale of said Charged Property; the Grantor further acknowledges that the Trustee alone is entitled to select the type of sale it may wish to conduct or have conducted.

12.5 Surrender of Charged Property

Upon notice by the Trustee declaring due and payable the principal of and interest on the Notes and all other amounts secured hereby or owing by the Grantor hereunder, the Grantor shall surrender the Charged Property to the Trustee. The Grantor will be deemed to have surrendered the Charged Property which is in the possession of the Trustee, or of a third party on its behalf, if the Trustee has not, within the delays determined by Law or by a tribunal to surrender, received written notice from the Grantor to the effect that it intends to contest the exercise of the hypothecary recourse set forth in the prior notice.

12.6 Evaluation

Where the Trustee sells the Charged Property itself, it shall not be required to obtain any prior evaluation by a third party.

12.7 Sale of Charged Property

The Trustee may elect to sell the Charged Property after giving such prior notices as may be required by Law; the sale may be made with legal warranty given by the Grantor or with complete or partial exclusion of such warranty; the sale may also be made for cash or with a term or under such reasonable conditions as are determined by the Trustee; upon failure of payment of the purchase price, the Trustee may resiliate or resolve such sale and such Charged Property may then be resold.

12.8 Several Creditors

Where several creditors are involved, the parties hereto waive the application of Articles 1332 to 1338 inclusively of the Civil Code.

12.9 Appointment of Trustee

The Trustee may appoint an agent or a receiver and manager (collectively a "**Receiver**") over all or any portion of the Charged Property by written instrument in accordance with Section 12.10 or may apply to a court for the appointment of a Receiver to take possession of all or such part of the Charged Property as the Trustee shall designate, with such duties, powers and obligations as the court making the appointment shall confer, and the Grantor hereby irrevocably consents to the appointment of such Receiver.

12.10 Appointment of Receiver

The Trustee may with or without taking possession, by instrument executed by the Trustee, appoint a Receiver of all or any part of the Charged Property and of the rents, income and profits therefrom and may from time to time by similar instrument remove any Receiver and appoint another in its place and upon the appointment of any such Receiver from time to time the following provisions shall apply:

12.10.1 every such Receiver shall be vested with all of the rights, powers, remedies and discretions of the Trustee set forth in subsections 12.2.1a) to 12.2.1h) inclusively, including, without limitation, the power to sell, for cash or credit or part cash and part credit, lease or dispose of all or any part of the Charged Property, whether by public auction or by private sale or lease in such manner and on such terms as it may determine in its absolute discretion acting reasonably and to do all acts, exercise all discretions and make all determinations of the Trustee described therein;

12.10.2 every such Receiver shall have the power to borrow money on the security of the Charged Property in priority to the security created by this Deed for the purpose of the preservation, maintenance, completion or protection of the Charged Property or any part thereof or for making any replacements thereof or improvements and additions thereto or for carrying on all or any part of the business of the Grantor relating to the Charged Property, and in so doing the Receiver may issue certificates designated as "**Receiver's Certificates**" which may be payable either to order or to bearer and may be payable at such time or times as the Receiver may think expedient and shall bear interest at such rates of interest as the Receiver may consider reasonable, and the amounts from time to time payable pursuant to such Receiver's Certificates shall form a charge upon the Charged Property in priority to the security created by this Deed;

12.10.3 the Trustee may from time to time fix the remuneration of every such Receiver who shall be entitled to deduct the same out of the receipts derived from or comprising part of the Charged Property or the proceeds thereof;

12.10.4 every such Receiver shall be deemed to be an agent of the Grantor and not of the Trustee for the purposes of:

a) carrying on and managing the business and affairs of the Grantor; and

b) establishing liability for all of the acts or omissions of the Receiver while acting as such and the Trustee shall not be in any way responsible for any acts or omissions on the part of any such Receiver, its officers, employees and agents;

12.10.5 the Grantor hereby irrevocably authorizing the Trustee to give instructions to the Receiver relating to the performance of its powers and discretions as set out herein;

12.10.6 the appointment of every such Receiver by the Trustee or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Trustee a mortgagee in possession in respect of the Charged Property or any part thereof;

12.10.7 no such Receiver shall be liable to the Grantor to account for monies other than monies actually received by such Receiver in respect of the Charged Property and every such Receiver shall apply such monies so received in the manner provided in Section 12.11; and

12.10.8 the Trustee may at any time and from time to time terminate any such receivership by notice in writing executed by the Trustee to any such Receiver.

12.11 Imputation of Payments

Except as herein otherwise expressly provided, all monies arising from any sale or realization of the Charged Property, in whole or in part, whether under any sale by the Trustee or by judicial process or otherwise, shall be applied, together with any other monies then in the hands of the Trustee and available for such purpose, in the first place to pay or reimburse the Trustee's fees, charges, expenses, borrowing, advances and all other monies provided or obtained by it or at its request in or about the execution of its powers and rights with respect to these presents, with interest thereon as herein provided, and, secondly, the residue of the said monies shall be applied on account of the Secured Obligations or, at the option of the Trustee, may be held unappropriated in a collateral account in order to provide for payment of any charge ranking prior to the Hypothec. The Grantor shall only be credited with amounts received by the Trustee in cash from the possession, sale, lease or other disposition of, or realization upon, the Charged Property as and when such cash is received.

12.12 Liability of Grantor

Except if the right of taking in payment is exercised, the Grantor shall remain liable to the Trustee for any deficiency remaining after the application of the proceeds of any sale, lease or disposition of the Charged Property by the Trustee.

13. GENERAL PROVISIONS

13.1 Additional Security

The Hypothec is in addition to and not in substitution of or in replacement for any other hypothec or security held or which may hereafter be held by the Trustee and shall not affect the Trustee's rights of compensation and set-off.

13.2 Investments

The Trustee may, at its entire discretion, invest any monies or instruments received or held by it pursuant to this Deed or deposit them in an interest bearing account without having to comply with any legal provisions concerning the investment of property of others.

13.3 Set-off

Provided the Secured Obligations are due and exigible or that the Trustee is entitled to declare them owing and exigible, the Trustee may compensate and set-off any Secured Obligations with any and all amounts then owed to the Grantor by the Trustee in any capacity, whether such amount be exigible or not, and the Trustee shall then be deemed to have exercised such right to compensate and set-off as at the time the decision was taken by it even though the appropriate entries have not yet been made in its records.

13.4 Imputation of Payments

The Trustee may, in its entire discretion, reasonably impute and apply any amounts collected in the exercise of its rights or received by the Trustee after any Default in any manner as it may choose without having to comply with any provisions of the Civil Code concerning the imputation of payments.

13.5 Delays

The Trustee may grant delays, take any security or renounce thereto, accept compromises, grant quittances and releases and generally deal, in its entire discretion, with any matters related to the Charged Property, the whole without limiting the rights of the Trustee and without limiting the liability of the Grantor.

13.6 Continuing Security

The Hypothec shall be continuing security and shall remain in full force and effect despite the repayment from time to time of the whole or of any part of the obligations secured hereunder or as a result of receipt of any insurance indemnities arising from the loss or damage to any of the Charged Property or by reason of the collection of any claims hypothecated hereunder; it shall remain in full force until the execution of a final release and discharge by the Trustee.

13.7 Division and Discussion

The Grantor expressly waives all benefits of division and discussion.

13.8 Time of Essence

The Grantor shall be deemed "*en demeure*" by the mere lapse of time provided for the Grantor to perform its obligations or the expiry of any term therefore, without the Trustee being obliged to serve any notice or prior notice upon the Grantor.

13.9 Cumulative Rights

The rights and recourses of the Trustee hereunder are cumulative and do not exclude any other rights and recourses which the Trustee might have. No omission or delay on the part of the Trustee in the exercise of any right shall have the effect of operating as a waiver of such right. The partial or sole exercise of a right or power will not prevent the Trustee from exercising thereafter any other right or power. The Trustee may exercise its rights hereunder without any obligation to exercise any right against any other person liable for payment of the Secured Obligations and without having to enforce any other security granted with respect to the Secured Obligations.

13.10 Irrevocable Power of Attorney

The Trustee is hereby designated as the irrevocable attorney of the Grantor with full powers of substitution for the purposes hereof or for the purpose of carrying out any and all acts and executing any and all deeds, proxies or other documents which the Trustee may deem useful, upon the occurrence and continuance of a Default in order to exercise its rights or which the Grantor neglects or refuses to execute or to carry out.

13.11 Grantor to Execute Confirmatory Deeds

In case of any sale under the provisions of this Deed or at Law, whether by the Trustee or under judicial proceedings, the Grantor agrees that it will execute and deliver to the purchaser on demand any instrument reasonably necessary to confirm to the purchaser the title of the property so sold and, in case of any such sale, the Trustee is hereby irrevocably authorized by the Grantor to execute, on its behalf and in its name, any such confirmatory instrument.

13.12 Performance

The Trustee may, at its entire discretion, perform any of the Grantor's obligations under this Deed, should the Grantor fail timely to do so. It may then immediately request payment of any expense incurred in doing so, including interest at the rate provided for in Section 10.3, if any, and such repayment is secured by the Hypothec.

13.13 Delegation

The Trustee may, at its entire discretion, appoint any person for the purpose of exercising any of its rights, actions or the performance of any covenant resulting from this Deed or from Law; in such case, the Trustee may supply such person with any information it holds relating to the Grantor or to the Charged Property.

13.14 Waiver

Where the Grantor has taken an immovable in payment for a hypothecated claim ranking prior to the Hypothec, the Grantor waives its right to take advantage of the provisions of Article 2771 of the Civil Code.

13.15 Liability

The Trustee shall not be liable for material injuries or damages resulting from its fault, or the fault of its agents, officers, consultants, unless such fault is gross or intentional.

13.16 Successors

The rights hereby conferred upon the Trustee shall benefit all its successors, including any entity resulting from the merger of the Trustee with any other person or persons.

13.17 Severance

In the event that any provision of this Deed is declared null and void or is deemed not to have been written, the other provisions of this Deed shall be severable from such provision and shall continue to have full force and effect.

13.18 Notices

13.18.1 Any and all notices or other communications required or permitted pursuant to this Hypothec will be in writing and will be personally delivered by courier or telecopied to the addressee at the address referred to below, in which case such notice or other communication will conclusively be deemed to have been given to the addressee thereof on the day upon which it was delivered or received by telecopy if delivered or received prior to the relevant time on such day (or on the next business day if received after the relevant time or if received on a day that is not a business day). For this purpose, the "relevant time" will be 1:00 p.m. (local time of the addressee) in the case of a notice, and 3:00 p.m. (local time of the addressee) in all other cases. The addresses referred to above for the Grantor and the Trustee are as follows:

<u>Grantor</u>

4513541 Canada Inc.
800 René-Levesque Blvd. West
Montréal, Quebec

Attention: President
Telecopy No. ●

with a copy to:
Stikeman Elliott LLP
1155 René-Lévesque Blvd. West 40th Floor
Montréal, Quebec
H3B 3V2

Attention: ●
Telecopy No. ●

<u>Trustee</u>

Abitibi-Consolidated Company of Canada
1155 Metcalfe Street, Suite 800
Montréal, Quebec
H3B 3V2

Attention: Chief Financial Officer and Chief Legal Officer
Telecopy No. ●

with a copy to:
Stikeman Elliott LLP
1155 René-Lévesque Blvd West, 40th Floor,
Montréal, Quebec,
H3B 3V2

Attention: ●
Telecopy No. ●

13.18.2 Each party may change its address for service by written notice, given in the manner provided above to the other parties and such change shall be effective upon the date the notice shall be deemed to be received.

13.19 Trust Provisions

Notwithstanding the references herein to ABITIBI-CONSOLIDATED COMPANY OF CANADA (or its successor hereunder, if any) as a Trustee or to it acting as a trustee, no trust within the meaning of Chapter II of Title Six of Book Four of the Civil Code is intended to be or is created or constituted hereby. In addition, the provisions of Title Seven of Book Four of the Civil Code shall not apply to any administration by the Trustee hereunder.

14. CONCERNING THE TRUSTEE

14.1 Good Faith

The Trustee shall act honestly and in good faith with a view to the best interests of the Noteholder and with prudence and diligence and the Trustee shall only be accountable for reasonable diligence and prudence in the management of the rights hereof, and shall only be liable for its own gross or intentional fault.

14.2 Discretion

The Trustee, except as herein otherwise provided and subject to any Noteholder's Instrument, 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, it shall be in no way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

14.3 Enforcement of Security

The Trustee shall have the rights in its discretion to proceed in its name as *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 a Noteholder's Instrument; the Trustee shall not be responsible or liable, otherwise than as a *Fondé de pouvoir*, for any debts contracted by it, for damages to persons or property or for salaries or non-fulfillment of contracts during any period for which the Trustee managed the Charged Property upon entry, as herein provided, nor shall the Trustee be liable to account for anything except actual revenues or be liable for any loss on realization or for any default or omission unless same is the result of its own gross negligence or wilful misconduct; the obligation of the Trustee to commence or continue any act, action or proceeding under this Deed shall, at the option of the Trustee, be conditional upon the Noteholder furnishing, when required, sufficient funds to commence or continue such action or proceeding and indemnity reasonably satisfactory to the Trustee.

14.4 Protection of Trustee

The Trustee shall be obliged to act and shall be fully protected in acting pursuant to a Noteholder's Instrument in connection with any proceedings, act, power, right, matter or thing relating to or conferred by or to be done under this Deed.

14.5 Possession or Production of the Notes

All rights of action under this Deed may be enforced by the Trustee without the possession of the Notes hereby secured or the production thereof.

14.6 Resignation of Trustee

The Trustee may at any time resign from office upon thirty (30) days prior notice in writing given to the Grantor and to the Noteholder or upon such shorter delay as may be accepted by the Noteholder in a Noteholder's Instrument. The Noteholder may then or at any time thereafter appoint a new *Fondé de pouvoir* confirming such appointment by Noteholder's Instrument, which the Grantor hereby undertakes to accept, in the place of the *Fondé de pouvoir* so resigning. The new *Fondé de pouvoir* without further act shall then be vested and have all rights, powers and authorities granted to the Trustee hereunder and be subject in all respects to the terms, conditions and provisions hereof to the same extent as if originally acting as *Fondé de pouvoir* hereunder; no resignation shall come into effect before a new *Fondé de pouvoir* has been appointed and has accepted its appointment.

14.7 Indemnification of Trustee

The Grantor shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance of its duties and obligations hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

14.8 Bankruptcy of Trustee

The bankruptcy of the Trustee shall not terminate its rights, powers, trusts and duties hereunder provided that such rights, powers, trusts and duties are assumed by a successor trustee appointed in accordance with the provisions hereof.

14.9 Act respecting the special powers of legal persons

The Trustee, by its acceptance of the Notes, waives any right it may have under Section 32 of the *Act respecting the special powers of legal persons* (Quebec).

15. GOVERNING LAW

This Deed shall be governed by and construed in accordance with the Laws of the Province of Quebec, including the rules relating to conflicts of Laws provided for thereunder and the Laws of Canada applicable therein.

16. AMENDMENTS

No amendment may be made to this Deed unless signed by the parties hereto, the Trustee acting pursuant to a Noteholder's Instrument.

17. SUCCESSORS AND ASSIGNS

This Deed shall be binding upon each of the Trustee and the Grantor, their successors and assigns.

18. ENGLISH LANGUAGE

The parties hereto expressly request and require that this Deed and all deeds, documents or instruments supplemental or ancillary hereto be drafted in English. *Les parties aux présentes conviennent et exigent que cet acte ainsi que tous les documents qui s'y rattachent soient rédigés en anglais.*

19. SCHEDULES

19.1 Schedule "A" - Immovables

1) Champneuf Sawmill

"An immovable situated in the Municipality of Champneuf, Province of Quebec, and composed of the following lots:

Une partie du lot originaire DOUZE (Ptie 12), Rang DEUX (2) du Cadastre du Canton de Rochebaucourt, circonscription foncière d'Abitibi; laquelle parcelle est identifiée par les chiffres 610, 611, 612, 652, 653 et 655 sur un plan préparé par Jacques Sylvestre, arpenteur-géomètre. Ladite parcelle peut être plus particulièrement décrite comme suit :

> Commençant au point 611, point d'intersection de la limite et du lot 12, Rang 2, dudit Cadastre, avec la limite Nord de l'emprise du chemin public qui longe la ligne séparative des Rangs 1 et 2 dudit Cadastre; de là, suivant la limite Nord de l'emprise dudit chemin public, en azimut 270°00'00", une distance de cinquante-sept mètres et trois cent vingt millièmes (57,320 m.) jusqu'au point 652.
>
> Du point 652, en azimut 00°00'00", une distance de quatre-vingt-onze mètres et quatre cent quarante millièmes (91,440 m.) jusqu'au point 653.
>
> Du point 653, en azimut 270°00'00", une distance de deux cent quatre mètres et cent quatre-vingt-dix-huit millièmes (204,198 m.) jusqu'au point 655.
>
> Du point 655, suivant la limite Ouest du lot 12, Rang 2, dudit Cadastre, en azimut 0°00'00", une distance de mille cinq cent dix-neuf mètres et cinquante-six centièmes (1 519,56 m.) jusqu'au point 610, coin Nord-Ouest de ladite parcelle et du lot 12, Rang 2, dudit Cadastre.
>
> Du point 610, suivant la limite Nord du lot 12, Rang 2, dudit Cadastre, en azimut 90°00'00", une distance de deux cent soixante-et-un mètres et cinq cent dix-huit millièmes (261,518 m.) jusqu'au point 612, coin Nord-Est de ladite parcelle et du lot 12, Rang 2, dudit Cadastre.

Du point 612, suivant la limite Est du lot 12, Rang 2, dudit Cadastre, en azimut 180°00'00", une distance de mille six cent onze mètres (1 611,00 m.) jusqu'au point 611, point de départ et coin Sud-Est de ladite parcelle.

Ainsi décrite, ladite partie du lot 12, Rang 2, dudit Cadastre est bornée successivement vers le Nord par le Rang 3 dudit Cadastre, vers l'Est par le lot 13, Rang 2, dudit Cadastre, vers le Sud par un chemin public étant une autre partie du lot 12, Rang 2, dudit Cadastre, vers l'Ouest par une autre partie du lot 12, Rang 2, dudit Cadastre, vers le Sud par une autre partie du lot 12, Rang 2, dudit Cadastre, vers l'ouest par le lot 11, Rang 2, dudit Cadastre, et contient en superficie quarante hectares et vingt-six centièmes (40,26 ha); et

Une partie du lot originaire QUATORZE (Ptie 14), Rang DEUX (2), du Cadastre du Canton de Rochebaucourt, circonscription foncière d'Abitibi, de figure irrégulière bornée au Nord par la ligne séparative des Rangs 2 et 3 dudit Cadastre et mesurant le long de cette limite deux cent soixante et un mètres et soixante-quatorze centièmes (261,74 m.), à l'Est par une partie du lot 15, Rang 2, dudit Cadastre et mesurant le long de cette limite mille trois cent cinquante et un mètres et quatre-vingt-douze centièmes (1 351,92 m.), au Sud par une autre partie du lot 14, Rang 2, dudit Cadastre et mesurant approximativement le long de cette limite soixante-dix-sept mètres (77,00 m.), à l'Est par la Rivière Tourville, au Sud par le chemin des Rangs 1 et 2 dudit Cadastre et mesurant le long de cette limite environ cent soixante mètres (160,00 m.), à l'Ouest par le lot 13, Rang 2, dudit Cadastre et mesurant le long de cette limite mille six cent vingt-six mètres et trente centièmes (1 626,30 m.) et contenant en superficie quarante hectares et trois dixièmes (40,3 ha.).

With all buildings thereon erected bearing civic number 241 Principale Street, Municipality of Champneuf, Province of Quebec, J0Y 1E0, and as the said immovable now subsists, with all its rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto."

2) Outardes Former Bark Pile Property

"An immovable property situated in the City of Baie-Comeau, Province of Quebec, known and designated as the following lot:

Lot D-QUARANTE-DEUX (lot D-42) du BLOC D, du Cadastre du Canton de Manicouagan, circonscription foncière de Saguenay.

With all buildings thereon erected, and as the said immovable now subsists, with all its rights members and appurtenances without exception of reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto."

3) Outardes Property #4

"1) La parcelle CINQUANTE-SIX (56) du BLOC D (Bloc D), de l'arpentage primitif du canton de Manicouagan, contenant d'après l'arpentage primitif 9,862 hectares, plus ou moins, correspondant à la subdivision CINQUANTE-SIX du BLOC D (Bloc D-56), du cadastre du canton de Manicouagan, circonscription foncière de Saguenay.

2) Le BLOC TRENTE-TROIS (Bloc 33), de l'arpentage primitif du canton de Manicouagan, contenant d'après l'arpentage primitif 9,356 hectares, plus ou moins, correspondant au lot numéro HUIT (lot 8), du cadastre du canton de Manicouagan, circonscription foncière de Saguenay.

Le tout sans bâtisse dessus construite, avec circonstances et dépendances."

4) Baie-Comeau Property (Parc des Pionniers)

"A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION FOUR HUNDRED THREE THOUSAND ONE HUNDRED AND ELEVEN (3 403 111) of the Cadastre du Québec, Registration Division of Saguenay;

As the said immovable now subsists, with all its rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto."

5) Baie-Comeau Property (Terrains en aiguilles)

"A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION FOUR HUNDRED THREE THOUSAND TWO HUNDRED AND EIGHTEEN (3 403 218) of the Cadastre du Québec, Registration Division of Saguenay; and

A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION FOUR HUNDRED THREE THOUSAND AND EIGHTY-SEVEN (3 403 087) of the Cadastre du Québec, Registration Division of Saguenay

As the said immovables now subsist, with all their rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto."

6) Baie-Comeau Property (Terrain en carré)

"A vacant emplacement located in the City of Baie-Comeau, Province of Quebec, and composed of lot THREE MILLION TWO HUNDRED ELEVEN THOUSAND AND EIGHTY-SEVEN (3 211 087) of the Cadastre du Québec, Registration Division of Saguenay.

As the said immovables now subsist, with all their rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto."

19.2 <u>Schedule "B"</u> — Claims subject to the *Financial Administration Act* (Section 9.1)

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19.3 <u>Schedule "C"</u> — Claims secured by Registered Hypothec (Section 9.2)

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WHEREOF ACTE, done and passed at the City of Montréal, Province of Quebec, on the date hereinabove first mentioned and remaining of record in the office of the undersigned Notary under minute number

The representatives of the parties declared to the said Notary to have taken cognizance of the present deed and to have exempted the said Notary from reading same or causing same to be read, following which the representatives of the parties signed in the presence of the Notary and as follows:

ABITIBI-CONSOLIDATED COMPANY OF CANADA

Per: ______________________________

SAMSON BELAIR/ DELOITTE & TOUCHE INC., in its capacity as court-appointed receiver for and on behalf of 4513541 CANADA INC.

Per: ______________________________

____
Mtre ●, Notary

DEED OF HYPOTHEC

ON THE ●(●th) DAY OF ● TWO THOUSAND AND TEN (2010).

B E F O R E M[tre] ●, the undersigned notary for the Province of Quebec, practicing at Montréal ("**Notary**").

APPEARED: **PRODUITS FORESTIERS SAGUENAY INC.**, a company duly constituted in virtue of the laws of the Province of Quebec, having its registered office at 4910 Talbot Blvd., City of Laterrière, Province of Quebec and herein acting and represented by ●, its ●, duly authorized for the purposes hereof in virtue of a resolution of its board of directors., a certified copy, extract or duplicate of which remains annexed hereto after having been acknowledged as true and signed for identification by said representative and by the undersigned Notary.

(hereinafter, the "**Trustee**")

AND: **4513541 CANADA INC.**, a corporation duly constituted in virtue of laws of Canada, herein acting and represented by Samson Belair/Deloitte & Touche Inc., in its capacity as court-appointed receiver of the assets, property and undertaking of 4513541 CANADA INC. and not in its personal capacity, appointed pursuant to the order of the Honourable Mr. Justice Gascon, dated ●, 2010 of the Superior Court of Quebec, court file no. ●, and having its registered office at 1155 Metcalfe, Suite 800, City of Montréal, Province of Quebec, H3B 5H2, represented by ●, its ●, duly authorized for the purposes hereof in virtue of ● , copies of which order and by-law remain annexed hereto after having been acknowledged as true and signed for identification by said representative and by the undersigned Notary.

(hereinafter, the "**Grantor**")

WHICH PARTIES HAVE DECLARED AS FOLLOWS:

WHEREAS the Grantor has issued the Note;

WHEREAS the Grantor is desirous of securing the Note in the manner hereinafter appearing;

WHEREAS the execution of this Deed and the security of the Note in conformity thereof have been duly authorized.

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

1. INTERPRETATION

1.1 Definitions

The following terms, wherever used in this Deed, shall, unless there be something in the context inconsistent therewith, have the following meanings:

1.1.1 "**Business Day**" means any day during which Canadian chartered banks are open in Montréal, Quebec, to transact business in the ordinary course;

1.1.2 "**Charged Property**" shall have the meaning ascribed to it in Article 2.1 hereof;

1.1.3 "**Civil Code**" means *Civil Code of Québec*, as amended from time to time;

1.1.4 "**Creditor**" means PRODUITS FORESTIERS SAGUENAY INC. and any of its successors and assigns;

1.1.5 "**Default**" means any of the events set out in Article 11 hereof;

1.1.6 "**Dollars**" and the symbol "**$**" each means the lawful money of Canada;

1.1.7 "**Governmental Entity**" means any international tribunal, agency, body commission or other authority, any government, executive, parliament, legislature or local authority, or any governmental entity, ministry, department or agency or regulatory authority, court, tribunal, commission or board of or within Canada, or any other foreign jurisdiction, or any political subdivision of any thereof or any authority having jurisdiction therein or any quasi governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

1.1.8 "**Grantor**" means 4513541 Canada Inc. and any of its permitted successors or assigns;

1.1.9 "**Hypothec**" shall have the meaning ascribed to it in Article 2.1 hereof;

1.1.10 "**Immovable**" shall have the meaning ascribed to it in Section 2.2 hereof;

1.1.11 "**Laws**" includes as the case may be, laws, statutes, by-laws, codes, regulations, orders, ordinances, decrees, rulings, decisions, policies and other rules having binding effect adopted by any competent authority, whether federal, provincial or municipal, local or otherwise, including without limitation those dealing with pollution of the environment and hazardous materials or any other environmental hazards or public health and safety.

1.1.12 "**Lien**" means any hypothec, security interest, mortgage, pledge, priority, prior claim, lien, transfer, assignment or encumbrance of whatever kind or nature that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

1.1.13 "**Note**" means the non-interest bearing demand promissory notes dated ●, 2010 issued by the Grantor in favour of the Creditor in connection with the property listed in Schedule "A" hereto;

1.1.14 "**Noteholder**" means the Creditor or any assignee of a Note;

1.1.15 "**Noteholder's Instrument**" means at any time a document signed by the Noteholder;

1.1.16 "**Person**" means any corporation, natural person, firm, joint venture, partnership, trust, unincorporated organization or Governmental Entity;

1.1.17 "**Property in Stock**" shall have the meaning ascribed to it in Section 2.5;

1.1.18 "**Secured Obligations**" means all of the obligations which are to be secured by the Hypothec pursuant to Article 4 hereof;

1.1.19 "**Securities**" shall have the meaning ascribed to it in Section 2.7;

1.1.20 "**This Deed**", "**these presents**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Deed, and to any deed or document supplemental or complementary hereto or restating this Deed; and

1.1.21 "**Trustee**" means PRODUITS FORESTIERS SAGUENAY INC., the person appointed as *Fondé de pouvoir* for the Noteholder and shall include its successors or assigns appointed in replacement thereof.

1.2 Gender and Number

Unless there be something in the context inconsistent therewith, words importing the masculine gender shall include the feminine gender and *vice versa* and words importing the singular number shall include the plural and *vice versa*.

1.3 Headings

The division of this Deed into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the meaning or the interpretation of the present Deed. Unless otherwise indicated, a reference to a particular Article, Section, subsection, paragraph or subparagraph is a reference to the particular Article, Section, subsection, paragraph or subparagraph in this Deed.

1.4 Benefits of this Deed

The parties hereto and the Noteholder shall be bound by the provisions hereof (including the irrevocable appointment in Article 2 below) and the benefits, rights, remedies or claims under this Deed shall enure to them.

1.5 Delays and Calculation of Delays

The delays provided hereunder are calculated simultaneously with the delays imposed by Law and are not in addition to such delays. In the calculation of delays, the first day is not included but the last is. When the date on which a delay expires or a payment has to be made or an act has to be done is not a Business Day, the delay expires or the payment must be made or the act must be done on the following Business Day, unless the context indicates otherwise.

2. APPOINTMENT OF THE TRUSTEE AS *FONDÉ DE POUVOIR*

The Grantor hereby irrevocably appoints PRODUITS FORESTIERS SAGUENAY INC. and PRODUITS FORESTIERS SAGUENAY INC. irrevocably accepts (subject to Section 14.6 hereof) to act as *Fondé de pouvoir* ("person holding the power of attorney"), as contemplated in Article 2692 of the Civil Code, on behalf of the Noteholder, in order to receive and hold any right, hypothec and security interest created hereby and hereafter created or constituted, as continuing security for the payment of the Secured Obligations.

Any person who becomes a Noteholder shall benefit from the provisions hereof and the appointment of the Trustee as "*Fondé de pouvoir*" for the Noteholder and, upon becoming a Noteholder, irrevocably authorizes the Trustee to perform such functions.

2.1 HYPOTHEC AND DESCRIPTION OF CHARGED PROPERTY

The Grantor hereby hypothecates in favour of the Trustee for its own benefit and for the benefit of the Noteholder, all of its rights, title and interest in (i) the immovable hereinafter described in Section 2.2, and (ii) the universality of all of its movable assets, corporeal and incorporeal, present and future, of whatever nature and kind and wherever situated (the

"**Charged Property**"), the whole including without limitation the following universalities of present and future properties (the "**Hypothec**"):

2.2 Immovable

The immovable property described in Schedule "A" hereof, together with all of the Grantor's rights, titles and interests in and to such immovable property, the whole including, without limiting the generality of the foregoing, all improvements erected thereon or made thereto and the buildings, erections, materials, plants and warehouses, in each case owned by the Grantor, forming part of such immovable property and any and all rights of way, servitudes, benefits, privileges, grants and immunities and other immovable rights connected therewith or appertaining or accessory thereto (hereinafter referred to as the "**Immovable**").

2.3 Rentals, Revenues and Leases of Immovable

All rentals, annuities and revenues which are or may be produced by the Immovable (if any), as well as any other right of the Grantor in any lease, present and future, which may affect such Immovable.

2.4 Rental Insurance

Proceeds of any insurance covering losses of revenue and rentals described in Section 2.3 above.

2.5 Property in Stock

All property in stock or inventory of every nature and kind of the Grantor whether in its possession, in transit or held on its behalf, including raw materials, work in process, finished goods or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property evidenced by bills of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof from the time of their extraction (the Grantor's property in stock is collectively hereinafter referred to as the "**Property in Stock**").

The Property in Stock of the Grantor held by third parties under a lease agreement, a leasing contract, a franchise or licence agreement, or any other agreement entered into with or on behalf of the Grantor, is also subject to the Hypothec.

Property having formed part of the Grantor's Property in Stock which is alienated by the Grantor in favour of a third Person but in respect of which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged by the Hypothec until title is transferred; any of the Grantor's Property in Stock the ownership of which reverts to the Grantor pursuant to the resolution or resiliation of any agreement or following its repossession is also subject to the Hypothec granted by the Grantor hereunder.

2.6 Claims, Book Debts and Other Movable Property

2.6.1 Claims, Receivables and Book Debts

All of the Grantor's claims, debts, demands and *choses in action*, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), notes, acceptances, bills of exchange or drafts; whether litigious or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Grantor under any and all risk insurance policy, any life insurance policy or any liability insurance policy, subject to the rights of other creditors holding hypothecs on the insured property, (ii) the sums owing to the Grantor in connection with interest or currency exchange contracts and other treasury or hedging instruments, management of risks or derivative instruments existing in favour of the Grantor, and (iii) the Grantor's rights in any credit balances, monies or deposits in accounts held for it by the Trustee (subject to the Trustee's compensation or set-off rights) or by any financial institution or any other Person.

2.6.2 Contracts, Permits and Rights of Action

All of the Grantor's rights, title and interest in, to and under the contracts, agreements, deeds, licences, permits and leases, present and future, entered into from time to time by the Grantor or issued in its favour and all renewals thereof together with the present and continuing right to make a claim thereunder and to enforce or cause the enforcement of all of the said rights, titles and interest of the Grantor. It is agreed that the Hypothec granted by the Grantor hereunder does not extend to any contract, agreement, deed, licence or permit to the extent that the creation of the Hypothec would constitute a breach or cause the acceleration of same.

2.6.3 Accessories

The hypothecs, security interests, security agreements, guarantees, suretyships, notes, acceptances and accessories to the claims and rights described above and other rights relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under any instalment sale, with respect to the claims hereby hypothecated which are the result of such sale).

2.6.4 Movable Property

All movable property owned by the Grantor and covered by the instalment sales mentioned in subsection 2.6.3 hereof.

A right or a claim shall not be excluded from the Charged Property of the Grantor merely because: (i) the debtor thereof is not domiciled in the Province of Quebec or (ii) the debtor thereof is an affiliate (as such term is defined in the *Canada Business Corporations Act*) of the Grantor (regardless of the applicable Law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the ordinary course of business or the operations of the Grantor.

2.7 Securities

All securities (including shares, debentures, partnership or trust units, bonds, obligations, rights, options, warrants, debt securities, investment certificates, units in mutual funds, certificates or other instruments representing such property) now or hereafter owned by the Grantor or held by the Grantor or on its behalf, as well as all those which are delivered by the Grantor to the Trustee or to a third party on its behalf from time to time (the "**Securities**").

2.8 Fruits and Revenues

All cash, profits, proceeds, fruits, dividends, rights and revenues which are or may be produced by or declared or distributed with respect to the Charged Property of the Grantor or in exchange thereof, as well as the proceeds of the Charged Property of the Grantor, including without limitation any property, equipment, negotiable instrument, bill, commercial paper, security, money, compensation for expropriation remitted, given in exchange or paid pursuant to a sale, repurchase, distribution or any other transaction with respect to the Charged Property of the Grantor.

2.9 Records and Other Documents

All present and future records, data, vouchers, invoices and other documents related to the Charged Property of the Grantor described above, including without limitation, computer programs, disks, tapes and other means of electronic communications of the Grantor, as well as the rights of the Grantor to recover such property from third parties, receipts, customer lists, distribution lists, directories and other similar property of the Grantor.

2.10 Replacement Property

Any and all Charged Property of the Grantor which is acquired, transformed or manufactured after the date of this Deed shall be charged by the Hypothec of the Grantor, (i) whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, (ii) whether or not such property results from a transformation, mixture or combination of any Charged Property of the Grantor, and (iii) in the case of Securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the Securities and without the Trustee being required to register or re-register any notice whatsoever, the property charged under the Hypothec of the Grantor being the universality of the Grantor's present and future movable property.

2.11 Charged Property Requiring Consent to Hypothec

If any of the Charged Property may not be assigned, subleased, charged or encumbered without the leave, license, consent or approval of the applicable counterparty, a governmental authority or any other Person, any Hypothec created hereby on any such property shall be under the suspensive condition of obtaining such leave, license, consent or approval.

3. AMOUNT OF THE HYPOTHEC

The amount for which the Hypothec is granted is a principal amount of ● ($●) with interest thereon from the date of this Deed at the rate of TWENTY-FIVE PERCENT (25%) per annum.

4. SECURED OBLIGATIONS

The Hypothec shall secure payment of all amounts owed under the Notes in principal, interest and costs.

The Hypothec further secures the payment of all sums due or to become due pursuant to this Deed and the performance of all obligations provided for under this Deed.

Any future obligation hereby secured shall be deemed to be one in respect of which the Grantor has once again obligated itself hereunder according to the provisions of Article 2797 of the Civil Code.

5. ADDITIONAL PROVISIONS PERTAINING TO THE HYPOTHEC ON RENTAL INCOME AND LEASES

With respect to any Immovable generating rentals and revenues:

5.1 Rents, Annuities and Revenues Collection

The Trustee hereby authorizes the Grantor to collect all rents, annuities and revenues which are rental income; however, the Grantor shall not collect in advance more than one month of rent nor shall they renounce to the payment of more than one month of rent unless otherwise provided in existing leases. Upon the occurrence of a Default, such authorization may be revoked by the Trustee in writing in accordance with what is provided for by Law; in such a case, the Trustee may exercise as it deems appropriate, to the exclusion of the Grantor, all rights, claims, privileges and hypothecs (legal or conventional) of the Grantor in order to maintain, renew, grant or terminate any lease, and to further protect or collect rents, annuities and revenues from the Immovable, and if, after such authorization is revoked (and even if such revocation is not yet registered or delivered to the holders of such claims), any rents, annuities or revenues which are rental income are paid to the Grantor, they shall receive same as mandatary of the Trustee and shall remit same to the Trustee promptly without the necessity of any demand to this effect.

5.2 Pursuits

Following the occurrence of a Default, the Trustee shall have the right to bring an action for recovery of rentals provided the Trustee impleads the Grantor, it being understood that the Trustee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals. The Trustee shall have the right to deduct any collection fee from any rentals collected as well as any commission usually charged by the Trustee for the collection of rentals, miscellaneous reasonable costs and expenses (copies, service fees, legal counsel fees and others, opening files, surveillance fees, execution fees or fees for cancellation of lease) incurred as a result of such collection.

6. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON CLAIMS

6.1 Authorization to Recover

Save and except for insurance and expropriation claims, the Trustee hereby authorizes the Grantor to recover all claims and other Charged Property referred to in Section 2.6 (collectively, the "**Hypothecated Claims**"). However, upon the occurrence of a Default which is continuing, such authorization may be revoked at any time by the Trustee by written notice with respect to all or any part of the Hypothecated Claims, whereupon the Trustee shall be free to itself effect such recovery and to exercise any of the rights referred to in Section 6.2 below; the Grantor shall then remit to the Trustee all records, books, invoices, bills, contracts, titles, papers and other documents related to the Hypothecated Claims. If, after such authorization is revoked (and even if such revocation is not yet registered or delivered to the holders of such claims), sums payable under such Hypothecated Claims and property are paid to the Grantor, it shall receive same as mandatary of the Trustee and shall remit same to the Trustee promptly without the necessity of any demand to this effect.

6.2 Recovery

The Trustee may, upon the occurrence of a Default which is continuing, recover all Hypothecated Claims in accordance with what is provided for by Law; it may further exercise any rights regarding such Hypothecated Claims and more particularly, it may grant or refuse any consent which may be required from the Grantor in its capacity as owner of such Hypothecated Claims, and shall not, in the exercise of such rights, be required to obtain the consent of the Grantor or serve the Grantor any notice thereof, nor shall it be under any obligation to establish that the Grantor has refused or neglected to exercise such rights, and it may further grant delays, take or abandon any security, make arrangements with debtors of any Hypothecated Claims, make compromises, grant releases and generally deal at its discretion with matters concerning all Hypothecated Claims without the intervention or consent of the Grantor.

7. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON SECURITIES

The Grantor hereby acknowledges and agrees that the Trustee may from time to time hold all or part of the Securities hereof for its own benefit and for the benefit of the Noteholder.

Until the occurrence of a Default which is continuing, the Grantor shall be entitled to exercise all rights attached to the Securities owned by it, including any right to vote and any right of conversion or redemption, provided such rights are not exercised in a manner which would impair the value of the Securities.

Upon the occurrence of a Default which is continuing and if permitted or not otherwise prohibited under the Civil Code, the Trustee may sell the Securities or security entitlements or otherwise dispose of them without having to give a prior notice, obtain their surrender or observe the time limits prescribed by Title Three of Book Six of the Civil Code.

Upon the occurrence of a Default which is continuing, the Trustee and each of its officers are hereby irrevocably authorized and empowered to complete the blanks in any transfer form or power of attorney of any certificate representing the Securities with such names and dates and in such manner as the Trustee or any such officer may deem advisable, and to deal with and deliver the same in the manner herein provided. Such rights of the Trustee shall survive and have effect notwithstanding the dissolution of the Grantor or the appointment of any trustee or receiver to its assets.

This Deed need not be signed for acceptance by the Noteholder in order to be binding on the Grantor. Such acceptance by the Noteholder shall be presumed and cannot be disputed by the Grantor. The Grantor consents to the holding of the Securities by the Trustee for and on behalf of the Noteholder, upon and subject to the terms and conditions hereof. The Trustee hereby acknowledges that, as of the date of the execution of this Deed, it has received evidence in writing of the hypothec constituted hereunder on the Securities.

The Trustee may, upon the occurrence and continuance of a Default, transfer any of the Securities or any part thereof into its own name or that of a third party appointed by it so that, the Trustee or its nominee(s) may appear as the sole registered holder thereof, in which case:

7.1 Voting Rights

All voting rights and any other right attached to the Securities may be exercised by the Trustee (without any obligation of the Trustee to do so) or on behalf of the Trustee.

7.2 Revenues, Dividends and Others

The Trustee shall collect revenues, dividends and capital distributions and the Grantor holding the Securities shall cease to have any right thereto and the Trustee may either hold same as Charged Property or apply them in reduction of the Secured Obligations.

7.3 Proxy

The Trustee may give the Grantor holding the Securities a proxy, revocable at any time, authorizing it to exercise, in whole or in part, all voting rights and any other rights attached to the Securities.

For the purpose of this Article 7, the Grantor hereby irrevocably appoints any officer or employee of the Trustee as its attorney with full power of substitution and authority, effective upon the occurrence and continuance of a Default, to execute such documents necessary to render effective the rights granted to the Trustee pursuant to this Article 7.

8. ASSIGNMENT OF CLAIMS SUBJECT TO THE *FINANCIAL ADMINISTRATION ACT*

The Grantor hereby assigns to the Trustee, by way of absolute assignment, all its present and future claims which are subject to Sections 67 and 68 of the *Financial Administration Act* (Canada) or analogous legislation, as collateral and continuing security for the performance of all Secured Obligations. The Trustee may, at any time, fulfill any of the formalities required by Law to make such transfer enforceable.

9. REPRESENTATIONS AND WARRANTIES

The Grantor hereby represents and warrants that:

9.1 Claims subject to the Financial Administration Act

It has no claim of substantial value falling under Article 8 hereof other than those indicated in <u>Schedule "B"</u> hereof (Section 19.2).

9.2 Claims secured by Registered Hypothec

It has no claim which is secured by registered hypothec other than those indicated in <u>Schedule "C"</u> hereof (Section 19.3).

9.3 Registered and Head Office

Its registered office, chief executive office and principal office and place of business is located in the Province of Quebec.

10. COVENANTS

The Grantor hereby covenants:

10.1 Information

To give notice in writing to the Trustee:

10.1.1 of any change whatsoever in the representations and warranties hereinabove mentioned in Article 9;

10.1.2 of the name of any surety (guarantor) which may have guaranteed the payment of claims hypothecated hereby and other Charged Property mentioned in Section 2.6 hereof;

10.1.3 of the existence of any hypothec securing claims and other Charged Property referred to in Section 2.6 hereof and, in such cases, to provide the Trustee, upon demand, with satisfactory proof that such hypothec has been registered or published in accordance with applicable Law in order for the rights of the Trustee to be set up against third persons;

10.1.4 of the existence and details of any new claim falling under Article 8 hereof.

10.2 Title

To ensure that its right of ownership in any Charged Property in the hands or possession of any third party remains enforceable against third parties and, accordingly, that such right has been registered or published, if registration or publication is required by Law for the purpose of enforcement against third parties.

10.3 Compensation, Fees and Expenses

To pay all reasonable costs and expenses relating to this Deed and to the exercise of all rights resulting in favour of the Trustee from such Deed as well as all reasonable costs and expenses incurred to set up the rights of the Trustee against third persons, and all reasonable discharge fees (such costs and expenses shall include all fees and expenses of consultants, mandataries or counsel retained for any appraisal required in connection with the sale of an enterprise or in case of default, as well as administrative fees and, as the case may be); to reimburse the Trustee for all costs and expenses incurred by it for the purpose of carrying out the Grantor's obligations or of exercising its rights.

10.4 Public Utilities

To pay the cost of any public utility services and authorizes the Trustee to obtain from the related authorities the amounts due to this account and any information relating to payment of such charges.

11. EVENTS OF DEFAULT

The Grantor shall be in default hereunder without notice or other formality if any of the following occurs: (i) should the Grantor fail to pay the Note, in principal or interest, as and when same shall become due or (ii) should the Grantor default in the performance or fulfillment of its obligations hereunder, if any of the representations or warranties made herein by the Grantor is wrong or inaccurate, or if the Grantor is otherwise in breach of any of the terms and conditions hereof (each a "**Default**").

12. TRUSTEE'S RECOURSES IN CASE OF DEFAULT

12.1 Exercise of Rights

In case of a Default which is continuing, the Trustee shall, upon receipt of a Noteholder's Instrument, by notice in writing to the Grantor, demand payment of the principal of and interest on the Note and other amounts secured hereby or owing by the Grantor hereunder and the same shall forthwith be and become immediately due and payable by the Grantor to the Trustee and the Grantor shall forthwith pay to the Trustee for the benefit of the Noteholder all such principal, interest and other moneys. Any such payment then made by the Grantor shall be deemed to have been made in discharge of its obligations hereunder or under the Note, and any monies so received by the Trustee shall be applied in the same manner as if they were proceeds of realization of the Charged Property.

In case of a Default which is continuing and the Grantor shall have failed to pay the Trustee, on demand, the principal of and interest on the Note together with any other amounts secured hereby or owing by the Grantor hereunder, the Trustee may, upon receipt of a Noteholder's Instrument, proceed to realize the security created by this Deed and to exercise any right, recourse or remedy of the Trustee and of the Noteholder under this Deed or provided for by Law, including without limitation any of the hypothecary rights and recourses provided for under the Civil Code.

No Noteholder shall have any right to institute any action or proceeding or to exercise any other remedy authorized by this Deed or by Law for the purpose of enforcing payment of principal or interest or of realizing any security, other than in accordance with the terms hereof, unless a Noteholder's Instrument shall have been tendered to the Trustee and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Noteholder shall be entitled to take proceedings such as the Trustee might have taken pursuant to the Noteholder's Instrument.

12.2 Rights of the Trustee

Whatever hypothecary rights the Trustee elects to exercise, the following provisions shall apply:

12.2.1 the Trustee may, in its discretion, at the Grantor's expense:

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a) pursue the transformation of the Charged Property or any work in process or unfinished goods comprised in the Charged Property or proceed with any operations to which such property is submitted by the Grantor in the ordinary course of its business and acquire property for such purposes;

b) alienate or dispose of any Charged Property which may be obsolete, may perish or is likely to depreciate rapidly;

c) use for its benefit all information obtained while exercising its rights;

d) perform any of the Grantor's obligations or covenants hereunder;

e) exercise any right attached to the Charged Property on such conditions and in such manner as it may determine, acting reasonably, including without restriction the granting of licences whether general or special on an exclusive or non exclusive basis, of any intellectual property charged hereunder;

f) for the exercise of any of its rights, utilize without charge the Grantor's plant, equipment, machinery, process, information, records, computer programs and intellectual property;

g) borrow monies or lend monies and, in such cases, the monies borrowed or lent by the Trustee shall bear interest at the rate then obtained or charged by the Trustee for such borrowing or loan; these monies shall be reimbursed by the Grantor on demand and, until they have been repaid in full, such monies and interest thereon shall be secured by the present Hypothec and be paid in priority to any other sums secured hereunder; and

h) maintain or repair, restore or renovate, begin or complete any construction work on or related to the Charged Property;

12.2.2 the Trustee shall exercise its rights in good faith in order to attempt to reduce the Secured Obligations, in a reasonable manner, taking into account all circumstances;

12.2.3 the Trustee may, directly or indirectly, purchase or otherwise acquire the Charged Property;

12.2.4 the Trustee, when exercising its rights, may waive any right of the Grantor, with or without consideration therefor;

12.2.5 the Trustee shall have no obligation to make an inventory of the Charged Property, to take out any kind of insurance with respect thereto or to grant any security whatsoever;

12.2.6 the Trustee shall not be bound to continue to carry on the Grantor enterprise or to make any productive use of the Charged Property or to maintain such property in operating condition; and

12.2.7 the Grantor shall, upon request of the Trustee, move the Charged Property and render it available to the Trustee unto premises designated by the Trustee and which, in its opinion, shall be more suitable in the circumstances.

12.3 Grantor's Remedy

If the Grantor remedies the Default mentioned in the prior notice of exercise of hypothecary rights, the Grantor shall, as required by Law, pay all reasonable fees incurred by the Trustee by reason of the Default; these fees shall include without limitation the administrative fees of the Trustee, the legal fees of its legal advisers and fees paid to experts.

12.4 Taking in Payment

If the Trustee elects to exercise its right to take in payment the Charged Property and the Grantor requires that the Trustee instead sell, by itself or under judicial authority, the Charged Property on which such right is exercised, the Grantor hereby acknowledges that the Trustee shall not be bound to abandon its recourse of taking in payment unless, prior to the expiry of the time period allocated for surrender, the Trustee (i) has been granted a security satisfactory to it to ensure that the proceeds of the sale of the Charged Property will be sufficient to pay the Secured Obligations in full, (ii) has been reimbursed for all reasonable costs and expenses incurred in connection with this Deed, including all fees of consultants and legal counsel and (iii) has been advanced the necessary sums for the sale of said Charged Property; the Grantor further acknowledges that the Trustee alone is entitled to select the type of sale it may wish to conduct or have conducted.

12.5 Surrender of Charged Property

Upon notice by the Trustee declaring due and payable the principal of and interest on the Note and all other amounts secured hereby or owing by the Grantor hereunder, the Grantor shall surrender the Charged Property to the Trustee. The Grantor will be deemed to have surrendered the Charged Property which is in the possession of the Trustee, or of a third party on its behalf, if the Trustee has not, within the delays determined by Law or by a tribunal to surrender, received written notice from the Grantor to the effect that it intends to contest the exercise of the hypothecary recourse set forth in the prior notice.

12.6 Evaluation

Where the Trustee sells the Charged Property itself, it shall not be required to obtain any prior evaluation by a third party.

12.7 Sale of Charged Property

The Trustee may elect to sell the Charged Property after giving such prior notices as may be required by Law; the sale may be made with legal warranty given by the Grantor or with complete or partial exclusion of such warranty; the sale may also be made for cash or with a term or under such reasonable conditions as are determined by the Trustee; upon failure of payment of the purchase price, the Trustee may resiliate or resolve such sale and such Charged Property may then be resold.

12.8 Several Creditors

Where several creditors are involved, the parties hereto waive the application of Articles 1332 to 1338 inclusively of the Civil Code.

12.9 Appointment of Trustee

The Trustee may appoint an agent or a receiver and manager (collectively a "**Receiver**") over all or any portion of the Charged Property by written instrument in accordance with Section 12.10 or may apply to a court for the appointment of a Receiver to take possession of all or such part of the Charged Property as the Trustee shall designate, with such duties, powers and obligations as the court making the appointment shall confer, and the Grantor hereby irrevocably consents to the appointment of such Receiver.

12.10 Appointment of Receiver

The Trustee may with or without taking possession, by instrument executed by the Trustee, appoint a Receiver of all or any part of the Charged Property and of the rents, income and profits therefrom and may from time to time by similar instrument remove any Receiver and appoint another in its place and upon the appointment of any such Receiver from time to time the following provisions shall apply:

12.10.1 every such Receiver shall be vested with all of the rights, powers, remedies and discretions of the Trustee set forth in subsections 12.2.1a) to 12.2.1h) inclusively, including, without limitation, the power to sell, for cash or credit or part cash and part credit, lease or dispose of all or any part of the Charged Property, whether by public auction or by private sale or lease in such manner and on such terms as it may determine in its absolute discretion acting reasonably and to do all acts, exercise all discretions and make all determinations of the Trustee described therein;

12.10.2 every such Receiver shall have the power to borrow money on the security of the Charged Property in priority to the

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security created by this Deed for the purpose of the preservation, maintenance, completion or protection of the Charged Property or any part thereof or for making any replacements thereof or improvements and additions thereto or for carrying on all or any part of the business of the Grantor relating to the Charged Property, and in so doing the Receiver may issue certificates designated as "**Receiver's Certificates**" which may be payable either to order or to bearer and may be payable at such time or times as the Receiver may think expedient and shall bear interest at such rates of interest as the Receiver may consider reasonable, and the amounts from time to time payable pursuant to such Receiver's Certificates shall form a charge upon the Charged Property in priority to the security created by this Deed;

12.10.3 the Trustee may from time to time fix the remuneration of every such Receiver who shall be entitled to deduct the same out of the receipts derived from or comprising part of the Charged Property or the proceeds thereof;

12.10.4 every such Receiver shall be deemed to be an agent of the Grantor and not of the Trustee for the purposes of:

a) carrying on and managing the business and affairs of the Grantor; and

b) establishing liability for all of the acts or omissions of the Receiver while acting as such and the Trustee shall not be in any way responsible for any acts or omissions on the part of any such Receiver, its officers, employees and agents;

12.10.5 the Grantor hereby irrevocably authorizing the Trustee to give instructions to the Receiver relating to the performance of its powers and discretions as set out herein;

12.10.6 the appointment of every such Receiver by the Trustee or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Trustee a mortgagee in possession in respect of the Charged Property or any part thereof;

12.10.7 no such Receiver shall be liable to the Grantor to account for monies other than monies actually received by such Receiver in respect of the Charged Property and every such Receiver shall apply such monies so received in the manner provided in Section 12.11; and

12.10.8 the Trustee may at any time and from time to time terminate any such receivership by notice in writing executed by the Trustee to any such Receiver.

12.11 Imputation of Payments

Except as herein otherwise expressly provided, all monies arising from any sale or realization of the Charged Property, in whole or in part, whether under any sale by the Trustee or by judicial process or otherwise, shall be applied, together with any other monies then in the hands of the Trustee and available for such purpose, in the first place to pay or reimburse the Trustee's fees, charges, expenses, borrowing, advances and all other monies provided or obtained by it or at its request in or about the execution of its powers and rights with respect to these presents, with interest thereon as herein provided, and, secondly, the residue of the said monies shall be applied on account of the Secured Obligations or, at the option of the Trustee, may be held unappropriated in a collateral account in order to provide for payment of any charge ranking prior to the Hypothec. The Grantor shall only be credited with amounts received by the Trustee in cash from the possession, sale, lease or other disposition of, or realization upon, the Charged Property as and when such cash is received.

12.12 Liability of Grantor

Except if the right of taking in payment is exercised, the Grantor shall remain liable to the Trustee for any deficiency remaining after the application of the proceeds of any sale, lease or disposition of the Charged Property by the Trustee.

13. GENERAL PROVISIONS

13.1 Additional Security

The Hypothec is in addition to and not in substitution of or in replacement for any other hypothec or security held or which may hereafter be held by the Trustee and shall not affect the Trustee's rights of compensation and set-off.

13.2 Investments

The Trustee may, at its entire discretion, invest any monies or instruments received or held by it pursuant to this Deed or deposit them in an interest bearing account without having to comply with any legal provisions concerning the investment of property of others.

13.3 Set-off

Provided the Secured Obligations are due and exigible or that the Trustee is entitled to declare them owing and exigible, the Trustee may compensate and set-off any Secured Obligations with any and all amounts then owed to the Grantor by the Trustee in any capacity, whether such amount be exigible or not, and the Trustee shall then be deemed to have exercised such right to compensate and set-off as at the time the decision was taken by it even though the appropriate entries have not yet been made in its records.

13.4 Imputation of Payments

The Trustee may, in its entire discretion, reasonably impute and apply any amounts collected in the exercise of its rights or received by the Trustee after any Default in any manner as it may choose without having to comply with any provisions of the Civil Code concerning the imputation of payments.

13.5 Delays

The Trustee may grant delays, take any security or renounce thereto, accept compromises, grant quittances and releases and generally deal, in its entire discretion, with any matters related to the Charged Property, the whole without limiting the rights of the Trustee and without limiting the liability of the Grantor.

13.6 Continuing Security

The Hypothec shall be continuing security and shall remain in full force and effect despite the repayment from time to time of the whole or of any part of the obligations secured hereunder or as a result of receipt of any insurance indemnities arising from the loss or damage to any of the Charged Property or by reason of the collection of any claims hypothecated hereunder; it shall remain in full force until the execution of a final release and discharge by the Trustee.

13.7 Division and Discussion

The Grantor expressly waives all benefits of division and discussion.

13.8 Time of Essence

The Grantor shall be deemed "*en demeure*" by the mere lapse of time provided for the Grantor to perform its obligations or the expiry of any term therefore, without the Trustee being obliged to serve any notice or prior notice upon the Grantor.

13.9 Cumulative Rights

The rights and recourses of the Trustee hereunder are cumulative and do not exclude any other rights and recourses which the Trustee might have. No omission or delay on the part of the Trustee in the exercise of any right shall have the effect of operating as a waiver of such right. The partial or sole exercise of a right or power will not prevent the Trustee from exercising thereafter any other right or power. The Trustee may exercise its rights hereunder without any obligation to exercise any right against any other person liable for payment of the Secured Obligations and without having to enforce any other security granted with respect to the Secured Obligations.

13.10 Irrevocable Power of Attorney

The Trustee is hereby designated as the irrevocable attorney of the Grantor with full powers of substitution for the purposes hereof or for the purpose of carrying out any and all acts and executing any and all deeds, proxies or other documents which the Trustee may deem useful, upon the occurrence and continuance of a Default in order to exercise its rights or which the Grantor neglects or refuses to execute or to carry out.

13.11 Grantor to Execute Confirmatory Deeds

In case of any sale under the provisions of this Deed or at Law, whether by the Trustee or under judicial proceedings, the Grantor agrees that it will execute and deliver to the purchaser on demand any instrument reasonably necessary to confirm to the purchaser the title of the property so sold and, in case of any such sale, the Trustee is hereby irrevocably authorized by the Grantor to execute, on its behalf and in its name, any such confirmatory instrument.

13.12 Performance

The Trustee may, at its entire discretion, perform any of the Grantor's obligations under this Deed, should the Grantor fail timely to do so. It may then immediately request payment of any expense incurred in doing so, including interest at the rate provided for in Section 10.3, if any, and such repayment is secured by the Hypothec.

13.13 Delegation

The Trustee may, at its entire discretion, appoint any person for the purpose of exercising any of its rights, actions or the performance of any covenant resulting from this Deed or from Law; in such case, the Trustee may supply such person with any information it holds relating to the Grantor or to the Charged Property.

13.14 Waiver

Where the Grantor has taken an immovable in payment for a hypothecated claim ranking prior to the Hypothec, the Grantor waives its right to take advantage of the provisions of Article 2771 of the Civil Code.

13.15 Liability

The Trustee shall not be liable for material injuries or damages resulting from its fault, or the fault of its agents, officers, consultants, unless such fault is gross or intentional.

13.16 Successors

The rights hereby conferred upon the Trustee shall benefit all its successors, including any entity resulting from the merger of the Trustee with any other person or persons.

13.17 Severance

In the event that any provision of this Deed is declared null and void or is deemed not to have been written, the other provisions of this Deed shall be severable from such provision and shall continue to have full force and effect.

13.18 Notices

13.18.1 Any and all notices or other communications required or permitted pursuant to this Hypothec will be in writing and will be personally delivered by courier or telecopied to the addressee at the address referred to below, in which case such notice or other communication will conclusively be deemed to have been given to the addressee thereof on the day upon which it was delivered or received by telecopy if delivered or received prior to the relevant time on such day (or on the next business day if received after the relevant time or if received on a day that is not a business day). For this purpose, the "relevant time" will be 1:00 p.m. (local time of the addressee) in the case of a notice, and 3:00 p.m. (local time of the addressee) in all other cases. The addresses referred to above for the Grantor and the Trustee are as follows:

Grantor

4513541 Canada Inc.
1 Place Ville-Marie, Suite 3000
Montréal (Quebec)
H3B 4T9

Attention: President
Telecopy No. ●

with a copy to:
Stikeman Elliott LLP
1155 René-Lévesque Blvd. West 40th Floor
Montréal, Quebec
H3B 3V2

Attention: ●
Telecopy No. ●

Trustee

Produits Forestiers Saguenay Inc.
1155 Metcalfe Street, Suite 800
Montréal, Quebec
H3B 3V2

Attention: Chief Financial Officer and Chief Legal Officer
Telecopy No. ●

with a copy to:
Stikeman Elliott LLP
1155 René-Lévesque Blvd West, 40th Floor,
Montréal, Quebec,
H3B 3V2

Attention: ●
Telecopy No. ●

13.18.2 Each party may change its address for service by written notice, given in the manner provided above to the other parties and such change shall be effective upon the date the notice shall be deemed to be received.

13.19 Trust Provisions

Notwithstanding the references herein to PRODUITS FORESTIERS SAGUENAY INC. (or its successor hereunder, if any) as a Trustee or to it acting as a trustee, no trust within the meaning of Chapter II of Title Six of Book Four of the Civil Code is intended to be or is created or constituted hereby. In addition, the provisions of Title Seven of Book Four of the Civil Code shall not apply to any administration by the Trustee hereunder.

14. CONCERNING THE TRUSTEE

14.1 Good Faith

The Trustee shall act honestly and in good faith with a view to the best interests of the Noteholder and with prudence and diligence and the Trustee shall only be accountable for reasonable diligence and prudence in the management of the rights hereof, and shall only be liable for its own gross or intentional fault.

14.2 Discretion

The Trustee, except as herein otherwise provided and subject to any Noteholder's Instrument, 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, it shall be in no way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

14.3 Enforcement of Security

The Trustee shall have the rights in its discretion to proceed in its name as *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 a Noteholder's Instrument; the Trustee shall not be responsible or liable, otherwise than as a *Fondé de pouvoir*, for any debts contracted by it, for damages to persons or property or for salaries or non-fulfillment of contracts during any period for which the Trustee managed the Charged Property upon entry, as herein provided, nor shall the Trustee be liable to account for anything except actual revenues or be liable for any loss on realization or for any default or omission unless same is the result of its own gross negligence or wilful misconduct; the obligation of the Trustee to commence or continue any act, action or proceeding under this Deed shall, at the option of the Trustee, be conditional upon the Noteholder furnishing, when required, sufficient funds to commence or continue such action or proceeding and indemnity reasonably satisfactory to the Trustee.

14.4 Protection of Trustee

The Trustee shall be obliged to act and shall be fully protected in acting pursuant to a Noteholder's Instrument in connection with any proceedings, act, power, right, matter or thing relating to or conferred by or to be done under this Deed.

14.5 Possession or Production of the Note

All rights of action under this Deed may be enforced by the Trustee without the possession of the Note hereby secured or the production thereof.

14.6 Resignation of Trustee

The Trustee may at any time resign from office upon thirty (30) days prior notice in writing given to the Grantor and to the Noteholder or upon such shorter delay as may be accepted by the Noteholder in a Noteholder's Instrument. The Noteholder may then or at any time thereafter appoint a new *Fondé de pouvoir* confirming such appointment by Noteholder's Instrument, which the Grantor hereby undertakes to accept, in the place of the *Fondé de pouvoir* so resigning. The new *Fondé de pouvoir* without further act shall then be vested and have all rights, powers and authorities granted to the Trustee hereunder and be subject in all respects to the terms, conditions and provisions hereof to the same extent as if originally acting as *Fondé de pouvoir* hereunder; no resignation shall come into effect before a new *Fondé de pouvoir* has been appointed and has accepted its appointment.

14.7 Indemnification of Trustee

The Grantor shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance of its duties and obligations hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

14.8 Bankruptcy of Trustee

The bankruptcy of the Trustee shall not terminate its rights, powers, trusts and duties hereunder provided that such rights, powers, trusts and duties are assumed by a successor trustee appointed in accordance with the provisions hereof.

14.9 Act respecting the special powers of legal persons

The Trustee, by its acceptance of the Note, waives any right it may have under Section 32 of the *Act respecting the special powers of legal persons* (Quebec).

15. GOVERNING LAW

This Deed shall be governed by and construed in accordance with the Laws of the Province of Quebec, including the rules relating to conflicts of Laws provided for thereunder and the Laws of Canada applicable therein.

16. AMENDMENTS

No amendment may be made to this Deed unless signed by the parties hereto, the Trustee acting pursuant to a Noteholder's Instrument.

17. SUCCESSORS AND ASSIGNS

This Deed shall be binding upon each of the Trustee and the Grantor, their successors and assigns.

18. ENGLISH LANGUAGE

The parties hereto expressly request and require that this Deed and all deeds, documents or instruments supplemental or ancillary hereto be drafted in English. *Les parties aux présentes conviennent et exigent que cet acte ainsi que tous les documents qui s'y rattachent soient rédigés en anglais.*

19. SCHEDULES

19.1 Schedule "A" – Immovable

An immovable property situated in the City of Saguenay, Province of Quebec, known and designated as lots THREE MILLION THREE HUNDRED FORTY-FOUR THOUSAND ONE HUNDRED AND EIGHTY-ONE (3 344 181) and THREE MILLION THREE HUNDRED FORTY-FOUR THOUSAND ONE HUNDRED AND THIRTY-FOUR (3 344 134), both of the Cadastre of Quebec, Registration Division of Chicoutimi.

With all buildings thereon erected, bearing civic number 105 de la Grande-Baie Nord Boulevard, City of Saguenay (Borough of La Baie), Province of Quebec, G7B 3K1, and as the said immovable now subsists, with all its rights members and appurtenances without exception of reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto.

An immovable property situated in the City of Saguenay, Province of Quebec, known and designated as lot THREE MILLION THREE HUNDRED FORTY-FOUR THOUSAND ONE HUNDRED AND FORTY (3,344,140) of the Cadastre of Quebec, Registration Division of Chicoutimi.

With all buildings thereon erected, bearing civic number 1433 Aimé-Gravel Street, City of Saguenay (Borough of La Baie), Province of Quebec, G7B 2M7, and as the said immovable now subsists, with all its rights members and appurtenances without exception of reserve of any kind, and together with and subject to all servitudes continuous or discontinuous, apparent or unapparent, attached thereto.

19.2 Schedule "B" — Claims subject to the *Financial Administration Act* (Section 9.1)

-

19.3 Schedule "C" — Claims secured by Registered Hypothec (Section 9.2)

-

WHEREOF ACTE, done and passed at the City of Montréal, Province of Quebec, on the date hereinabove first mentioned and remaining of record in the office of the undersigned Notary under minute number

The representatives of the parties declared to the said Notary to have taken cognizance of the present deed and to have exempted the said Notary from reading same or causing same to be read, following which the representatives of the parties signed in the presence of the Notary and as follows:

PRODUITS FORESTIERS SAGUENAY INC.

Per: ______________________________

SAMSON BELAIR/ DELOITTE & TOUCHE INC., in its capacity as court-appointed for and on behalf of 4513541 CANADA INC.

Per: ______________________________

____
M^{tre} ●, Notary

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. *& al*

Petitioners

- and -
ERNST & YOUNG INC.

Monitor

- and -
THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*

Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-21

ORIGINAL

Me Joseph Reynaud (514) 397-3019
Fax : (514) 397-3616

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. AVOCATS
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Québec H3B 3V2

EXHIBIT R-22

THIS INDENTURE made at Montréal in the Province of Quebec, Canada the day of July, A.D., 2010.

AMONG:

BOWATER CANADIAN FOREST PRODUCTS INC., a body corporate organized and existing under the laws of the Province of Nova Scotia (hereinafter called "BCFPI") and **BOWATER COUTURIER INC.** a body corporate organized and existing under the laws of the Province of New Brunswick (hereinafter called "BCI")

(collectively hereinafter referred to as the "Vendors")

of the one part

AND:

4513541 CANADA INC. "ESTATE", a body corporate organized and existing under the laws of Canada and registered to carry on undertakings in the Province of New Brunswick, **SAMSON BELAIR/DELOITTE & TOUCHE INC.,"IN TRUST"** a body corporate and licensed trustee in bankruptcy, maintaining an office in the City of Montreal, Quebec

(hereinafter referred to as the "Purchaser", and together with the Vendors, the "Parties")

of the other part

WHEREAS on or about August 31, 2006, BCFPI, one of the Vendors herein, became beneficial owner of the lands and premises, including the hereinafter described pieces or parcels of land, by way of a liquidation agreement;

AND WHEREAS as at the date hereof, BCI is the holder of registered title to, and BCFPI is the beneficial owner of, the hereinafter described pieces or parcels of land;

AND WHEREAS the Purchaser is a wholly-owned indirect subsidiary of Abitibi-Bowater Inc., incorporated in 2009 under the laws of Canada;

AND WHEREAS the Vendors have agreed to sell and the Purchaser has agreed to purchase the hereinafter described lands, premises and personal property for the consideration hereinafter appearing on an "as is, where is" basis and upon and subject to the terms, covenants, conditions, and other provisions hereinafter set forth;

AND WHEREAS on April 17, 2009, the Québec Superior Court, Commercial Division (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. and subsidiaries thereof, (ii) Bowater Canadian Holdings Inc. and subsidiaries thereof, and (iii) certain partnerships;

AND WHEREAS pursuant to the Initial Order, Ernst & Young Inc. (the "Monitor") was appointed as Monitor of Petitioners under the CCAA;

AND WHEREAS a receivership order was issued by the Court on April 27, 2010 appointing Ernst & Young Inc. as receiver of the assets, property and undertaking of the Purchaser;

AND WHEREAS an amended receivership order was issued by the Court on ● appointing Samson Belair/Deloitte & Touche Inc. as receiver of the assets, property and undertaking of the Purchaser in replacement of Ernst & Young Inc;

AND WHEREAS upon orders substantially in the forms attached as Schedules "A" and "B" hereto annexed, having been rendered by the Court, the hereinafter described lands, premises and personal property shall, in accordance with in Section 3.1 herein, vest absolutely in the Purchaser, free and clear of and from any security interests, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise;

NOW THEREFORE THIS INDENTURE WITNESSETH THAT:

1. **PURCHASE PRICE**

1.1. For and in consideration of **(a)** the assumption by the Purchaser of any liabilities of the Vendors for unpaid taxes in connection with the Properties (as defined below) and **(b)** the sum of $1,000.00 (subject to any adjustments made pursuant to the Purchaser Note (as hereinafter defined)), which shall be paid by the issuance of a non-interest bearing promissory note by the Purchaser in favour of the Vendors (the "Purchaser Note") on the date of closing of the within conveyance (the "Closing Date") (the receipt and sufficiency of which sum is hereby acknowledged by the Vendors), which Purchaser Note shall be substantially in the form attached as Schedule "C" hereto annexed and delivered by the Purchaser to the Monitor on the Closing Date, BCI, as registered holder, and BCFPI, as beneficial owner, hereby sell, assign and convey unto the Purchaser **ALL THAT** piece or parcel of land being situate at the Village of Baker Brook in the Province of New Brunswick and being more particularly described in Schedule "D" hereto annexed **TOGETHER WITH** any buildings and erections and personal property thereon and further **TOGETHER WITH** all of the benefits, rights, liabilities and obligations arising under or pursuant to any municipal, provincial or federal permits, licenses, consents or tolerances issued to the Vendors or issued in connection with the ownership, use or occupation of the piece or parcel of land (collectively hereinafter referred to as the "Properties") **EXCEPTING AND RESERVING THEREOUT** such assets described in Schedule "E" hereto annexed **TO HOLD** the same unto the Purchaser **SUBJECT TO** the terms, covenants, conditions and other provisions hereinafter contained and which on the Purchaser's part are to be observed, performed and fulfilled and which terms, covenants, conditions and other provisions hereinafter contained shall run with, bind and touch the lands, premises and personal property herein conveyed and every part thereof, absolutely and forever;

1.2. The Purchaser Note shall be substantially in the form attached as Schedule "C" hereto annexed and have the terms and conditions agreed upon from time to time by the Vendors and the Purchaser, including the following: **(a)** any amounts owing to the Vendors under the Purchaser Note shall be paid out of the actual net proceeds generated by the sale of the Properties (or any portion thereof) by the Purchaser, or any receiver appointed in respect thereof, to a third party and any such amounts paid to the Vendors shall, until the issuance of directions by the Court with respect thereof, be remitted to the Monitor; and **(b)** the Vendors' recourses for any principal owed under the Purchaser Note shall be limited to the Properties (or the proceeds from the sale thereof) and shall be subordinated to (i) the costs of complying with any orders issued in respect of the Properties (or which may hereafter be issued in respect of any conditions existing as of the Closing Date) under applicable environmental legislation, (ii) any costs which would have priority pursuant to section 11.8 of the CCAA (as if such statute were applicable) and Section 14.06 of the *Bankruptcy and Insolvency Act* (Canada), and (iii) the costs of any receiver appointed in respect of Purchaser or Purchaser's interest in the Properties. Subject to the above-mentioned subordination, the Purchaser Note shall be secured in favor of the Vendors by a general security agreement to be registered under the *Personal Property Security Act* (New Brunswick) and a registered collateral mortgage.

2. **EXCLUSION OF WARRANTY**

In consideration of the within conveyance, the Purchaser, for itself and its successors and assigns, hereby covenants and agrees to and with the Vendors and their successors and assigns as follows:

2.1. the Purchaser acknowledges that the conveyance of the Properties herein conveyed and every part thereof is being made on an "as is, where is" basis;

2.2. the Properties herein conveyed and any part thereof, and any use or enjoyment of such Properties shall be at the entire risk of the Purchaser and its successors and assigns from and after the date hereof, and the Purchaser for itself and its successors and assigns agrees to assume and hereby assumes any and all responsibilities and liabilities, whether of an environmental nature or otherwise, in any way arising out of or in connection with the state, quality or condition of, or in or upon, the Properties herein conveyed and every part thereof existing as of or prior to the date hereof and thereafter, and whether such liabilities or responsibilities arise or are in any manner imposed by law, statute, regulations and/or by any regulatory authorities or parties or official entity in any manner whatsoever.

3. <u>CONDITIONS OF CLOSING</u>

The obligation of each of the Vendors and the Purchaser to complete the within conveyance is subject to the satisfaction of each of the following conditions by the Closing Date:

3.1. *Vesting Order*. An order substantially in the form attached as Schedule "A" hereto annexed shall have been rendered by the Court.

3.2 *Receivership Order* An order substantially in the form attached as Schedule "B" hereto annexed shall have been rendered by the Court.

4. <u>OBLIGATIONS OF THE PURCHASER</u>

In consideration of the within conveyance, the Purchaser shall have the following obligations on the Closing Date:

4.1. take possession of the Properties in their current state;

4.2. pay the fees and legal fees with respect to the present Indenture and other instruments contemplated herein, along with the copy and registration fees thereof;

4.3. assume the payment of all taxes, as applicable, in connection with the Properties as of and from the Closing Date.

5. <u>GOVERNING LAW</u>

5.1. The present Indenture shall be governed by and in accordance with the laws of the Province of New Brunswick and the laws of Canada applicable therein.

6. <u>SCHEDULES</u>

The following documents are attached hereto:

6.1. Schedule "A": Vesting Order

6.2. Schedule "B": Receivership Order

6.3. Schedule "C": Purchaser Note

6.4. Schedule "D": Legal Description of the Properties

6.5. Schedule "E": Excluded Properties.

<u>[SIGNATURES ON FOLLOWING PAGE]</u>

IN WITNESS WHEREOF the Vendors and the Purchaser have executed this Indenture as of the day and year first before written.

SIGNED, SEALED AND DELIVERED by
the Vendor Bowater Couturier Inc.
in the presence of:

BOWATER COUTURIER INC.

Per:

Per:

NOTARY PUBLIC or COMMISSIONER OF OATHS

SIGNED, SEALED AND DELIVERED by
the Vendor Bowater Canadian Forest Products Inc
in the presence of:

BOWATER CANADIAN FOREST PRODUCTS INC.

Per:

NOTARY PUBLIC or COMMISSIONER OF OATHS

SIGNED, SEALED AND DELIVERED
by the Purchaser in the presence of:

SAMSON BELAIR/DELOITTE & TOUCHE INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER FOR AND ON BEHALF OF 4513541 CANADA INC.

Per:

NOTARY PUBLIC or COMMISSIONER OF OATHS

SCHEDULE "A": Vesting Order

See attached.

SCHEDULE "B": RECEIVERSHIP ORDER

See attached.

SCHEDULE "C": Purchaser Note

See attached.

SCHEDULE "D": Legal Description of the Properties

See attached

SCHEDULE "E": Excluded Properties

See attached

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of _______________, 2010.

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

(the "**Borrower**")

TO: **BOWATER CANADIAN FOREST PRODUCTS INC.** a body corporate organized and existing under the laws of Nova Scotia

(the "**Secured Party**")

RECITALS:

A. Pursuant to a mortgage (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 "**Mortgage**") 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:

"**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 Mortgage;

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

"**PPSA**" means the *Personal Property Security Act* (New Brunswick); 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 New Brunswick and the federal laws of Canada applicable in the Province of New Brunswick 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 Mortgage.

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 New Brunswick 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.

IN WITNESS OF WHICH Borrower has duly executed this Agreement.

SAMSON BELAIR/DELOITTE & TOUCHE INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER FOR AND ON BEHALF OF 4513541 CANADA INC.

By: ______________________________

Name:
Title:

Form 15.1

COLLATERAL MORTGAGE

Land Titles Act, S.N.B. 1981, c.L-1.1, s.25
Standard Forms of Conveyances Act, S.N.B. 1980, c.S-12.2, s.2

Parcel Identifier:	**35024975**
Mortgagor:	4513541 Canada Inc. Estate 1 PLACE Ville-Marie BUREAU 3000 Montreal QC H3B 4T9 SAMSON BELAIR / DELOITTE & TOUCHE INC. In Trust 1 PLACE Ville-Marie BUREAU 3000 Montreal QC H3B 4T9
Mortgagee:	Bowater Canadian Forest Products Inc. 1st Canadian Place PO BOX 100 Toronto ON M5X 1B2
Manner of Tenure:	Not Applicable
Particulars of Security:	The specified parcel is mortgaged as collateral security, and continuing collateral security, for the payment to the mortgagee of all obligations, debts and liabilities arising from a promissory note in the principal amount of $1,000.00 dated _________________, as same may be adjusted (the "principal sum") together with interest on such amounts as may be set out in the promissory notes.

Statutory Covenants and Conditions Excluded: NONE

Optional Covenants and Conditions Included: NONE

The mortgagor mortgages to the mortgagee in the specified manner of tenure the specified parcel as collateral security, the particulars of which are specified.

The mortgagor acknowledges receipt of the text of the covenants and conditions which are contained in this mortgage by reference to the distinguishing number or by virtue of subsection 25(4) of the Land Titles Act, and agrees to be bound by them to the same extent as if set out at length herein.

Date:

Witness:	**Mortgagor:**
____________________	____________________ SAMSON BELAIR / DELOITTE & TOUCHE INC., In Trust
____________________	____________________ SAMSON BELAIR / DELOITTE & TOUCHE INC., In Trust

Form 16
APPLICATION FOR OPTIONAL MORTGAGE COVENANT

Land Titles Act, S.N.B. 1981, c. L-1.1, s.25

Applicant: **BOWATER CANADIAN FOREST PRODUCTS INC.**
c/o Stewart McKelvey
Suite 600, Frederick Square
77 Westmorland Street
P.O. Box 730
Fredericton, NB E3B 5B4

Optional Mortgage Covenant: See attached Schedule "A".

The Applicant applies for the assignment of a number to the specified optional mortgage covenant.

Date: July ___, 2010.

Applicant: BOWATER CANADIAN FOREST PRODUCTS INC.
Stewart McKelvey
Suite 600, Frederick Square
77 Westmorland Street
P.O. Box 730
Fredericton, NB E3B 5B4

____
Stewart McKelvey
Per: John Eric Pöllabauer

Number assigned to the specified optional mortgage covenant: ________________

Registrar General of Land Titles

SCHEDULE "A"
OPTIONAL MORTGAGE COVENANTS

In consideration of the premises, of the Indebtedness (as hereinafter defined) and of the further sum of One Dollar ($1.00) now paid to the Mortgagor by the Mortgagee, the receipt and sufficiency whereof is hereby acknowledged, and to secure the due and timely payment and satisfaction of the Indebtedness and interest and all other monies from time to time owing hereunder and the observance and performance of the covenants, conditions and provisions of the Mortgage herein contained, the Mortgagor covenants and agrees with the Mortgagee as hereinbefore and hereinafter set forth.

1. DEFINITIONS AND INTERPRETATION

(a) In this mortgage, the following terms used herein shall have the following meanings:

"Act" means the *Land Titles Act*, S.N.B. 1981, c.L-1.1, as amended and/or restated from time to time;L-1.1;

"Business Day" means a day of the week other than Saturday, Sunday or any other day which is a statutory or municipal holiday in Montreal, Quebec;

"Condition" includes a warranty, representation or proviso;

"Costs" means all fees, costs, charges and expenses of the Mortgagee of and incidental to:

(i) the negotiation, preparation, execution and registration of the Mortgage and any other instruments connected herewith and every renewal or discharge of them;

(ii) the collection or attempted collection of any Indebtedness, the performance or enforcement by the Mortgagee of any covenants contained herein and the realization of the security hereby created, including power of sale proceedings commenced by the Mortgagee and all costs, including legal costs and fees associated therewith;

(iii) any inspection of the Mortgaged Premises made by the Mortgagee, and any review of plans, specifications and other documentation which may require the approval or consent of the Mortgagee;

(iv) all repairs and replacements which the Mortgagee deems, in its discretion, to be necessary or advisable to be made to the Mortgaged Premises;

(v) the Mortgagee going into possession of the Mortgaged Premises to secure, complete and equip any Improvements or buildings on the Mortgaged Premises:

(vi) the Mortgagee's renewal of any leasehold interest;

(vii) all solicitor's charges, costs and expenses relating to any of the foregoing and any necessary examination of title to the Mortgaged Premises, including legal costs incurred by the Mortgagee as between solicitor and his own client;

(viii) reasonable compensation to the Mortgagee for the time spent and expenses incurred by its employees and agents in taking such action as the Mortgagee may in its sole discretion deem advisable after an Event of Default;

(ix) all moneys borrowed or expended by, and the fees and disbursements of, any Receiver appointed hereunder; and

(x) all costs or expenses incurred by the Mortgagee for the purpose of protecting the security of the Mortgagee and effecting a power of sale of the Mortgaged Premises, including without limiting the generality of the foregoing, costs of maintenance, repairs, inspection fees, and realtor's commissions and legal fees upon sale by the Mortgagee.

"Covenant" includes a warranty, representation or proviso;

"Fixtures" includes all present and future fixtures, buildings, erections, appurtenances, plants, systems, equipment, chattels, Improvements, fixed or otherwise, now or hereafter put on the Mortgaged Premises, including without limitation all fences, elevators, furnaces, machinery, boilers, oil burners, water heaters, electric light fixtures and all air-conditioning, plumbing, cooling, ventilating and heating equipment and all other apparatus and equipment appurtenant thereto;

"Form 15.1" means any Form 15.1 prescribed by the regulations made under the Act in which this Optional Mortgage Covenant is referred to by its filing number as provided in Section 25 of the Act together with all schedules and appendices;

"Guarantor" means any person identified as a guarantor in Form 15.1;

"Improvement" includes any construction, installation, alteration, addition, repair or demolition to any part of the Mortgaged Premises;

"Indebtedness" at any time means the sum of:

(i) the part of the Principal Sum that is at that time owing and unpaid;

(ii) all interest accrued and payable under the Mortgage;

(iii) any amounts that to that time have been added to the Principal Sum under the terms of the Mortgage; and

(iv) any other amount or sum due and payable, as secured herein.

"Mortgage" means the Form 15.1 together with all statutory and optional covenants incorporated therein by operation of law or by reference;

"Mortgaged Premises" means the specified parcel as identified on the Form 15.1, together with all buildings, structures, fixtures, and improvements built upon or made to the Mortgaged Premises from time to time and all appurtenances thereto;

"Mortgagee" means the party named as Mortgagee in Form 15.1, its successors and assigns;

"Mortgagor" means the party named in Form 15.1 as Mortgagor, including its successors and assigns;

"Taxes" means all taxes, rates, assessments, levies, liens and penalties, municipal, local, parliamentary or otherwise that now are or may hereafter be imposed, charged or levied upon or with respect to the Mortgaged Premises. Taxes will be deemed to be due on the day on which they are levied by the applicable authority.

(b) Each obligation of the Mortgagor expressed in this Mortgage even though not expressed as a covenant, is deemed for all purposes to be a covenant made with the Mortgagee.

2. OTHER COLLATERAL SECURITY

As further and collateral security to this Mortgage, the Mortgagor covenants and agrees to grant to the Mortgagee:

(a) a security interest in all chattels, machinery and equipment owned by the Mortgagor and situate in or around the Mortgaged Premises;

(b) a general assignment of rents arising from the Mortgaged Premises; and

(c) an assignment of leases arising from the Mortgaged Premises.

A default by the Mortgagor under any covenant in the above noted collateral security shall be deemed to be a default under the Mortgage.

3. ADDITIONAL SECURITY

The Mortgagor covenants and agrees with the Mortgagee to provide such additional security, information, documentation and assurances as may be required from time to time by the Mortgagee during the currency of this Mortgage to determine and to establish and preserve, in all respects, the priority of this charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of any applicable provincial lien legislation for the Province of New Brunswick.

4. REPAYMENT PROVISIONS

This Mortgage shall be void upon the Mortgagor paying to the Mortgagees, or an agent of the Mortgagees to be designated from time to time, in lawful money of Canada all amounts that may be due or become due by the Mortgagor to the Mortgagees under the provisions of the Promissory Note and this Mortgage.

Without limiting the foregoing, the Mortgagor and the Mortgagees agree that the Mortgagees' recourses for the Principal Amount shall be limited to the Mortgaged Premises (or the proceeds from the sale thereof or the sums paid in relation to the expropriation thereof) and shall be subordinated to (i) the costs of complying with any orders issued in respect of the Mortgaged Premises which may hereafter be issued in respect of any conditions existing as of the date under the *Environmental Protection Act* (Canada) and all other environmental requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or occupational health or fire or safety matters (ii) any costs which would have priority pursuant to section 11.8 of the *Companies'*

Creditors Arrangement Act (as if such statute were applicable) and Section 14.06 of the *Bankruptcy and Insolvency Act* (Canada), and (iii) the costs of any receiver appointed in respect of the Mortgagor or the Mortgagor's interest in the Mortgaged Premises.

5. COLLATERAL MORTGAGE

This Mortgage is given as collateral security to the promissory note described on the Form 15.1 (the "Note").

This Mortgage and the Note shall stand as security for the one indebtedness owing by the Mortgagor to the Mortgagee, and the Mortgagor acknowledges and agrees that any default under the provisions of the Note shall constitute default under this Mortgage, and any default by the Mortgagor under this Mortgage shall also constitute default under the Note; provided that, in the event of any such default as aforesaid, the Mortgagee shall be entitled to take or exercise any right or remedy under this Mortgage (in the same manner and to the same extent as though default had actually been made in the payment of moneys evidenced hereby) or under the Note, or both, or any other document evidencing or securing the indebtedness evidenced hereby, to which it may be entitled, and either concurrently or successively, and the taking or exercise by the Mortgagee of any one or more of such rights and remedies under this Mortgage or the Note, or both, or any other document evidencing or securing the indebtedness evidenced hereby, shall not preclude nor prevent the Mortgagee from subsequently taking or exercising any other right of remedy or rights or remedies, to which it may be entitled under this Mortgage or the Note, or both, or any other document evidencing or securing the indebtedness evidenced hereby, or at law.

It is further expressly agreed that any and all payments made by or on behalf of the Mortgagor under the Note shall constitute like payment under this Mortgage, and any and all payments made by or on behalf of the Mortgagor under this Mortgage shall constitute like payment under the Note.

If there is any conflict or inconsistency between the provisions of this Mortgage and the provisions of the Note, the rights and obligations of the parties will be governed by the provisions of the Note but if there is any right provided in this Mortgage which is not contained in the Note such additional right shall not constitute a conflict or inconsistency. Otherwise, the Mortgagee shall have the rights granted in both the Mortgage and the Note.

6. TITLE COVENANTS

The Mortgagor covenants that it has good title in fee simple to the Mortgaged Premises.

The Mortgagor has good right, full power and lawful and absolute authority to mortgage the Mortgaged Premises and to give this Mortgage to the Mortgagee upon the covenants contained in the Mortgage.

The Mortgagor covenants that it has not done or wilfully or knowingly suffered any act to encumber the Mortgaged Premises, except as the records of the land registry office disclose.

7. FIXTURES

The Mortgagor covenants and agrees that all erections and improvements, fixed or otherwise, now on or after the date of this Mortgage put on the Mortgaged Premises, including but without limiting the generality of the foregoing, all buildings, fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, and all apparatus and equipment appurtenant thereto, and all improvements, fixed or otherwise and even though not attached otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Mortgaged Premises and shall be a portion of the security for the amounts secured by this Mortgage.

8. COVENANTS

The Mortgagor covenants and agrees with the Mortgagees that:

(a) **Covenant to Pay and Quiet Enjoyment on Default**: The Mortgagor will pay the Principal Amount in accordance with the Promissory Note and on default the Mortgagees may enter and have quiet enjoyment of the Mortgaged Premises.

(b) **Realty Taxes:** In connection with taxes, rates and assessments ("**Taxes**") chargeable against or upon the Mortgaged Premises, the Mortgagor will pay all Taxes as and when the same become due and payable and will provide the Mortgagees with receipts confirming same as the Mortgagees may require.

(c) **Good Title and Right to Convey:** The Mortgagor has a good title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed.

(d) **Liens and Construction**: Upon the registration of any lien against the Mortgaged Premises, the Principal Amount and all other amounts hereby secured shall, at the option of the Mortgagees, forthwith become due and payable.

(e) **Acceleration on Default:** In the event of default of payment of the Principal Amount in accordance with the Promissory Note, or on breach of any covenant or proviso in this Mortgage by the Mortgagor, the whole of the Principal Amount remaining unpaid shall become due and payable, but the Mortgagees may waive their right to call in such Principal Amount and shall not be therefor debarred from subsequently asserting and exercising their right to call in the Principal Amount by reason of such waiver or by reason of any future default.

(f) **Non-Merger:** The taking of a judgment on any covenant in this Mortgage shall not operate as a merger of any covenant in this Mortgage until such judgment shall have been fully paid and satisfied.

(g) **Compliance with Laws:** The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise.

9. SALE BY MORTGAGOR

If the Mortgagor sells, conveys, transfers, or enters into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, a grantee or transferee not approved in writing by the Mortgagees, which approval shall be at the sole discretion of the Mortgagees, then, at the option of the Mortgagees, all monies secured by this Mortgage shall forthwith become due and payable at the Mortgagee's sole option and discretion.

The Mortgagor agrees that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagees as against the Mortgagor or any other person liable for payment of all monies secured by this Mortgage.

10. SUBSEQUENT ENCUMBRANCES

The Mortgagor shall not, without the Mortgagee's prior written approval, encumber or permit to be encumbered the Mortgaged Premises or any part thereof or any interest therein.

11. DEFAULT

Provided that the Mortgagee may on default of the Mortgagor enter on, take possession of, lease and enforce any right or remedy it has with respect to the Mortgaged Premises.

12. ACCELERATION EVENTS OF DEFAULT

Provided that the Indebtedness shall, at the option of the Mortgagee, become immediately due and payable in each of the following events of default:

(a) there is default in the payment of any instalment of principal, interest or any other sums due under this Mortgage or any other mortgage, lien or charge, ranking in priority or subsequent to this Mortgage;

(b) there is a breach of any other of the Mortgagor's covenants and other obligations contained herein or in any instrument providing additional security for the Indebtedness secured or any part thereof which the Mortgagor shall have failed within fifteen (15) days after the receipt of written notice thereof from the Mortgagee either to remedy or to have commenced and be diligently proceeding to remedy;

(c) there is a breach of any other of the Mortgagor's covenants or other obligations under the provisions of any mortgage, lien or other charge ranking in priority or subsequent to this Mortgage;

(d) an encumbrancer takes possession of any part of the Mortgaged Premises;

(e) any representation or warranty made by or on behalf of the Mortgagor in connection with this Mortgage, is untrue;

(f) the Mortgagor or any Guarantor fails to fulfil any of its obligations in any commitment letter or application for mortgage that may have been made in respect of this loan;

(g) a governmental body or authority expropriates any portion of the Mortgaged Premises which the Mortgagee in its sole discretion considers material;

(h) any change of ownership (beneficial or otherwise) or control of the Mortgagor, or any change of ownership (beneficial or otherwise), control, transfer or sale of the Mortgaged Premises or part thereof, without the Mortgagee's prior written consent, shall, at the discretion of the Mortgagee, constitute a default under this Mortgage and the Indebtedness shall become immediately due and payable. The Mortgagee may require as one of the terms for giving consent that the purchaser or transferee shall execute an assumption agreement in favour of the Mortgagee; or

(i) there is a default under any other mortgage between the Mortgagor and the Mortgagee of the specified parcel, whether prior to or subsequent to this Mortgage.

The Mortgagee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of said principal shall be as set out in the provisos for redemption contained herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

13. POWER OF SALE

In the event of default of payment of the Principal Amount in accordance with the Promissory Note, or on breach of any covenant or proviso in this Mortgage by the Mortgagor, the Mortgagees may sell the Mortgaged Premises in accordance and complying with the provisions of the *Property Act* R.S.N.B., 1973, c.P-19 as amended pertaining to the sale by a mortgagee of mortgaged premises with or without entering into possession of the Mortgaged Premises.

14. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

No failure by the Mortgagees to enforce at any time or from time to time any of its rights under this Mortgage shall prejudice such rights or any other rights of the Mortgagees and no performance or payment by the Mortgagees in respect of any breach or default of the Mortgagor shall relieve the Mortgagor from any such breach or default under this Mortgage; and no waiver at any time or from time to time of any such rights of the Mortgagees shall prejudice such rights in the event of any future default or breach.

15. RELEASE OF SECURITY

It is further agreed by and between the parties that the Mortgagee may at its discretion at all times release any part or parts of the Mortgaged Premises or any other security or any surety for the money hereby secured under the Mortgage either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Mortgaged Premises or any person from this Mortgage or from any of the covenants contained in the Mortgage and without being accountable to the Mortgagor for the value thereof, or for any monies except those actually received by the Mortgagee. It is agreed that every part or lot in which the Mortgaged Premises are or may hereafter be divided does and shall stand mortgaged with the Indebtedness secured under the Mortgage and no person shall have the right to require the Indebtedness to be apportioned.

16. EXTENSION OF TIME

Provided that no extension of time given by the Mortgagee to the Mortgagor, or any one claiming under him, or any other dealing by the Mortgagee with the owner or owners of the equity of redemption of the Mortgaged Premises or of any part thereof, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the Indebtedness.

17. PRIORITY OF EXTENSION AGREEMENTS

It is understood and agreed that any agreement for the extension of the time of payment of the Indebtedness or any part thereof and any renewal of the loan secured by the

Mortgage made at, before or after maturity, and prior to the execution of a discharge of this Mortgage, altering the term, rate of interest (whether increased or decreased), the amount of the payments of principal, interest or other monies owing and secured by this Mortgage or any other provision, covenant or condition hereof, whether made with the Mortgagor named herein or a subsequent owner of the Mortgaged Premises (and whether or not consented to by the Mortgagor named herein or any successor in title if made with a subsequent owner need not be registered in any Land Registry Office but shall be effectual and binding upon the Mortgagor and upon every subsequent mortgagee, chargee, encumbrancer or other person claiming an interest in the Mortgaged Premises or any part thereof.

The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All extensions and renewals (if any) shall be done at Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his-own-client basis). No such extension or renewal, even if made by a successor in title to the Mortgagor named herein, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, or any subsequent owner, which shall continue notwithstanding such extension or renewal.

18. <u>POSSESSION</u>

The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment of principal, interest, or Taxes hereby secured, or on breach of any covenant or proviso contained in this Mortgage after all or any part of the Principal Sum has been advanced, the Mortgagee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Mortgaged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings, structures or improvements forming part of the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing the Mortgaged Premises as it may deem expedient, and all costs, charges and expenses including allowances for the time, service and effort of any officer of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee and shall be a charge upon the Mortgaged Premises and secured by this Mortgage and shall bear interest at the aforesaid rate provided for in this Mortgage until paid. Any lease made by the Mortgagee while in possession of the Mortgaged Premises shall continue for the full term and any permitted renewals thereof notwithstanding the termination of the Mortgagee's possession.

19. <u>ADDITIONAL SECURITIES</u>

In the event that the Mortgagee, in addition to the premises secured hereunder, holds further additional securities on account of the Indebtedness secured herein, it is agreed that no single or partial exercise of any of the Mortgagee's powers hereunder or under any of such securities, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such securities. The Mortgagee shall at all times have the right to proceed against all, any, or any portion of such security or securities, in such order and in such manner as it shall in its sole discretion deem fit, without waiving any rights which the Mortgagee may have with respect to any and all of such securities, and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Mortgagor under the remaining securities.

20. <u>MORTGAGEE MAY ENTER</u>

Upon default in payment of the Indebtedness, or in performance of any of the terms and conditions hereof, the Mortgagee may enter into and take possession of the Mortgaged

Premises free from all manner of former conveyances, mortgages, charges, or encumbrances without the let, suit, hindrance, interruption or denial of the Mortgagor or any other person whatsoever.

21. MECHANICS' LIENS - EMPLOYEES' LIENS

At the time of any advance there shall have been full and complete compliance with all requirements of the Mechanics' Lien Act R.S.N.B. 1973 c.M-6, as amended and restated from time to time, and the Employment Standards Act, S.N.B. 1982 c.E-7.2 as amended and restated from time to time and the Mortgagor shall submit to the Mortgagee, in form and content satisfactory to the Mortgagee, evidence of such compliance. The Mortgagor agrees that the Mortgagee shall be entitled to withhold from any advance, or pay into court as an advance, such amounts as the Mortgagee, in its sole discretion, considers advisable to protect its interests from subordination under the provisions of the said acts, and to secure the priority of this Mortgage over any actual or potential liens. Nothing in this paragraph shall be construed to make the Mortgagee an "owner" or "employer" within the definitions of those terms contained in the said acts, nor shall there be, or be deemed to be, any obligation by the Mortgagor to retain any holdback or otherwise or to maintain on the Mortgagor's behalf any holdback which may be required to be made by an owner. Any such obligation shall remain solely the Mortgagor's obligation. The Mortgagor hereby covenants and agrees to comply in all respects with the provisions of the said acts.

The Mortgagor covenants and agrees that all improvements made to the Mortgaged Premises shall comply in all respects with the provisions of the Mechanics' Lien Act and the Employment Standards Act, and if a Mechanics' Lien and/or an Employees Lien is filed against all or part of the Mortgaged Premises, then the Mortgagor shall within ten (10) days after receipt of notice thereof, have the lien(s) vacated or discharged. If the Mortgagor fails to do so, then, at the option of the Mortgagee, the Indebtedness secured hereby shall forthwith become due and payable, or the Mortgagee shall be entitled to pay into court a sum sufficient to obtain an order vacating such lien(s) or to purchase a financial guarantee bond in the form prescribed under the said acts. All costs, charges and expenses incurred by the Mortgagee in connection with such payment into court or in connection with the purchase of a financial guarantee bond shall be added to the Indebtedness and shall be a charge on the Mortgaged Premises and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Mortgagor to the Mortgagee. If any person that performs work, labour or services or that provides materials to or for the Mortgaged Premises, names the Mortgagee as a party to any legal proceedings then the Mortgagor agrees to reimburse the Mortgagee for any and all legal expenses (on a solicitor-and-his-own-client basis) incurred by the Mortgagee in such legal proceedings.

22. DISCHARGE

The Mortgagee shall have a reasonable period of time after payment of the mortgage monies in full within which to prepare and execute a discharge of the Mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

23. WAIVER

It is understood and agreed that a waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof or of the obligations secured by this Mortgage shall apply to the particular instance or instances and at the particular time or times only. And no such waiver shall be deemed a continuing waiver, but all of the terms, covenants, conditions and other provisions of this Mortgage and of the obligations secured thereby shall survive and continue to remain in full force and effect.

24. NOTICES

Any notice given under this Mortgage shall be made in writing, and either served personally or forwarded by courier or by registered mail, postage prepaid, if to the Mortgagor:

> 4513541 Canada Inc.
> 1 Place Ville-Marie, Suite 3000
> Montréal (Quebec)
> H3B 4T9
>
> Att: Pierre Laporte or Martin Franco

And if to the Mortgagee:

> Bowater Canadian Forest Products Inc.
> 1st Canadian Place PO Box 100
> Toronto, Ontario
> M5X 1B2
>
> Att: Chief Financial Officer and Chief Legal Officer

The date of receipt of such notice shall be deemed conclusively to be the day of service if such notice is served personally or delivered by courier, or if mailed by registered mail on the delivery date or five (5) regular business days after such date of mailing, whichever is earlier, provided that if there is an interruption in mail services through strike or for other similar reasons then no such notice or documents shall be deemed to have been delivered until actually received by the intended party, whether by mail or otherwise.

25. HEADINGS

The headings with respect to the various paragraphs of this Mortgage are intended to be for identification of the various provisions of this Mortgage only, and the wording of such headings is not intended to have any legal effect.

26. SEVERABILITY

In the event any one or more of the provisions contained in this Mortgage 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 Mortgagee, be severable from and shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Mortgage.

27. FURTHER ASSURANCES

The Mortgagor covenants with the Mortgagee that the Mortgagor shall and will from time to time, and at all times hereafter, make, do, suffer and execute, or cause or procure to be made, done, suffered, and executed, all and every such further reasonable acts, deeds, conveyances, and assurances in the law, for further, better and more perfectly and absolutely conveying and mortgaging the Mortgaged Premises, with the appurtenances, unto the Mortgagee as the Mortgagee or its counsel shall require.

28. GENDER AND NUMBER

In construing these covenants, the words "Mortgagor", "Mortgagee" and "Guarantor" and the personal pronouns "he" and "his", and "it" and "its" relating thereto and used therewith, shall be read and construed as "Mortgagor" or "Mortgagors", "Mortgagee" or "Mortgagees", "Guarantor" or "Guarantors" and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Mortgagor or Mortgagors and Mortgagee or Mortgagees shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Mortgagor or Mortgagors and Mortgagee or Mortgagees shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

29. LEGAL EXPENSES AND COSTS

The Mortgagor agrees to pay the reasonable and necessary costs, charges, fees and expenses of and incidental to this Mortgage and any and all other documents required in connection herewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted hereby or the procuring of the payment of any amount payable under this Mortgage. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid, shall be a charge on the Mortgaged Premises.

30. GOVERNING LAW

This Mortgage shall be interpreted and governed according to the Laws of the Province of New Brunswick.

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. *& al*

Petitioners

- and -
ERNST & YOUNG INC.

Monitor

- and -
THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*

Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-22

ORIGINAL

Me Joseph Reynaud (514) 397-3019
Fax : (514) 397-3616

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. AVOCATS
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Québec H3B 3V2

EXHIBIT R-23

THIS INDENTURE made at ____, Canada
the _____ day of ________________, A.D., 2010.

AMONG:

BOWATER CANADIAN FOREST PRODUCTS INC., a body corporate organized and existing under the laws of Nova Scotia and registered to carry on undertakings in the Province of Ontario (hereinafter called the "**Vendor**")

of the one part

AND:

4513541 CANADA INC., a body corporate organized and existing under the laws of Canada and registered to carry on undertakings in the Province of Ontario

(hereinafter referred to as the "**Purchaser**", and together with the Vendor, the "**Parties**")

of the other part

WHEREAS on or about August 25, 2000, Bowater Pulp and Paper Canada Inc., a predecessor company to the Vendor, acquired certain lands and premises, including the hereinafter described pieces or parcels of land being situate at the Town of Dryden, in the Province of Ontario and being more particularly described in Schedule "D" hereto annexed (the "**Lands**");

AND WHEREAS as at the date hereof, the Vendor is the owner of the Lands;

AND WHEREAS the Purchaser is a wholly-owned indirect subsidiary of AbitibiBowater Inc., incorporated in 2009 under the laws of Canada;

AND WHEREAS the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property (as hereinafter defined) for the consideration hereinafter appearing on an "as is, where is" basis and upon and subject to the terms, covenants, conditions, and other provisions hereinafter set forth;

AND WHEREAS on April 17, 2009, the Québec Superior Court, Commercial Division (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. and subsidiaries thereof, (ii) Bowater Canadian Holdings Inc. and subsidiaries thereof, and (iii) certain partnerships;

AND WHEREAS pursuant to the Initial Order, Ernst & Young Inc. (the "Monitor") was appointed as Monitor of Petitioners under the CCAA;

AND WHEREAS a receivership order was issued by the Court on April 27, 2010 appointing Ernst & Young Inc. as interim receiver of the assets, property and undertaking of the Purchaser;

AND WHEREAS the Vendor wishes to file a motion for the *Issuance of Various Orders Authorizing the Sale of Non-Core Properties* and for the *Issuance of an Amended Receivership Order* authorizing the transaction.

AND WHEREAS upon order substantially in the forms attached as Schedules "A" and "B" hereto annexed having been rendered by the Court, the Property (as hereinafter defined) shall, in accordance with in Section 3.1 herein, vest absolutely in the Purchaser, free and clear of and from any security interests, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise;

NOW THEREFORE THIS INDENTURE WITNESSETH THAT:

1. PURCHASE PRICE

1.1. For and in consideration of

(a) the assumption by the Purchaser of any liabilities of the Vendor for unpaid property taxes (including any penalties and interest charges relating thereto); and

(b) the sum of $1,000.00 (subject to any adjustments made pursuant to the Purchaser Note (as hereinafter defined)), which shall be paid by the Purchaser in favour of the Vendor by the issuance of a non-interest bearing promissory note substantially in the form attached as Schedule "C" hereto (the "**Purchaser Note**") (the receipt and sufficiency of which sum is hereby acknowledged by the Vendor) on the date of closing of the within conveyance (the "**Closing Date**") and delivered by the Purchaser to the Monitor on the Closing Date;

The Vendor hereby sells, assigns and conveys to the Purchaser **all right, title, and interest of the Vendor in** the Lands **TOGETHER WITH** all buildings, erections and personal property thereon and all appurtenances to the same belonging or in any way appertaining with the reversion and reversions, remainder and remainders, rents, issues and profits thereof and further **TOGETHER WITH** all of the benefits, rights, liabilities and obligations arising under or pursuant to any municipal, provincial or federal permits, licenses, consents or tolerances issued to the Vendor in connection with the ownership, use or occupation of the pieces or parcels of land (collectively hereinafter referred to as the "**Property**") **TO HOLD** the same unto the Purchaser **SUBJECT TO** the terms, covenants, conditions and other provisions hereinafter contained and which on the Purchaser's part are to be observed, performed and fulfilled and which terms, covenants, conditions and other provisions hereinafter contained shall run with, bind and touch the lands, premises and personal property herein conveyed and every part thereof, absolutely and forever;

1.2. The Purchaser Note shall be substantially in the form attached as Schedule "C" hereto and have the terms and conditions agreed upon from time to time by the Vendor and the Purchaser, including the following: (a) any amounts owing to the Vendor under the Purchaser Note shall be paid out of the actual net proceeds generated by the sale by the Purchaser, or any receiver appointed in respect thereof, of the Property (or any portion thereof) to a third party and any such amounts paid to the Vendor shall, until the issuance of directions by the Court with respect thereof, be remitted to the Monitor; and (b) the Vendor's recourses for any principal owed under the Purchaser Note shall be limited to the Property (or the proceeds from the sale thereof or the sums paid in relation to the expropriation thereof) and shall be subordinated to (i) the costs of complying with any orders issued in respect of the Property (or which may hereafter be issued in respect of any conditions existing as of the Closing Date) under applicable environmental legislation, (ii) any costs which would have priority pursuant to section 11.8 of the CCAA (as if such statute were applicable) and Section 14.06 of the *Bankruptcy and Insolvency Act* (Canada), and (iii) the costs of any receiver appointed in respect of Purchaser or Purchaser's interest in the Property. Subject to the above-mentioned subordination, the Purchaser Note shall be secured in favor of the Vendor by a general security agreement to be registered under the *Personal Property Security Act* (Ontario) and a registered vendor take-back mortgage.

2. EXCLUSION OF WARRANTY

In consideration of the within conveyance, the Purchaser, for itself and its successors and assigns, hereby covenants and agrees to and with the Vendor and their successors and assigns as follows:

2.1. the Purchaser acknowledges that the conveyance of the Property herein conveyed and every part thereof is being made on an "as is, where is" basis with no representation or warranty, express, implied, statutory, oral or written, or otherwise in respect of the Property, including those as to the condition thereof or with respect to compliance with laws, rules, regulations, orders or requirements to which the Property are subject including, but not limited to, those pertaining to hazardous substances, or of performance, merchantability, the status of permitting, fitness for a particular purpose, suitability, non-infringements, ownership, usage, or otherwise.

2.2. the Property herein conveyed and any part thereof, and any use or enjoyment of such Property shall be at the entire risk of the Purchaser and its successors and assigns from and after the date hereof, and the Purchaser for itself and its successors and assigns agrees to assume and hereby assumes any and all responsibilities and liabilities, whether of an environmental nature or otherwise, in any way arising out of or in connection with the state, quality or condition of, or in or upon, the Property herein conveyed and every part thereof existing as of or prior to the date hereof and thereafter, and whether such liabilities or responsibilities arise or are in any manner imposed by law, statute, regulations and/or by any regulatory authorities or parties or official entity in any manner whatsoever.

3. CONDITIONS OF CLOSING

The obligation of each of the Vendor and the Purchaser to complete the within conveyance is subject to the satisfaction of each of the following conditions by the Closing Date:

3.1. *Vesting Order*. An order substantially in the form attached as Schedule "A" hereto annexed shall have been rendered by the Court.

3.2. *Receivership Order*. An order substantially in the form attached as Schedule "B" hereto annexed shall have been rendered by the Court.

3.3. *Planning Act.* The subdivision control provisions of the *Planning Act* (Ontario) have been complied with by the Vendor to and including the Closing Date. The Vendor hereby covenants to proceed diligently at the Vendor's sole expense to obtain any necessary consent on or before Closing, if required.

4. OBLIGATIONS OF THE PURCHASER

In consideration of the within conveyance, the Purchaser shall have the following obligations on the Closing Date:

4.1. take possession of the Property in its current state;

4.2. pay the fees and legal fees with respect to the present Indenture and other instruments contemplated herein, along with the copy, land transfer tax, and registration fees thereof;

4.3. assume the payment of all taxes, utility charges, local improvements, water and assessment rates, the cost of fuel and any other items normally adjusted between a vendor and a purchaser of similar properties, as applicable, in connection with the Property as of and from the Closing Date;

4.4. self-assess and remit all harmonized sales tax on the Property on the Closing Date in compliance with the requirements of the *Excise Tax Act*, R.S.C. 1985, C. E-15, as amended, and that its registration number is ●.

5. MISCELLANEOUS

5.1. The Vendor represents and warrants within the meaning of the *Family Law Act* (Ontario), that the Property have never been occupied by any of the directors, officers, or shareholders of the Vendor or their spouses, as a family residence.

6. GOVERNING LAW

6.1. The present Indenture shall be governed by and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

7. SCHEDULES

The following documents are attached hereto:

7.1. Schedule "A": Vesting Order

7.2. Schedule "B": Receivership Order

7.3. Schedule "C": Purchaser Note

7.4. Schedule "D": Legal Description of the Property

<u>IN WITNESS WHEREOF</u> the Vendor and the Purchaser have executed this Indenture as of the day and year first before written.

BOWATER CANADIAN FOREST PRODUCTS INC.

Per:

Per

SAMSON BELAIR/DELOITTE & TOUCHE INC., in its capacity as court-appointed receiver for and on behalf of **4513541 CANADA INC.**

Per:

Per:

SCHEDULE "A": Vesting Order

See attached.

SCHEDULE “B”: Receivership Order

See attached.

SCHEDULE "C": Purchaser Note

See attached.

SCHEDULE "D": Legal Description of the Property

In the Town of Dryden, Province of Ontario, Land Registry Office for the Land Titles Division of Kenora, PCL 42234 SEC DKF SRO; PT S PT LT 7 CON 6 VAN HORNE PT 1, 23R10369; T/W PT 2 & 3, 23R10369 AS IN LT273313; DISTRICT OF KENORA, being all of PIN: 42080-0037 (LT)

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the _____ day of _________________________, 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 Ontario

(the "**Borrower**")

TO: **BOWATER CANADIAN FOREST PRODUCTS INC.**, a body corporate organized and existing under the laws of the Province of Nova Scotia and registered to carry on undertakings in the Province of Ontario

(the "**Secured Party**")

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 Party (the "**Indenture**") and a promissory note given by the Borrower to and in favour of the Secured Party dated the ___ day of ____________, 2010 (the "**Promissory Note**"), the Borrower agreed to repay to the Secured Party 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 (as defined herein), the Borrower has agreed to grant to the Secured Party, 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:

"**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 Party of even date herewith;

"**Expenses**" means all expenses, costs and charges incurred by or on behalf of the Secured Party 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 Party 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* (Ontario); provided, however, if the validity, attachment, perfection (or opposability), effect of perfection or of non-perfection or priority of the Secured Party's 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 Party in any currency, under, in connection with or pursuant to the Promissory Note;

"**Secured Party**" 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 Ontario and the federal laws of Canada applicable therein 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 sets out all the covenants, promises, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersedes 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 Party, a first priority, continuing, specific and fixed security interest in all of such Borrower's Secured Property and assigns, mortgages, hypothecates and pledges to the Secured Party all of the Secured Property of the Borrower now owned or hereafter acquired. 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, it has rights in the Secured Property or the power to transfer rights in the Secured Property to the Secured Party (other than after-acquired Secured Property) 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 Party' Rights and Remedies

Upon the occurrence and during the continuance of an Event of Default, all of the Secured Obligations shall, at the Secured Party's option and without notice to Borrower, become immediately due and payable and the Secured Party 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.

The Secured Party 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 Party 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 the 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 the Secured Party resulting therefrom. Any such waiver must be in writing and signed by the Secured Party to be effective.

The Secured Party 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 Party, 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 Party or otherwise preclude it 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 Party 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 Party 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 Party 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 Party 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 Party, Borrower or any other Person in respect of same.

The Secured Party shall not by virtue of the exercise of its rights under this agreement be deemed to be a mortgagee in possession of the Secured Property. Borrower releases and discharges the Secured Party 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 Party has: (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 Party as its true and lawful attorney with power of substitution in the name of Borrower to do any and all acts and things, exercise all rights and powers and perform all acts of ownership with respect to the Secured Property to the same extent as the Borrower might do, complete any endorsements or registrations and execute and deliver all agreements, documents and instruments as the Secured Party, in its sole discretion, consider 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 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 4.1. 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 now or hereafter held by the Secured Party 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 Party 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 Party and any such assignee shall be entitled to exercise any and all discretions, powers and rights of the Secured Party 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 Party. All of the Secured Party's 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 Party 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 Party to make any advance or loan or further advance, or bind the Secured Party 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 Party 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 Party shall upon request 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 required 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 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. 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 the Borrower has duly executed this Agreement.

SAMSON BELAIR/DELOITTE & TOUCHE INC., in its capacity as court-appointed receiver for and on behalf of 4513541 CANADA INC.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

SCHEDULE
ADDITIONAL PROVISIONS

1. CHARGE

As security for the payment of Principal Amount (as defined below) of lawful money of Canada, now due and owing by **4513541 Canada Inc.** (the "**Mortgagor**") to **Bowater Canadian Forest Products Inc.** (the "**Mortgagee**"), the Mortgagor hereby grants, mortgages, charges, pledges, assigns and conveys as and by way of a fixed and specific mortgage, charge, pledge, security interest and assignment to and in favour of the Mortgagee all of its right, title, estate and interest, present and future, in and to **ALL THOSE** pieces or parcels of land being situate at the Town of Dryden in the Province of Ontario more particularly described in Schedule "A" hereto (which Schedule forms part and parcel of this agreement) **TOGETHER WITH** all buildings and erections and personal property thereon and all appurtenances to the same belonging or in any way appertaining with the reversion and reversions, remainder and remainders, rents, issues and profits thereof and all the claim, property and demand, both at law and in equity, of the Mortgagor, of, in, to or out of the same or any part thereof **TOGETHER WITH** all of the benefits, rights, liabilities and obligations arising under or pursuant to any municipal, provincial or federal permits, licenses, consents or tolerances issued to the Mortgagor in connection with the ownership, use or occupation of the pieces or parcels of land (collectively hereinafter referred to as the "**Mortgaged Premises**") **TO HOLD** the same unto the Mortgagee, absolutely and forever, **SUBJECT** to the proviso for redemption contained in Paragraph 2 hereof.

"**Principal Amount**" means the maximum principal amount of $47,250, plus all obligations, debts and liabilities owing or remaining unpaid by the Mortgagor to the Mortgagee from time to time, present and future, direct or indirect, absolute or contingent, matured or not, whenever and however incurred, as principal or surety, alone or jointly, whether otherwise secured or not, and arising under or in connection with the loan, plus all Costs, interest thereon at the Interest Rate.

"**Costs**" means all fees, costs, charges and expenses of any Lender Entity for or incidental to (i) preparing, executing and registering the Loan Documents and making each advance of each loan; (ii) collecting, enforcing and realizing on or under the Loan or this Mortgage, including any workout or modification of the loan or this Mortgage agreed to by the Mortgagee in its sole discretion; (iii) inspecting, protecting, securing, completing, insuring, repairing, equipping, taking and keeping possession of, managing, selling or leasing the Mortgaged Premises, including curing any defaults under or renewing any leasehold interest, and any other protective disbursements or just allowances which may be added to principal or otherwise secured by this Mortgage under all laws applicable thereto; (iv) appointing a receiver, receiver and manager or any other person(s) with similar powers (under this Mortgage, applicable laws or otherwise) and such person's fees and expenses (including all legal fees and disbursements and all agents' costs and expenses); (v)obtaining any environmental audits or other inspections, tests or reports with respect to the Mortgaged Premises; (vi) complying with any notices, orders, judgments, directives, permits, licenses, authorizations or approvals with respect to the Mortgaged Premises;(vii) performing the obligations of the Mortgagor under this Mortgage, including all fees, costs, charges and expenses incurred in removing any lien from title to the Mortgaged Premises which have been made, created, incurred or permitted to exist in breach of this Mortgage (whether or not having priority over the security thereof); (ix) all legal fees and disbursements in connection with each Loan on a full indemnity basis, and (x) without limiting the foregoing, any other fees, costs, charges or expenses payable or reimbursable to the Mortgagee under this Mortgage in respect of the loan or applicable laws, and including allowances for time, service, work or effort of the Mortgagee in connection with any of the foregoing matters. "**Costs**" include interest at the Interest Rate on all such fees, costs, charges and expenses from the date incurred until paid to the Mortgagee.

"**Interest Rate**" means the rate of interest per annum specified in this Mortgage which rate of interest shall be a nominal rate calculated monthly, not in advance, both before and after maturity, demand, default and judgment.

2. REPAYMENT

This Mortgage shall be void upon the Mortgagor paying in full the Mortgagee, or an agent of the Mortgagee to be designated from time to time, in lawful money of Canada all amounts that may be due or become due by the Mortgagor to the Mortgagee under the provisions of this Mortgage.

Without limiting the foregoing, the Mortgagor and the Mortgagee agree that the Mortgagee's recourses for the Principal Amount and any amounts that may be due or become due by the Mortgagor shall be limited to the Mortgaged Premises (or the proceeds from the sale thereof or the sums paid in relation to the expropriation thereof, the net proceeds of which will be remitted, until the issuance of directions by the Court in respect thereof, to the monitor appointed as receiver in respect of the Mortgagee) and shall be subordinated to (i) the costs of complying with any orders issued in respect of the Mortgaged Premises under applicable environmental legislation, (ii) any costs which would have priority pursuant to section 11.8 of the *Companies' Creditors Arrangement Act* (Canada) as if such statute were applicable) and Section 14.06 of the *Bankruptcy and Insolvency Act* (Canada), and (iii) the costs of any receiver appointed in respect of the Mortgagor or the Mortgagor's interest in the Mortgaged Premises.

3. FIXTURES

The Mortgagor covenants and agrees that all erections and improvements, fixed or otherwise, now on or after the date of this Mortgage put on the Mortgaged Premises, including but without limiting the generality of the foregoing, all buildings, fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, and all apparatus and equipment appurtenant thereto, and all improvements, fixed or otherwise and even though not attached otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Mortgaged Premises and shall be a portion of the security for the amounts secured by this Mortgage.

4. COVENANTS

The Mortgagor covenants and agrees with the Mortgagee that:

(a) **Covenant to Pay and Quiet Enjoyment on Default**: The Mortgagor will pay the Principal Amount in accordance with this Mortgage and on default the Mortgagee may enter and have quiet enjoyment of the Mortgaged Premises.

(b) **Property Expenses:** In connection with taxes, rates, assessments, utility charges, local improvements, water and assessment rates, the cost of fuel ("**Property Expenses**") chargeable against or upon the Mortgaged Premises, the Mortgagor will pay all Expenses as and when the same become due and payable and will provide the Mortgagee with receipts confirming same as the Mortgagee may require.

(c) **Good Title and Right to Convey:** The Mortgagor has a good title in fee simple to the Mortgaged Premises and the right to convey the Mortgaged Premises as hereby conveyed. The Mortgagor agrees to warrant and defend its title to the Mortgaged Premises;

(d) **Liens and Construction**: Upon the registration of any lien against the Mortgaged Premises, the Principal Amount and all other amounts hereby secured shall, at the option of the Mortgagee, forthwith become due and payable.

(e) **Acceleration on Default:** In the event of default of payment of the Principal Amount, or on breach of any covenant or proviso in this Mortgage by the Mortgagor, the whole of the Principal Amount remaining unpaid shall become due and payable, but the Mortgagee may waive their right to call in such Principal Amount and shall not be therefor debarred from subsequently asserting and exercising their right to call in the Principal Amount by reason of such waiver or by reason of any future default.

(f) **Non-Merger:** The taking of a judgment on any covenant in this Mortgage shall not operate as a merger of any covenant in this Mortgage until such judgment shall have been fully paid and satisfied. And neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liabilities of the Mortgagor to make payment of the Principal Amount to the Mortgagee.

(g) **Compliance with Laws:** The Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise.

5. SALE BY MORTGAGOR

If the Mortgagor sells, conveys, transfers, or enters into any agreement of sale or transfer of the title of the Mortgaged Premises to a purchaser, a grantee or transferee not approved in writing by the Mortgagee, which approval shall be at the sole discretion of the Mortgagee, then, at the option of the Mortgagee, the whole of the Principal Amount remaining unpaid shall become due and payable at the Mortgagee's sole option and discretion.

6. OBLIGATIONS SURVIVE SALE

The Mortgagor agrees that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of all monies secured by this Mortgage.

7. RIGHTS ON DEFAULT

The Mortgagor shall not make demand for payment of any amounts owing under hereunder except following the occurrence of an event of default of payment or on breach of any covenant or proviso in this Mortgage. In the event of default of payment of the Principal Amount, or on breach of any covenant or proviso in this Mortgage by the Mortgagor, the Mortgagee, its inspector or agent may at such time or times as the Mortgagee may deem necessary and without the concurrence of any other person enter upon the Mortgaged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, examining title, taking care of, leasing, collecting the rents of, and generally managing the Mortgaged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be forthwith payable to the Mortgagee and be a charge on the Mortgaged Premises. The Mortgagee shall not be the agent or attorney of the Mortgagor by reason of the Mortgagee's entry into possession of the Mortgaged Premises or any part thereof or by anything that may be done by virtue of this Section 7, or be liable to account as Mortgagee or as Mortgagee in possession for anything except actual receipts.

8. POWER OF SALE

In the event of default of payment of the Principal Amount, or on breach of any covenant or proviso in this Mortgage by the Mortgagor, the Mortgagee may sell the Mortgaged Premises in accordance and complying with the provisions of the *Mortgage Act,* R.S.O. 1990, c. M.40 as amended pertaining to the sale by a mortgagee of mortgaged premises with or without entering into possession of the Mortgaged Premises.

9. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

No failure by the Mortgagee to enforce at any time or from time to time any of its rights under this Mortgage shall prejudice such rights or any other rights of the Mortgagee and no performance or payment by the Mortgagee in respect of any breach or default of the Mortgagor shall relieve the Mortgagor from any such breach or default under this Mortgage; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

10. MORTGAGEE'S EXPENSES

The Mortgagor agrees to pay the reasonable and necessary costs, charges, fees and expenses of and incidental to this Mortgage and any and all other documents required in connection herewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted hereby or the procuring of the payment of any amount payable under this Mortgage. The Mortgagor further agrees that such amounts shall be paid forthwith upon demand and until paid, shall be a charge on the Mortgaged Premises.

11. DISCHARGE

The Mortgagee shall have a reasonable time after payment of the amounts secured by this Mortgage in full within which to prepare and execute a discharge or assignment of this Mortgage. All legal and other expenses for the preparation, execution and registration of such discharge or assignment shall be borne by the Mortgagor.

12. COMMITMENT LETTER AND ASSIGNMENT BY MORTGAGEE

The provisions set forth in any other agreement between the Mortgagor and the Mortgagee relating to the indebtedness secured by this Mortgage will not merge with this Mortgage but shall survive the execution, delivery and registration of this Mortgage. This Mortgage is in addition to and not in substitution for any security, and shall not in any way affect any other security, now or hereafter held by the Mortgagor for all or any part of the Principal Amount.

The Mortgagor acknowledges that the Mortgagee may transfer or assign this Mortgage without notice to the Mortgagor.

13. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of this Mortgage is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Mortgagee unable to collect the amount of any loss sustained by it as a result of making the loan secured by this Mortgage which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Mortgagee unable to collect the amount of any such loss.

14. LAND REGISTRATION REFORM ACT

Wherever the words “Mortgagor”, “Mortgagee”, and “Mortgage” appear in this Mortgage, they shall be deemed and construed to respectively mean “chargor”, “charge”, and “charge” respectively, as such terms are defined in the *Land Registration Reform Act* (Ontario).

The parties hereto agree that the covenants deemed to be included in this Mortgage by Section 7(1)1 and 7(1)2 of the *Land Registration Reform Act* (Ontario), as varied herein, shall be in addition to and not in substitution for the covenants and other provisions set forth in this Mortgage. In the event of any conflict between any of such implied covenants, as varied herein, and any other covenant or provision of this Mortgage, such other covenant or provision of this Mortgage shall prevail.

15. HEADINGS

The paragraph headings in this Mortgage are inserted for convenience of reference only and are deemed not to form part of this Mortgage and are not to be considered in the construction or interpretation of this Mortgage or any part thereof.

16. INTERPRETATION

In this Mortgage the expression “the Mortgagor” includes the successors and assigns of the Mortgagor and the expression the “Mortgagee” includes the successors and assigns of the Mortgagee, and words in the singular include the plural and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the Mortgagee are equally secured to and exercisable by its successors and assigns.

17. NOTICES

Any notice given under this Mortgage shall be made in writing, and either served personally or forwarded by courier or by registered mail, postage prepaid, if to the Mortgagor:

4513541 Canada Inc.
Samson Belair/Deloitte & Touche
c/o Pierre Laporte or Martin Franco
1 Place Ville-Marie
Suite 3000
Montreal, Quebec
H3B 4T9

And if to the Mortgagee:

Bowater Canadian Forest Products Inc.
1155 Metcalfe Street, Suite 800
Montreal, Quebec
H3B 5H2

Att: Jacques Vachon & Mélanie Allaire

The date of receipt of such notice shall be deemed conclusively to be the day of service if such notice is served personally or delivered by courier, or if mailed by registered mail on the delivery date or five (5) regular business days after such date of mailing, whichever is earlier, provided that if there is an interruption in mail services through strike or for other similar reasons then no such notice or documents shall be deemed to have been delivered until actually received by the intended party, whether by mail or otherwise.

18. GOVERNING LAW

This Mortgage shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario.

Schedule "A"

In the Town of Dryden, Province of Ontario, Land Registry Office for the Land Titles Division of Kenora, PCL 42234 SEC DKF SRO; PT S PT LT 7 CON 6 VAN HORNE PT 1, 23R10369; T/W PT 2 & 3, 23R10369 AS IN LT273313; DISTRICT OF KENORA, being all of PIN: 42080-0037 (LT)

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. *& al*

Petitioners

- and -
ERNST & YOUNG INC.

Monitor

- and -
THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*

Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-23

ORIGINAL

Me Joseph Reynaud (514) 397-3019
Fax : (514) 397-3616

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. AVOCATS
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Québec H3B 3V2