

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

the other Petitioners listed herein

Petitioners

and

ERNST & YOUNG INC.,

Monitor

and

THE LAND REGISTRAR FOR THE LAND
REGISTRY OFFICE OF ABITIBI

and

THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS

Mis-en-cause

MOTION FOR THE ISSUANCE OF AN ORDER AUTHORIZING THE SALE OF
CERTAIN ASSETS OF THE PETITIONERS

(Champneuf Assets)

(Section 11 of the *Companies' Creditors Arrangement Act* ("CCAA"))

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

A. PREAMBLE

1. On April 17, 2009, this Honourable Court issued an order (as amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively with ACI, the "**Abitibi Petitioners**")¹; (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (collectively, the "**Bowater Petitioners**")² and (iii) certain partnerships.³
2. Pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was named monitor of the Abitibi Petitioners and Bowater Petitioners (collectively the "**Petitioners**").
3. Any undefined capitalized expressions used herein shall have the meaning set forth in the Initial Order and in the Deed of Sale (as defined hereinafter).

B. ORDERS SOUGHT

4. The Petitioners hereby seek the issuance of the following orders (the "**Authorization and Vesting Order**") in connection with the sale of the Property (as defined hereinafter):
 - (a) an order authorizing and approving the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") of the Deed of Sale (the "**Deed of Sale**") by and between ACCC (the "**Vendor**"), as vendor, and 6743242 Canada Inc. (the "**Purchaser**"), as purchaser, a draft copy of which is communicated herewith as **Exhibit R-1**, and the completion of all transactions contemplated therein;
 - (b) the issuance of a vesting order in connection with the transactions contemplated in the above-mentioned agreement; and

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

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

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

(c) a number of orders typically requested along with the above-mentioned orders;
the whole as set forth in the conclusions to this Motion.

5. The Deed of Sale contemplates the sale of all the Vendors' right, title and interest in and to two lots (as more particularly set out in the Deed of Sale), including all immovables situated thereon, situated in the Municipality of Champneuf, in the Province of Quebec (the "**Property**").
6. The Petitioners currently expect that the Deed of Sale will be executed substantially in the form communicated as Exhibit R-1 shortly following the hearing on this Motion.

C. BACKGROUND

7. The Property corresponds to 805,600 square meters which form part of a site of a former sawmill located on a third lot (the "**Sawmill Lot**"), now partially dismantled, totaling 1,233,900 square meters.
8. The entire site of the former sawmill was comprised in an assessment unit valued by the Municipality of Champneuf at approximately \$526,470. This would place the corresponding value of the Property, notwithstanding the environmental exposure described below, at approximately \$343,726.59.
9. The Petitioners have identified environmental exposure in connection with the Property and the Sawmill Lot, including potential soil and groundwater contamination resulting from industrial activities (spills, leaks, backfilling, storage, etc.) that occurred between 1956 and 2008.
10. On or about November 17, 2010, the Petitioners hired the services of a real estate agent, namely Immeubles Jacques Richard, to assist in the sale of the Property.
11. The efforts displayed by this real estate agent did not yield any result and no offers came about as a result.
12. On March 10, 2010, the Petitioners received an offer from the Purchaser willing to purchase the Property for a nominal sum. The offer led to negotiations which culminated in an offer by the Purchaser to purchase the Property for the sum of \$15,000 and to assume all the potential environmental liabilities associated therewith (the "**Offer**").
13. The Petitioners accepted the Offer the same day.
14. It is expected that the transactions contemplated in the Deed of Sale will close as soon as the Authorization and Vesting Order sought by this Motion is rendered.

D. GROUNDS FOR THIS MOTION

15. The Petitioners submit that the sale of the Property as contemplated in the Deed of Sale is in the best interest of and will generally benefit all of their stakeholders, in that, *inter alia*:

- (a) the sale of the Property forms part of Petitioners' continuing objective and strategy to elaborate a restructuring plan, which will allow them (or any successor thereof) to be profitable over time. Such plan will include the following previously announced measures: (a) disposing of non-strategic assets, (b) reducing indebtedness, and (c) reducing financial costs;
- (b) the Property is not required to continue the operations of the Petitioners, nor is it vital for the Petitioners to successfully restructure their business;
- (c) the Petitioners' creditors will not suffer any prejudice as a result of the proposed sale of the Property and the issuance of the Authorization and Vesting Order since the proceeds of such transaction will be remitted to the Monitor in trust and shall stand in the place and stead of the Property. As a result, all liens, charges and encumbrances on the Property will attach to such proceeds with the same priority as they had with respect to the Property immediately prior to the sale;
- (d) the Deed of Sale provides that the Property is to be sold "as is", at the risk of the Purchaser and without representation and warranty of any kind whatsoever; and
- (e) the Purchaser has agreed to assume any and all potential environmental liabilities in connection with the Property.

16. The Petitioners are in the process of restructuring their business and of disposing of certain assets, including assets which present characteristics that are similar to those of the Property, by transferring these assets into an affiliated company which has been placed under receivership. In this particular case, the Petitioners have found a willing buyer and wish to seize an opportunity to immediately dispose of the Property.

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

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

WHEREFORE, MAY THIS COURT:

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

- [2] **EXEMPT**, if applicable, the Petitioners from having to serve this Motion and from any notice or delay of presentation.
- [3] **AUTHORIZE AND APPROVE** the execution of the Deed of Sale, a draft copy of which was filed as Exhibit R-1 to the Motion (the "**Deed of Sale**"), by and between Abitibi-Consolidated Company of Canada ("**ACCC**"), as vendor, and 6743242 Canada Inc. (the "**Purchaser**"), as purchaser, and the completion of all the transactions contemplated therein, including the registration of the Deed of Sale at the Land Registrar of the Land Registry Office for the Registration Division of Abitibi (collectively, the "**Proposed Transactions**"), with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor.
- [4] **ORDER AND DECLARE** that this Order shall constitute the only authorization required by ACCC to proceed with the Proposed Transactions and that no shareholder or regulatory approval shall be required in connection therewith save and except for those contemplated in the Deed of Sale, if any.
- [5] **ORDER AND DECLARE** that upon the filing with this Court's registry of a Monitor's certificate substantially in the form appended as **Schedule "A"** hereto, (the "**Monitor's Certificate**"), all right, title and interest in and to the assets described in the Deed of Sale (the "**Purchased Assets**"), shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities, obligations, interests, prior claims, hypothecs, security interests (whether contractual, statutory or otherwise), liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, liabilities (direct, indirect, absolute or contingent), pledges, executions, rights of first refusal or other pre-emptive rights in favour of third parties, mortgages, hypothecs, trusts or deemed trusts (whether contractual, statutory or otherwise), restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise, other than encumbrances referred to in the Deed of Sale, if any, including without limiting the generality of the foregoing: (i) any encumbrances created by the Order issued on April 17, 2009 by Justice Clément Gascon, J.S.C., as amended, and/or any other CCAA order; and (ii) all encumbrances evidenced by registration, publication or filing pursuant to the *Bank Act* (Canada), the *Civil Code of Québec* or any other applicable legislation providing for a security interest in personal, movable or immovable property with respect to the Purchased Assets (collectively, the "**Purchased Assets Encumbrances**"), and, for greater certainty, **ORDERS** that all of the Purchased Assets Encumbrances affecting or relating to the Purchased Assets be expunged and discharged as against the Purchased Assets, in each case effective as of the applicable time and date set out in the Deed of Sale.
- [6] **ORDER** the Land Registrar of the Land Registry Office for the Registry Division of Abitibi, upon presentation of the Monitor's Certificate, in the form appended as Schedule A hereto and presentation of a certified copy of this Order and upon

payment of the prescribed fees, to publish this Order and to proceed with the cancellation of any and all Purchased Assets Encumbrances but only insofar as these concern the Purchased Assets located at Champneuf, in the Province of Quebec, and being hereinafter described (the "**Champneuf Property**"), including, without limitation, the cancellation of the following registrations published at the said Land Registry Office for the Registration Division of Abitibi:

- Hypothec published on May 8, 2009 under number 16 146 657 at the said Land Registry Office for the Registration Division of Abitibi;
- Hypothec published on May 8, 2009 under number 16 146 658 at the said Land Registry Office for the Registration Division of Abitibi;
- Deed of Subrogation with respect to the above-mentioned hypothecs, published on January 8, 2010 under number 16 852 011 at the said Land Registry Office for the Registration Division of Abitibi;
- Hypothec published on December 9, 2009 under number 16 791 198 at the said Land Registry Office for the Registration Division of Abitibi;

The Champneuf Property may be described as follows:

"Une partie du lot originaire DOUZE (Ptie 12), Rang DEUX (2) du Cadastre du Canton de Rochebancourt, 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 azimuth 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 azimuth 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 azimuth 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 azimuth 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 azimuth 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 azimuth 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);

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.)."

- [7] **ORDER** the Quebec Personal and Movable Real Rights Registrar, upon presentation of the required form with a true copy of this Vesting Order to reduce the scope of the hypothecs published under numbers: 08-0163791-0002 and assignment 09-0385404-0001, 08-0163796-0002, 09-0256803-0016 followed by subrogation and assignment 10-0018318-0001, 09-0481801-0002, 09-0762559-0002, 09-0763162-0001, 09-0256803-0002 followed by subrogation and assignment 10-0018318-0001, 09-0481801-0001 and 08-0695718-0002 in connection with the Purchased Assets and to cancel, release and discharge all of the Purchased Assets Encumbrances in order to allow the transfer to the Purchaser of the Purchased Assets free and clear of any and all encumbrances created by those hypothecs.
- [8] **ORDER** that for the purposes of determining the nature and priority of Purchased Assets Encumbrances, any and all rights of ACCC under the Purchaser Note shall stand in the place and stead of the Purchased Assets, and all Purchased Assets Encumbrances shall attach to such rights with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the

possession or control of the person having that possession or control immediately prior to the sale.

[9] **ORDER** that notwithstanding:

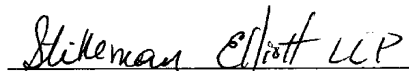
- (i) the proceedings under the CCAA;
- (ii) any petitions for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and any order issued pursuant to any such petition; or
- (iii) the provisions of any federal or provincial legislation;

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

[10] **ORDER** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.

[11] **THE WHOLE WITHOUT COSTS.**

Montréal, August 23, 2010


Stikeman Elliott LLP
Attorneys for the Petitioners

SCHEDULE "A"

MONITOR'S CERTIFICATE

CANADA

**PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL**

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

THE OTHER PETITIONERS LISTED HEREIN

Petitioners

and

ERNST & YOUNG INC.,

Monitor

CERTIFICATE OF THE MONITOR
--

RECITALS:

WHEREAS on April 17, 2009, the Superior Court of Quebec (the "**Court**") issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated

Inc. ("**ACI**") and subsidiaries thereof (collectively, the "**Abitibi Petitioners**"),¹ (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (collectively, the "**Bowater Petitioners**")² and (iii) certain partnerships³. Any undefined capitalized expression used herein has the meaning set forth in the Initial Order and in the Vesting Order (as defined below);

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

WHEREAS on ●, 2010, the Court issued an Order (the "**Vesting Order**") thereby, *inter alia*, authorizing and approving the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") of a Deed of Sale (the "**Deed of Sale**") dated ●, 2010 by and between ACCC, as vendor, and 6743242 Canada Inc. (the "**Purchaser**"), as purchaser and into all the transactions contemplated therein (the "**Sale Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor.

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

- (a) the Deed of Sale has been executed and delivered;
- (b) the purchase price (as defined in the Deed of Sale) and all applicable taxes have been paid by the Purchaser;
- (c) all Purchaser's Obligations (as defined in the Deed of Sale) have been satisfied or waived by the parties thereto; and
- (d) all other conditions under the Deed of Sale have been satisfied or waived by the parties thereto.

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

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

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

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

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

Name: _____

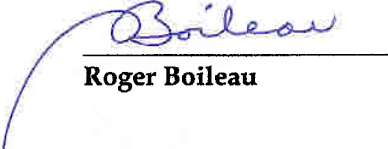
Title: _____

AFFIDAVIT

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

1. I am the Director, Fiber Supply and Assets Optimization of AbitibiBowater Inc.
2. All the facts alleged in the *Motion of the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners (Champneuf Assets)* are true.

AND I HAVE SIGNED


Roger Boileau

Solemnly declared before me at Montréal,
on the 23th day of August, 2010


Commissioner for oaths



NOTICE OF PRESENTATION

TO : SERVICE LIST

TAKE NOTICE that the *Motion for the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners (Champneuf Assets)* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in practice in and for the District of Montreal, in the **Montreal Court House, 1 Notre-Dame Street East**, at a date and time to be announced to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, August 23, 2010



STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

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
REGISTRY OFFICE OF ABITIBI & al
Respondents

BS0350 n/dos.: 041053-1170

MOTION FOR THE ISSUANCE OF AN ORDER
AUTHORIZING THE SALE OF CERTAIN ASSETS
OF THE PETITIONERS
(Champneuf Assets)

(Section 11 of the *Companies' Creditors Arrangement*
Act ("CCAA"))

ORIGINAL

Me Guillaume Boudreau-Simard (514) 397-3694
Fax : (514) 397-3621

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

EXHIBIT R-1

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 **DONOHUE ST-FÉLICIEN INC.** which amalgamated with **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 ●.

(hereinafter called the "Vendor");

AND:

6743242 CANADA INC., a company duly constituted in virtue of the *Canada Business Corporations Act* (Canada), having its registered office at 102, chemin du Quai, City of Senneterre, Province of Quebec, J0Y 2M0 and herein acting and represented by Yvan Filion, its president, duly authorized in virtue of a resolution of its board of directors dated ●, 2010, which resolution was not modified nor revoked and remains in full force and effect.

(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"):

DESCRIPTION

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

- 1.1 "Une partie du lot originaire **DOUZE (Ptie 12)**, du Rang **DEUX (Rg. 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, lequel est annexé à l'acte de vente, reçu devant Me Johnny Coutu, notaire, le 28 août 1996, sous son numéro de minute 1224 et publié au bureau de la publicité des droits de la circonscription foncière d'Abitibi sous le numéro 334131. 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 azimuth 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 azimuth 0°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 azimuth 270°00'00", une distance de deux cent quatre mètres et cent quatre-vingt-dix millièmes (204,198 m) jusqu'au point 655.

Du point 655, suivant la limite Ouest du lot 12, Rang 2, dudit Cadastre, en azimuth 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 azimuth 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 azimuth 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, du 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

- 1.2 Une partie du lot originaire QUATORZE (Ptie 14), du Rang DEUX (Rg. 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.

ARTICLE 2

TITLE

The Vendor acquired all its rights, title and interest in and to the Property as follows:

- 2.1 Concerning the part of lot 12, of Range 2 of the Official Cadastre of the Township of Rochebaucourt, by virtue of a deed of sale entered into between Normand Girouard, as vendor, and **Produits Forestiers Donohue Inc.** (which amalgamated on March 1, 1997 with Donohue QUNO Inc. to form Produits Forestiers Donohue Inc./Donohue Forest Products Inc., the name of which was changed on October 3, 2001 to **Compagnie Abitibi-Consolidated du Canada/Abitibi-Consolidated Company of Canada**), as purchaser, executed before Me Johnny Coutu, notary, on August 28, 1996 under his minute number 1224 and registered at the Abitibi Land Registry Office on September 4, 1996 under number 334131; and
- 2.2 Concerning the part of lot 14, of Range 2 of the said Official Cadastre of the Township of Rochebaucourt; Registration Division of Abitibi, by virtue of a deed of transfer and assignment entered into between Donohue Inc., as assignor, and **Donohue St-Félicien Inc.** (which amalgamated on January 1, 1996 with Scierie St-Félicien Inc. and Donohue Normick Inc. to form Produits Forestiers Donohue Inc., which amalgamated on March 1, 1997 with Donohue QUNO Inc. to form Produits Forestiers Donohue Inc./Donohue Forest Products Inc., the name of which was changed on October 3, 2001 to **Compagnie Abitibi-Consolidated du Canada/Abitibi-Consolidated Company of Canada**), as assignee, executed under private signature on December 21, 1992 and registered at the Abitibi Land Registry Office on December 30, 1992 under number 305885, as amended by a deed of correction executed under private signature between the same parties on April 30, 1993 and registered at the said Land Registry Office on May 7, 1993 under number 308497.

ARTICLE 3

POSSESSION

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

ARTICLE 4

"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 5
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 6
VENDOR'S DECLARATIONS**

The Vendor declares and warrants that:

- 6.1 It is a corporation duly constituted, validly existing and in good standing under the laws of its jurisdiction of incorporation; and
- 6.2 It is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and of the *Taxation Act* (Quebec).

**ARTICLE 7
PURCHASER'S OBLIGATIONS**

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

- 7.1 Pay all real estate taxes due and to become due related to the Property;
- 7.2 Pay the costs and fees of these presents, their publication and copies for all parties; and
- 7.3 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 8
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 9
PRICE**

The present sale is made for the price of **FIFTEEN THOUSAND DOLLARS (\$15,000)** paid by the Purchaser to the Vendor, the receipt of which is hereby acknowledged by the Vendor in full and final payment, whereof quit. No hypothec or other security is constituted by the Deed in favour of the Vendor.

**ARTICLE 10
AUTHORIZATION FROM THE COURT**

The transaction contemplated herein has been authorized by a court approval under a final and enforceable order rendered on ● by the Honourable ● in the files of the Québec Superior Court for the district of Montreal bearing number ●.

**ARTICLE 11
TAX PROVISIONS**

- 11.1 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;
- 11.2 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").
- 11.3 The Purchaser declares and warrants to the Vendor that:
 - 11.3.1 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;
 - 11.3.2 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;
 - 11.3.3 It has acquired the Property for use exclusively in its commercial activities;
- 11.4 The Vendor declares that it is duly registered under the ETA (registration number 88879 1241 RT0001) and under the QSTA (registration number 1020361006 TQ0001).
- 11.5 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.
- 11.6 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.

- 11.7 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 12
INTERPRETATION**

- 12.1 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.
- 12.2 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.
- 12.3 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 13
MENTIONS REQUIRED UNDER SECTION 9 OF THE
ACT RESPECTING DUTIES ON
TRANSFERS OF IMMOVABLES (QUEBEC) (the "Act")**

- 13.1 The names and addresses of the transferor and the transferee are mentioned in the appearances;
- 13.2 The Property is situated in the territory of the Municipality of Champneuf;
- 13.3 The amount of the consideration for the transfer of the Property is **FIFTEEN THOUSAND DOLLARS (\$15,000)**;
- 13.4 The amount constituting the basis of imposition of the transfer duties for the transfer of the Property is **SEVENTEEN THOUSAND THREE HUNDRED AND THIRTY-ONE DOLLARS (\$17,331)**;
- 13.5 The amount of the municipal transfer duties is **EIGHTY-SIX DOLLARS AND SIXTY-SIX CENTS (\$86.66)**;
- 13.6 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 6743242 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 6743242 CANADA INC., as purchaser.

SIGNED IN Montréal (Quebec),

6743242 CANADA INC.

By: _____
Yvan Filion, President

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
REGISTRY OFFICE OF ABITIBI & al
Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-1

ORIGINAL

Me Guillaume Boudreau-Simard (514) 397-3694
Fax : (514) 397-3621

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