

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: **SEPTEMBER 10, 2010**

PRESENT: THE HONOURABLE MR. JUSTICE CLÉMENT GASCON, J.S.C.

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

ABITIBIBOWATER INC.

And

ABITIBI-CONSOLIDATED INC.

And

BOWATER CANADIAN HOLDINGS INC.

And

The other Petitioners listed on Schedules "A", "B" and "C"
Debtors

And

ERNST & YOUNG INC.

Monitor

APPROVAL AND VESTING ORDER IN RESPECT OF THE KENORA MARGACH ASSETS
(# 678 and # 686)

[1] **CONSIDERING** Petitioners' Amended Second Motion for the Issuance of Various Orders Authorizing the Sale of Non-Core Properties and for the Issuance of a Re-Amended Receivership Order in respect of 4513541 Canada Inc. (the "**Motion**") and the Contestation and Cross-Motion filed in response thereto by Her Majesty The Queen in Right of the Province of Ontario;

[2] **CONSIDERING** the representations of the parties;

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

FOR THE REASONS GIVEN ORALLY AND REGISTERED, THE COURT:

[1] **AUTHORIZES AND APPROVES** the transfer of the real property and the real property interests identified in Schedule "D" hereto, together with all buildings and other structures, facilities and improvements located thereon (collectively the "**Real Property**");

[2] **AUTHORIZES AND APPROVES** the execution of the indenture, a draft copy of which was filed as Exhibit R-25 to the Motion (the "**Indenture**"), by and between Abitibi-Consolidated Inc. ("**ACI**"), as vendor, and 4513541 Canada Inc. (the "**Purchaser**"), as purchaser, acting through Samson Belair/Deloitte & Touche Inc. ("**Deloitte**") solely in its capacity as court-appointed receiver for and on behalf of the Purchaser and not on its own behalf, and the completion of all the transactions contemplated therein (the "**Proposed Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor as well as the execution of any other document, deed or agreement that may be required to give effect to the Proposed Transactions;

[3] **AUTHORIZES AND APPROVES** the execution by ACI and Deloitte in its capacity as court-appointed receiver for and on behalf of Purchaser of the General Security Agreement, a draft copy of which was filed as Exhibit R-25 to the Motion (the "**GSA**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor;

[4] **AUTHORIZES AND APPROVES** the execution by ACI and Deloitte in its capacity as court-appointed receiver for and on behalf of Purchaser of the Mortgage, a draft copy of which was filed as Exhibit R-25 to the Motion (the "**Mortgage**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor;

[5] **ORDERS AND DECLARES** that this Order shall constitute the only authorization required 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 Indenture;

[6] **ORDERS AND DECLARES** that upon issuance of this Order and a Re-Amended Receivership Order dated September 1st, 2010 with respect to the Purchaser, and the payment by the Purchaser of the Purchase Price (as defined in the Indenture), all registered and beneficial right, title and interest in and to the assets described in the Indenture (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 Indenture (collectively, the "**Purchased Assets Encumbrances**"), including without limiting the generality of the foregoing: (i) any Purchased Assets Encumbrances created by the Order issued on April 17, 2009 by Justice Clément Gascon, J.S.C., as amended, and/or any other CCAA order; and (ii) all Purchased Assets Encumbrances evidenced by registration, publication or filing pursuant to the *Bank Act* or any other applicable legislation providing for a security interest in personal, movable or immovable property with respect to the Purchased Assets, 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 Indenture;

[6.1] **ORDERS AND DECLARES** that subject to any other or further order of this Court, nothing in this Order reduces or makes inapplicable (i) any obligation under any enactment of the Province of Ontario that ACI or the Purchaser or any other person may have by virtue of having been or becoming the owner or operator of the Purchased Assets or any of them, or (ii) any consent by, approval of, notice to or other similar requirement involving the provincial government or a regional or municipal government under any enactment of the Province of Ontario relating to the transfer of the Purchased Assets or any of them. Nothing in this paragraph shall change in any way the provisions of paragraph 14 of this Court's Re-Amended Receivership Order in respect of 4513541 Canada Inc. dated September 1, 2010.

[7] **ORDERS** that upon registration at the Land Registry Office for the Land Titles Division of Kenora (No. 23) of a certified copy of this Order, the Land Registrar of the afore-mentioned registry office is hereby directed to enter the Purchaser as the owner of the Real Property, in fee simple in respect of the Real Property, and is hereby directed to discharge, release, delete and expunge from title to the Real Property all of the Purchased Assets Encumbrances and the charges set out in Schedule "D" hereto;

[8] **ORDERS** that the Purchaser Note (as defined in the Indenture) shall be remitted directly to Ernst & Young Inc., in its capacity as Monitor of the Petitioners, and **ORDERS** that any amounts owing under the Purchaser Note shall be paid directly to Ernst & Young Inc., in its capacity as Monitor of the Petitioners until the issuance of directions by this Court with respect to the allocation of said payments;

[9] **ORDERS** that for the purposes of determining the nature and priority of Purchased Assets Encumbrances, any and all rights of ACI 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;

[10] **ORDERS** that notwithstanding:

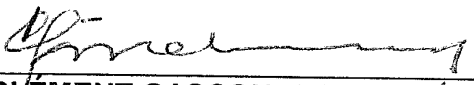
- i) the proceedings under the CCAA;
- ii) any petitions for a receiving order now or hereafter issued pursuant to the Bankruptcy and Insolvency Act ("**BIA**") and any order issued pursuant to any such petition; or

iii) the provisions of any federal or provincial legislation;

the vesting of the Purchased Assets, contemplated in this Order, as well as the execution of the Indenture, the GSA and the Mortgage 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; and

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

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


CLÉMENT GASCON, J.S.C. J.S.C.

Me Sean Dunphy, Me Joseph Reynaud and Me Guillaume Boudreau-Simard
STIKEMAN, ELLIOTT
Attorneys for Petitioners

Dates of hearing: September 7 and 8, 2010

SCHEDULE "A"
ABITIBI PETITIONERS

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

SCHEDULE "B"
BOWATER PETITIONERS

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

SCHEDULE "C"
18.6 CCAA PETITIONERS

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

SCHEDULE "D"

LEGAL DESCRIPTION OF THE REAL PROPERTY AND CHARGES

Legal Description

Freehold Lands:

FIRSTLY: PCL 5496 SEC DKF; SE 1/4 OF S 1/2 LT 13 CON 6 JAFFRAY; KENORA, being all of PIN: 42177-0156 (LT)

SECONDLY: PCL 5683 SEC DKF E 1/2 OF NE 1/4 OF S 1/2; LT 13 CON 6 JAFFRAY EXCEPT PT 1 23R3731; KENORA, being all of PIN: 42177-0157 (LT)

THIRDLY: PCL 5497 SEC DKF W 1/2 OF NW 1/4 OF S 1/2; LT 14 CON 6 JAFFRAY EXCEPT PT 2 23R3731; KENORA, being all of PIN: 42177-0159 (LT)

FOURTHLY: PCL 8013 SEC DKF; SW 1/4 OF S 1/2 LT 14 CON 6 JAFFRAY; KENORA, being all of PIN: 42177-0366 (LT)

Charges to be Discharged

Instrument No. LE 3050 registered March 8, 1973 being a Crown Lease dated November 24, 1972 granted by the Province of Ontario to and in favour of the Ontario Minnesota Pulp and Paper Company Limited (a predecessor corporation to Abitibi-Consolidated Inc.) in respect of the lands and premises more particularly described as follows:

FIRSTLY: PCL 2561 SEC DKL; LOCATION KM286 JAFFRAY; PT LT 19 CON 5 JAFFRAY PT 2 23R2766; KENORA, being all of PIN: 42177-0406 (LT)

SECONDLY: PCL 2561 SEC DKL; LOCATION KM286 JAFFRAY; PT LT 19 CON 5 JAFFRAY PT 1 23R2766; KENORA, being all of PIN: 42177-0392 (LT)

The above-mentioned PIN's are leasehold PINS.