CANADA	**SUPERIOR COURT**
PROVINCE OF QUEBEC **DISTRICT OF MONTRÉAL**	Commercial Division *Sitting as a court designated pursuant to the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended*
No.: 500-11-036133-094	

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

ABITIBIBOWATER INC., a legal person incorporated under the laws of the State of Delaware, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And

ABITIBI-CONSOLIDATED INC., a legal person incorporated under the laws of Canada, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And

BOWATER CANADIAN HOLDINGS INC., a legal person incorporated under the laws of the Province of Nova Scotia, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And

the other Petitioners listed on Appendices "A", "B" and "C";

Petitioners

And

ERNST & YOUNG INC., a legal person under the laws of Canada, having a place of business at 800 René-Lévesque Blvd. West, Suite 1900, in the City and District of Montréal, Province of Quebec, H3B 1X9;

Monitor

THIRTY-EIGHTH REPORT OF THE MONITOR

April 24, 2010

INTRODUCTION

1. On April 17, 2009, Abitibi-Consolidated Inc. ("**ACI**") and its subsidiaries listed in Appendix "A" hereto (collectively with ACI, the "**ACI Petitioners**") and Bowater Canadian Holdings Incorporated ("**BCHI**") and its subsidiaries and affiliates listed in Appendix "B" hereto (collectively with BCHI, the "**Bowater Petitioners**") (the ACI Petitioners and the Bowater Petitioners are collectively referred to herein as the "**Petitioners**") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") pursuant to an Order of this Honourable Court (the "**Initial Order**"). Pursuant to an Order of this Honourable Court dated November 10, 2009, Abitibi-Consolidated (U.K.) Inc., a subsidiary of ACI, was added to the list of ACI Petitioners.

2. Pursuant to the Initial Order, Ernst & Young Inc. ("**EYI**") was appointed as monitor of the Petitioners (the "**Monitor**") under the CCAA and a stay of proceedings in favour of the Petitioners was granted until May 14, 2009 (the "**Stay Period**"). The Stay Period has been extended until June 18, 2010 pursuant to further Orders of this Honourable Court.

3. On April 16, 2009, AbitibiBowater Inc. ("**ABH**"), Bowater Inc. ("**BI**"), and certain of their direct and indirect U.S. and Canadian subsidiaries, including BCHI and Bowater Canadian Forest Products Inc. ("**BCFPI**") (collectively referred to herein as "**U.S. Debtors**"), filed voluntary petitions (collectively, the "**Chapter 11 Proceedings**") for relief under Chapter 11 of the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "**U.S. Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**").

4. BCHI, Bowater Canada Finance Corporation, Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc. have commenced both CCAA Proceedings and Chapter 11 Proceedings and are referred to herein collectively as the "**Cross-Border Petitioners**" and are also included in the definition of "**Petitioners**".

5. The Petitioners are all subsidiaries of ABH (ABH, collectively with its subsidiaries, are referred to as the "**ABH Group**").

6. On April 17, 2009, ABH and the petitioners listed on Appendix "C" hereto (collectively with ABH, the "**18.6 Petitioners**") obtained Orders under Section 18.6 of the CCAA in respect of voluntary proceedings initiated under Chapter 11 and EYI was appointed as the information officer in respect of the 18.6 Petitioners.

7. On April 16, 2009, ACI and ACCC filed petitions for recognition under Chapter 15 of the U.S. Bankruptcy Code. On April 21, 2009, the U.S. Bankruptcy Court granted the recognition orders under Chapter 15 of the U.S. Bankruptcy Code.

8. On April 22, 2009, the Court amended the Initial Order to extend the stay of proceedings to the partnerships listed in Appendix "D" hereto.

BACKGROUND

9. ABH is one of the world's largest publicly traded pulp and paper manufacturers. It produces a wide range of newsprint and commercial printing papers, market pulp and wood products. The ABH Group owns interests in or operates pulp and paper facilities, wood products facilities and recycling facilities located in Canada, the United States, the United Kingdom and South Korea. The Petitioners' United Kingdom subsidiary, Bridgewater Paper Company Ltd., filed for administration on February 2, 2010.

10. Incorporated in Delaware and headquartered in Montreal, Quebec, ABH functions as a holding company and its business is conducted principally through four direct subsidiaries: BI, Bowater Newsprint South LLC ("**Newsprint South**") (BI, Newsprint South and their respective subsidiaries are collectively referred to as the "**BI Group"**), ACI (ACI and its subsidiaries are collectively referred to as the "**ACI Group**") and AbitibiBowater US Holding LLC ("**ABUSH**") (ABUSH and its respective subsidiaries are collectively referred to as the "**DCorp Group"**).

11. ACI is a direct and indirect wholly-owned subsidiary of ABH.

12. ABH wholly owns BI which in turn, wholly owns BCHI which, in turn, indirectly owns BCFPI which carries on the main Canadian operations of BI.

13. ACCC, a wholly-owned subsidiary of ACI, and BCFPI hold the majority of ABH's Canadian assets and operations.

PURPOSE

14. This is the thirty-eighth report of the Monitor (the "**Thirty-Eighth Report**") in the CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to:

    (i) the Petitioners' motion for an Order authorizing the execution by ACI, ACCC, BCFPI and Bowater Maritimes Inc. ("**BMI**") (collectively ACI, BMI, ACCC and BCFPI are referred to herein as the "**Vendors**") of the agreement of purchase and sale, in respect of the sale of the Closed Mills (as defined herein) (the "**APA**") between the Vendors and American Iron & Metal LP (the "**Purchaser**" or "**AIM**") and American Iron & Metal Company GP Inc. (as the guarantor) and the completion of the transaction contemplated therein (the "**Proposed Transaction**");

    (ii) the Petitioners' motion for an Order authorizing the execution by ACCC and ACI of the agreement to exchange certain real property on or adjacent to the pulp and paper mill in Fort William, Ontario (the "**Land Swap Agreement**") between ACI, ACCC and Fort William First Nation Development Corp. ("**First Nation Development Corp.**") and Fort William First Nation and the completion of the transaction contemplated therein (the "**Land Swap**");

    (iii) the Petitioners' request for the issuance of a vesting order in connection with the Proposed Transaction and the Land Swap;

    (iv) a summary of certain significant terms in the APA;

(v) the Petitioners' motion for an Order authorizing ACI to complete the sale of certain property in the city of Saguenay, Quebec (the "**Saguenay Transaction**") to Rio Tinto Alcan Inc. ("**Alcan**");

(vi) the Monitor's view of the Proposed Transaction and the Land Swap; and

(vii) the Monitor's recommendation in respect of the Proposed Transaction, the Land Swap and the Saguenay Transaction.

TERMS OF REFERENCE

15. In preparing the Thirty-Eighth Report, the Monitor has been provided with and, in making comments herein, has relied upon unaudited financial information, the ABH Group's books and records, financial information and projections prepared by the ABH Group and discussions with management of the ABH Group and its advisers (the "**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Thirty-Eighth Report. Some of the information referred to in this Thirty-Eighth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this Thirty-Eighth Report was prepared by the ABH Group based on Management's estimates and assumptions. Readers are cautioned that, since these projections are based upon assumptions about future events and conditions, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

16. Capitalized terms not defined in this Thirty-Eighth Report are as defined in the previous reports of the Monitor, the Initial Order or the APA. All references to dollars are in U.S. currency unless otherwise noted.

17. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Thirty-Eighth Report, and all motion records and Orders in the CCAA Proceedings

will be available on the Monitor's website at www.ey.com/ca/abitibibowater. The Monitor has also established a bilingual toll-free telephone number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

18. Copies of all of the U.S. Bankruptcy Court's orders are posted on the website for Epiq Bankruptcy Solutions LCC ("**Epiq**") at http://chapter11.epiqsystems.com/abitibibowater. The Monitor has included a link to Epiq's website from the Monitor's website.

BACKGROUND TO THE SALE OF THE CLOSED MILLS AND THE PROPOSED TRANSACTION

19. Given the current state of the North American newsprint and forest products industry, the Petitioners have had to go through a process to idle and ultimately sell certain of their mills which are no longer required to satisfy market demand and will not form part of the mill configuration of the Petitioners after emergence from the CCAA Proceedings.

20. Throughout the CCAA Proceedings, the Petitioners have undertaken a number of sales processes with respect to closed mills with the assistance of the Monitor, including:

    (i) the pulp and paper mill in Belgo, Quebec which was sold to Recyclage Arctic Beluga Inc. ("**Arctic Beluga**") as authorized by this Honourable Court on November 24, 2009;

    (ii) the St-Raymond sawmill which was sold to 9213-3933 Quebec Inc. as authorized by this Honourable Court on December 11, 2009; and

    (iii) the Mackenzie Facility (defined below) which was sold to 1508756 Ontario Inc. as authorized by this Honourable Court on March 23, 2010.

21. In addition to these mill sales, the Petitioners identified a number of other closed mills which they plan to sell or decommission as part of their restructuring process, including the mills described in this Thirty-Eighth Report.

22. The Proposed Transaction includes pulp and paper mills located in Dalhousie, New Brunswick (the "**Dalhousie Mill**"), Donnacona, Quebec (the "**Donnacona Mill**"), Fort William, Ontario (the "**Fort William Mill**") and Beaupre, Quebec (the "**Beaupre Mill**"), (collectively, the Dalhousie Mill, the Donnacona Mill, the Fort William Mill and the Beaupre Mill are referred to herein as the "**Closed Mills**").

23. As described in the Thirty-Sixth Report of the Monitor dated March 19, 2010 (the "**Thirty-Sixth Report**") the Petitioners also owned a pulp and paper mill located in Mackenzie, British Columbia (the "**Mackenzie Mill**") which, as described later in this Thirty-Eight Report, was originally included for sale with the Closed Mills, but was subsequently sold separately as part of a transaction which, as mentioned above, was authorized by this Honourable Court on March 23, 2010.

24. Each of the Closed Mills was closed due to market conditions on the dates set forth below:

    (i) the Dalhousie Mill, which is owned by BMI, was built in 1926 and closed in 2008;

    (ii) the Donnacona Mill, which is owned by BCFPI, was built in 1914 and closed in 2008;

    (iii) the Fort William Mill, which is owned by ACI/ACCC, was built in 1922 and closed in 2007; and

    (iv) the Beaupre Mill, which is owned by ACI/ACCC, was built in 1927 and closed in 2009.

25. The assets comprising the Closed Mills include the real property, buildings, machinery and equipment located at these four sites. The Closed Mills are being sold on an "as is/where is" basis in an effort to (i) reduce the Vendors' ongoing carrying costs, which are estimated by the Petitioners to be approximately CDN$12 million per year, and (ii) mitigate the Vendors' potential exposure to environmental clean-up costs if the sites are demolished in the future.

DESCRIPTION OF THE CLOSED MILLS SALES PROCESS

Phase I Sales Process

26. In October, 2009, the Petitioners determined that the Closed Mills and the Mackenzie Mill were not part of their strategic plan and commenced a formal sale process with respect to the Closed Mills and the Mackenzie Mill (the "**Phase I Sales Process**") in consultation and with the assistance of the Monitor.

27. At that point in time, the Petitioners had not decided whether to include the Beaupre Mill in the Phase I Sales Process and, as a result, it was not included in the initial package sent to the potential purchasers. However, as described later in this Thirty-Eighth Report, the Beaupre Mill was subsequently included in the Phase I Sales Process on October 26, 2009.

28. The Petitioners, with the assistance of the Monitor, undertook the following steps as part of the Phase I Sales Process:

    (i) compiled a list of forty-nine potential purchasers based on (a) previous expressions of interest with respect to acquiring the Closed Mills or the Mackenzie Mill and/or (b) the collective experience of the Petitioners and the Monitor with these parties with respect to the sale of similar assets in the past. The identified parties included a mix of strategic purchasers, equipment brokers, auctioneers and demolition companies;

    (ii) the Petitioners were contacted by eleven additional parties, bringing the total number of potential purchasers identified during the Phase I Sales Process to sixty;

    (iii) prepared a bid package that consisted of a letter detailing the bid submission process including a deadline of November 2, 2009 (the "**Initial Bid Deadline**"), a confidentiality agreement, a form of offer detailing the conditions of the sale, and a description of the Closed Mills and the Mackenzie Mill (the "**Phase 1 Bid**

Package"). A copy of the Phase I Bid Package is attached as Appendix "E" to this Thirty-Eighth Report;

(iv) the Phase I Bid Package was sent to potential purchasers on October 2, 2010 and the potential purchasers were invited to bid on any one or more of the available pulp and paper mills but were advised that the Petitioners' preference was for an en bloc sale;

(v) twelve potential purchasers signed non-disclosure agreements and were subsequently provided with more detailed due diligence materials. These parties were also invited to visit the Closed Mills and the Mackenzie Mill, tour the facilities and inspect the buildings and equipment for sale, for the purposes of conducting their own assessment of the acquisition opportunity;

(vi) requests for additional due diligence materials were submitted to the Monitor and were addressed by the Petitioners in a timely fashion; and

(vii) pursuant to the instructions in the Phase I Bid Package all offers to purchase were to be submitted directly to the Monitor by the Initial Bid Deadline.

29. On October 26, 2009 the potential purchasers were advised that the Petitioners had decided to add the Beaupre Mill to the assets available for sale and that the bid submission deadline had been extended to November 9, 2009 (the "**Second Bid Deadline**").

30. The Monitor received bids from five parties by the Second Bid Deadline and a sixth bid after the Second Bid Deadline.

31. Of the six bids that were submitted, only four included all of the Closed Mills and the Mackenzie Mill. One of these bids was unacceptable to the Vendors on the basis of the projected negative net value for the Vendors. This offer, along with the offers that did not cover all five sites, were rejected by the Vendors. In summary, three of the six offers received were determined by the Vendors, in consultation with the Monitor, to be inferior

offers and not attractive relative to the other offers received, leaving three offers remaining to be considered by the Vendors.

32. The Vendors, along with the Monitor, contacted each of the three remaining potential purchasers (the "**Phase I Finalists**") to clarify the terms and conditions in their respective offers. The Phase I Finalists included AIM, Arctic Beluga and a third finalist (the "**Third Bidder**").

33. The Phase I Finalists were requested to address the Vendors' concerns with respect to the potential environmental obligations in respect of the Closed Mills and they were given the opportunity to improve their offers (specifically with respect to the up-front cash portion of their respective bids).

34. In early December, 2009, each of the Phase I Finalists submitted revised bids to the Monitor (the "**Revised Bids**").

35. The Vendors selected the highest offer, which was from the Third Bidder, and proceeded to negotiate a letter of intent with the Third Bidder (the "**LOI**") that was signed on December 14, 2009. The LOI contemplated that the Vendors and the Third Bidder would negotiate an agreement of purchase and sale.

36. After extensive negotiations and the completion of the due diligence period, the Third Bidder was unable to complete the transaction in accordance with the timetable that had been agreed upon between the parties and it was also unable to provide satisfactory evidence to the Vendors and the Monitor that it would be able to finance the transaction. Accordingly, the Vendors terminated discussions with the Third Bidder.

<u>Phase II Sales Process</u>

37. The Petitioners had included the Mackenzie Mill in the Phase I Sales Process, however, for the reasons outlined in the Thirty-Sixth Report, the Petitioners later decided to remove the Mackenzie Mill from the package of closed mills and include the Mackenzie Mill in the pending sale of the Mackenzie sawmill, the real property including timber rights and

related assets (the "**Mackenzie Facility**") as described in the Thirty-Sixth Report, and which sale was approved by this Honourable Court on March 23, 2010.

38. As a result of the decision to remove the Mackenzie Mill from the Phase I Sales Process and the termination of discussions with the Third Bidder, the Vendors, with the assistance of the Monitor, decided to re-solicit bids for the Closed Mills. This was due in part to the fact that some of the Phase I Finalists did not allocate the purchase price contained in their bids by mill site; therefore, it was impossible for the Vendors and the Monitor to quantify with any degree of certainty the impact of removing the Mackenzie Mill from the Phase I Sale Process.

39. Given the limited interest in the Closed Mills in the Phase I Sales Process and the Petitioners' estimated time to emerge from the CCAA Proceedings, revised bids on the Closed Mills (the "**Phase II Sales Process**") were solicited only from the three Phase I Finalists.

40. In February 2010, the Vendors prepared, with the assistance of the Monitor, a revised bid package (the "**Phase II Bid Package**") that consisted of a bid process letter, a template purchase and sale agreement and the draft schedules thereto, together with a CD containing due diligence materials in respect of the Closed Mills. A copy of the Phase II Bid Package is attached as Appendix "F" to this Thirty-Eighth Report.

41. In accordance with the Phase II Bid Package, the Phase I Finalists were instructed to submit their bids (the "**Phase II Bids**") to the Monitor by March 1, 2010 (the "**Phase II Bid Deadline**"). This deadline was subsequently extended to March 3, 2010 to accommodate Arctic Beluga which had indicated that it would be unable to meet the Phase II Bid Deadline.

42. On March 3, 2010 the Monitor received bids from the Third Bidder, AIM and Arctic Beluga (the "**Phase II Bids**"). While the Phase II Bid Package had indicated that proof of financing would not be required until a bidder was selected by the Vendors, the Monitor decided to request proof of financing from the bidders as part of its preliminary review of the Phase II Bids (particularly given that the Third Bidder had not been able to

complete a transaction in the Phase I Sales Process due to an inability to finance the transaction), notwithstanding the fact that the Phase II Bid Package mentioned that this would only be required from the "selected bidders".

43. In this respect, the Vendors, with the assistance of the Monitor, contacted each of the Phase II Bidders to clarify the terms and conditions of their Phase II Bids including: (i) their ability to increase the up-front cash portion of their bid; (ii) the sharing formula for the benefit of the Vendors related to future paper machine sales; (iii) their plans for and ability to mitigate the potential environmental contamination at the Closed Mills; (iv) the remaining due diligence requirements; (v) financing conditions; (vi) proof of financing; and (vii) a timeline for closing.

44. Both AIM and Arctic Beluga took advantage of the opportunity to submit revised Phase II Bids, while the Third Bidder did not revise its offer. A summary of these Phase II Bids are attached as Appendix "G" to this Thirty-Eighth Report.

Initial Phase II Bids

45. The Phase II Bid submitted by the Third Bidder remained the highest bid, however, the Third Bidder was still unable to satisfy the Vendors and the Monitor with respect to its ability to: (i) secure the financing required to complete the transaction, (ii) assume and satisfy the Vendors' potential environmental liabilities, and (iii) close in a manner consistent with Petitioners' reorganization timetable.

46. On the Phase II Bid Deadline, Arctic Beluga submitted an offer which excluded the real property at the Closed Mills and did not include a sharing formula for the Vendors with respect to potential proceeds from the sale of paper machines. It also included the option for the Vendors to include or exclude the sale of the Fort William Mill. Under the option that excluded the sale of the Fort William Mill, the purchase price was CDN$7.7 million, while the option that included the sale of the Fort William Mill was priced at CDN$5.7 million. The Monitor notes that the Fort William Mill has less steel content compared to the other closed mills which will result in less scrap value for an ultimate purchaser which, given the remediation issues related to the Fort William Mill, in the Monitor's

view, likely explains why Arctic Beluga's proposed purchase price is lower when the Forth William Mill is included. A copy of this offer received from Arctic Beluga on the Phase II Bid Deadline is attached hereto as Appendix "H".

47. After a discussion with the Vendors and the Monitor, Arctic Beluga submitted a revised bid on March 3, 2010, which included an 80/20 sharing formula (80% to the Vendor and 20% to Arctic Beluga) on the sale of the paper machines. The up-front cash upon closing was unchanged, land was still excluded from the transaction and the option to include or exclude the Fort William Mill was still available to the Vendors. a copy of this revised bid submitted by Arctic Beluga is attached hereto as Appendix "I".

48. The Vendors preferred an en bloc option that included the related real property in order to mitigate any potential environmental liabilities associated with the Closed Mills. Accordingly, Arctic Beluga was asked, in addition to the points described in paragraph 45 above, whether it would consider the acquisition of the land at the Closed Mills as part of the transaction. As described later in this Thirty-Eighth Report, Arctic Beluga submitted a revised bid on March 9, 2010 to address this concern.

49. AIM also submitted an en bloc bid on March 3, 2010 that contained a purchase price of CDN$8.8 million for all of the Closed Mills, including the real property at the Closed Mills. This bid did not include a sharing formula with respect to proceeds from the sale of paper machines at the Closed Mills.

Revised Phase II Bids

50. Subsequently on March 9, 2010, Arctic Beluga submitted a third revised bid which now included the acquisition of the land at the Closed Mills. The up-front cash payment upon closing was unchanged, the sharing formula remained the same and the option for the Vendors to include or exclude the Fort William Mill was still available. A copy of this third revised bid submitted by Arctic Beluga is attached hereto as Appendix "J".

51. On March 10, 2010, in response to feedback from the Vendors with respect to AIM's initial bid, AIM revised its bid to include a sharing formula related to the sale of the paper

machines at the Closed Mills. AIM's proposed sharing formula was initially 50/50, less the cost of scrap metal in the paper machines sold.

52. On March 11, 2010, due the complexity of quantifying the cost of the scrap metal in the paper machines, AIM proposed a 40/60 sharing formula (40% to the Vendors and 60% to AIM), of the gross sale proceeds resulting from the sale of any one or more of the paper machines at the Closed Mills.

53. Also on March 11, 2010, Arctic Beluga submitted a fourth unsolicited revised bid in which it indicated that it was able to guarantee a purchase price of CDN$13.5 million excluding the Fort William Mill or CDN$11.6 million including the Fort William Mill on the basis of its on-going discussions with third parties related to the sale of certain paper machines if Arctic Beluga was the successful bidder. A copy of this fourth unsolicited revised bid submitted by Arctic Beluga is attached hereto as Appendix "K".

54. On March 16, 2010, Arctic Beluga submitted a fifth revised bid which provided that, on the basis of the continued advancement of negotiations with third parties related to the sale of certain paper machines included in the Closed Mills, it was now able to guarantee a purchase price of CDN$16 million, excluding the Fort William Mill or CDN$14.1 million including the Fort William Mill. A copy of this fifth unsolicited revised bid submitted by Arctic Beluga is attached hereto as Appendix "L".

55. The Vendors and the Monitor contacted Arctic Beluga subsequent to the receipt of this fifth unsolicited bid to request evidence of Arctic Beluga's ability to finance these payments on closing. Accordingly, Arctic Beluga provided the Petitioners and the Monitor with a letter from a bank indicating that a customer of Arctic Beluga, should Arctic Baluga be the successful bidder, had on deposit with the bank approximately CDN$1.8 million as well as a contract between Arctic Beluga and the Arctic Beluga customer to purchase equipment for CDN$18 million with respect to certain of the Closed Mills equipment (the "**Donnacona Paper Machine LOI**") which was to be paid to Arctic Beluga as the equipment was dismantled from the Closed Mills. The Petitioners and the Monitor did not view these supporting documents (copies of which are attached

hereto as Appendix "M") as sufficient evidence that Arctic Beluga had the financial ability to finance the purchase price of the Closed Mills at closing.

56. The Vendors and the Monitor were of the view that Arctic Beluga's ability to pay the up-front portion of the purchase price with respect to its offer appeared to be potentially contingent upon Arctic Beluga completing the sale of certain paper machine equipment from the Closed Mills and that this contingency represented a closing risk when compared to the offer that had been received from AIM. Furthermore, the sale of the paper machine equipment to Arctic Beluga's customer appeared to be contingent upon various factors including continued due diligence by Arctic Beluga's customer, the Vendors' ability to provide certified drawings, manuals and vendor-supplier written materials related to the paper machine. All of these contributed to the increased closing risk associated with the fifth unsolicited bid received from Arctic Beluga.

57. Consequently, and after consultation with the Monitor, the Vendors selected AIM's Phase II Bid on March 16, 2010 as the bid which best satisfied the Vendors' selection criteria. Among the factors considered were the following: (i) AIM had offered CDN$8.8 million payable upon closing, (ii) AIM did not have any remaining due diligence requirements, (iii) AIM was experienced in dealing with environmental issues similar to those at the Closed Mills, (iv) AIM had provided satisfactory evidence that it had the financial ability to close the transaction; and (v) AIM provided a 10% deposit.

58. The Petitioners, with the concurrence of the Monitor, began a process on March 16, 2010 to negotiate a definitive agreement of purchase and sale with AIM subject to the approval of this Honourable Court and the U.S. Bankruptcy Court.

59. On March 22, 2010, Arctic Beluga submitted another revised and unsolicited bid with a proposed increase in the amount of cash of the purchase price to CDN$22.1 million, including the Fort William Mill. A copy of this bid is attached hereto as Appendix "N".

60. Although the Vendors and the Monitor had the same closing risk concerns with respect to Arctic Beluga's bid as expressed above, in order to ensure that they were maximizing the value of the Closed Mills and in light of the disparity in the purchase prices offered,

Arctic Beluga was contacted on March 25, 2010 and asked if its ability to pay the CDN$22.1 million cash payment upon closing was still contingent upon the ability to sell paper machine equipment from the Closed Mills to third parties.

61. Arctic Beluga indicated that it would be able to demonstrate its ability to fund the CDN$22.1 million payment due upon closing, however Arctic Beluga advised that such proof of financing would only be provided once it was confirmed as the "selected bidder".

62. On Friday March 26, 2010, the Vendors and the Monitor reiterated their request for proof of funding from Arctic Beluga to be provided by the end of the day in the form of written correspondence from the its banker(s), a letter of credit, a copy of its bank statement or whatever other means it deemed to be appropriate for this purpose. Counsel for Arctic Beluga subsequently advised the Monitor that Arctic Beluga would provide the requested proof of funds no later than April 1, 2010 by way of correspondence, a copy of which is attached hereto as Appendix "O".

63. In the meantime, the Vendors continued to negotiate in good faith with AIM in an effort to enter into the Proposed Transaction in a reasonable timeframe.

64. On March 30, 2010, as a result of negotiations between the parties, AIM advised that it was increasing its purchase price to CDN$13.8 million and maintaining the 40/60 sharing formula. The CDN$5.0 million increase to the purchase price was to be paid 90 days after closing as an advance against the 40/60 sharing formula on future sales of paper machines located at the Closed Mills. It should be noted that, while this incremental $5.0 million amount was intended as an advance, AIM also advised that such amount was guaranteed and would be retained by the Vendor, without possibility of refund, in the event that a paper machine sale was not realized by the Purchaser.

65. On April 1, 2010 Arctic Beluga provided the Vendors and the Monitor, as proof of its ability to fund the transaction, with a copy of an agreement dated March 31, 2010 between Arctic Beluga and a third party regarding the sale of scrap metal from the Closed Mills based on 93% of the market price for scrap (with a total estimated value of

CDN$30 million) that included a provision that the third party would pay Arctic Beluga in weekly instalments based on the shipments of scrap from the Closed Mills in the prior week. This agreement was a back-to-back commercial arrangement and did not satisfy the Vendors or the Monitor that Arctic Beluga had the ability to pay the proposed CDN$22.1 million due on closing, nor did it adequately demonstrate that Arctic Beluga would have the funding to fund future environmental obligations, if any, related to the Closed Mills. A copy of this back-to-back commercial agreement is attached hereto as Appendix "P".

66. Accordingly, the Vendors determined, with the Monitor's concurrence, that the AIM's bid, which was not contingent upon any third-party financing, remained the best offer. Notably, AIM had demonstrated its ability to finance the transaction to the satisfaction of the Vendors and, among other things, had agreed to assume all of the potential environmental liabilities associated with the Closed Mills.

67. On April 6, 2010, the Vendors and the Purchaser executed the APA in respect of the Proposed Transaction, subject to authorization from this Honourable Court and the U.S. Bankruptcy Court. The Petitioners have advised the Monitor that the APA was amended on April 22, 2010. A copy of the APA, as amended, is attached to the Petitioners' motion materials.

SUMMARY OF THE APA

68. The APA covers the sale and transfer of all of the Vendors' right, title and interest in and to the Closed Mills. In addition to the typical commercial terms found in an agreement of purchase and sale, the APA also includes the following significant terms:

(i) the purchase prices is CDN $8.8 million of which CDN$100,000 has been allocated to the Fort William Mill and CDN$2.9 million has been allocated to each of the Beaupre Mill, the Donnacona Mill and the Dalhousie Mill;

(ii) the purchase price under the APA may be positively adjusted for a percentage (40%) of the future sale proceeds of paper machines (as defined in the APA) by the Purchaser to third parties;

(iii) the Purchaser has guaranteed that the Vendors will receive at least CDN$5 million within 90 days of the closing of the Proposed Transaction with respect to the paper machines whether or not the Purchaser can sell any of the paper machines (which, when combined with the CDN$8.8 million paid at closing noted in sub-paragraph (i) above, will result in a minimum price of CDN$13.8 million);

(iv) the Proposed Transaction contemplates that the sale of the Fort William Mill may close subsequent to the sale of the other Closed Mills as it is subject to the completion of the Land Swap;

(v) the APA excludes certain assets which are purported to be owned by third parties, including the following:

a) the assets of Praxair Canada Inc. located at the Dalhousie Mill;

b) a gas reservoir at the Beaupre Mill claimed by Superior Propane Inc.; and;

c) a crane located at the Beaupre Mill;

(vi) the Purchaser will assume, among other liabilities, all environmental liabilities with respect to the Closed Mills; and

(vii) the Proposed Transaction is subject to the approval of this Honourable Court and the U.S. Bankruptcy Court.

69. The purchase price is subject to normal closing adjustments.

THE LAND SWAP

70. The Land Swap Agreement contemplates the transfer of a portion of vacant land adjacent to the Fort William Mill site from ACI to First Nation Development Corp. in exchange

for the transfer of an approximately equal sized parcel of real property from First Nation Development Corp. to ACI.

71. The Land Swap is to ensure that the Purchaser is provided with road access to the site after the Proposed Transaction is completed. Currently, the only public road access to the Fort William Mill is over a parcel of land which is leased from First Nation Development Corp.

72. In addition, the Land Swap will ensure that ACI retains access to its landfill lands that are currently part of the Fort William Mill site and that is excluded from the Proposed Transaction.

MONITOR'S COMMENTS ON THE PROPOSED TRANSACTION

73. The Monitor supports the Vendors' selection of AIM's offer and the APA for the following reasons:

(i) the purchase price is fair and reasonable and was subject to a thorough canvassing of the market;

(ii) the APA includes a sharing formula, based on future gross sale proceeds from the sale of the paper machines located at the Closed Mills, that provides for potential sharing of the proceeds from the sale of any paper machines;

(iii) the Purchaser confirmed that no further due diligence is required;

(iv) the Purchaser has provided sufficient evidence of its ability to assume the environmental liabilities associated with the Closed Mills; and

(v) the Purchaser did not have any financing conditions in its offer and has provided satisfactory evidence to the Vendors and the Monitor of its financial ability to close the APA.

74. The Monitor is of the view that a fair, reasonable and thorough sale process has been conducted by the Vendors.

75. Over sixty potential purchasers were contacted during the course of the Phase I Sales Process, including a mix of demolition companies, equipment brokers, auctioneers, forest products companies around the world, committees representing the interests of former employees at certain of the Closed Mills, and local municipalities with economic development interests.

76. Response to the sales process was limited to six parties that submitted bids during the Phase I Sales Process, three of which were unacceptable to the Vendors.

77. In light of the foregoing, the Monitor is of the view that the Proposed Transaction reflects the current fair market value of these assets and that the Proposed Transaction satisfies the Vendors' objective of identifying a purchaser for the Closed Mills that is capable of both mitigating the potential environmental liabilities and closing in a timely manner, consistent with the Petitioners' on-going reorganization plans.

78. The Vendors were close to completing the APA with the Purchaser when Arctic Beluga submitted its latest revised bid and the Monitor is of the view that it would not have been appropriate for the Vendors to risk having the Purchaser rescind its offer, upon which the APA is based, especially given that Arctic Beluga had not (and, as the date hereof, has still not) provided satisfactory evidence of its financial ability to close the transaction.

79. In summary, the Monitor is of the view that:

(i) the Vendors have used their best efforts to obtain the best purchase price possible;

(ii) the Vendors have acted in a fair and reasonable manner throughout the sale process and with respect to all potential purchasers including Arctic Beluga;

(iii) the Vendors have considered the interests of the stakeholders in the CCAA Proceedings;

(iv) the sales process with respect to the Closed Mills was thorough, extensive, fair and reasonable; and

(v) Arctic Beluga has had ample opportunity to present its highest and best offer for the Closed Mills, including ample opportunity to address the issues of closing risk and the ability to finance the transaction and any future environmental liabilities and they still have not done so.

OVERVIEW OF THE SAGUENAY TRANSACTION

80. ACI owned and operated the Port Alfred pulp and paper mills located in Saguenay, Quebec ("**Port Alfred**"). The Port Alfred mill was closed in 2005 due to market conditions and the demolition of the mill was completed in 2008.

81. The real property which is subject to the Saguenay Transaction has been vacant since 2008. While the Petitioners have not undertaken a formal sales process, they have had discussions with the city of Saguenay and other local groups that the Petitioners believed could have an interest in the property. However, since the closure of Port Alfred, the Petitioners have received only one commercially reasonable offer in respect of the real property.

82. In addition, the Petitioners contacted local real estate agents in the Saguenay area to determine the value based on sales of comparable properties in the area. The Saguenay Transaction, which is for approximately 35% of the real property of the former mill site, represents a selling price of $500,000, which is higher on a per square foot basis than the comparable transactions cited by the real estate agent.

83. The Monitor agrees with the Petitioners' entering into the Saguenay Transaction for the following key reasons:

(i) there has been limited interest in purchasing the property and the offer from Alcan is the only commercially reasonable offer;

(ii) Alcan is purchasing the property on an "as is, where is" basis with no guarantees or indemnities from the Petitioners; and

(iii) the offer from Alcan is higher than the comparable sales transactions provided by the local real estate agent.

84. As such, the Monitor is of the view that the Saguenay Transaction, at a selling price of CDN$500,000 reflects the fair market value under current market conditions for this asset and the Saguenay Transaction is consistent with the Petitioners' objective of finalizing sales in a timely manner consistent with its on-going reorganization plans.

RECOMMENDATION

85. Based on the foregoing, the Monitor recommends that this Honourable Court grant the Petitioners' motion for:

(i) an Order authorizing the execution by the Petitioners of the APA by and between the Petitioners and the Purchaser and the completion of all transactions contemplated therein;

(ii) an Order authorizing the execution by ACCC and ACI of the Land Swap Agreement and the completion of the Land Swap;

(iii) the issuance of a vesting order in connection with the Proposed Transaction and the Land Swap; and

(iv) an Order authorizing ACI to complete the sale of certain property in the city of Saguenay, Quebec to Alcan.

All of which is respectfully submitted.

ERNST & YOUNG INC.
in its capacity as the Court Appointed Monitor
of the Petitioners

Per:

Alex Morrison, CA, CIRP
Senior Vice President

John Barrett, CA, CIRP
Vice President

Todd Caluori, CA, CBV
Vice President

APPENDIX "A"

ABITIBI PETITIONERS

1. Abitibi-Consolidated Company of Canada
2. Abitibi-Consolidated Inc.
3. 3224112 Nova Scotia Limited
4. Marketing Donohue Inc.
5. Abitibi-Consolidated Canadian Office Products Holding 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 Jonquière Pulp Company
17. The International Bridge and Terminal Company
18. Scramble Mining Ltd.
19. 9150-3383 Quebec Inc.
20. Abitibi-Consoldiated (U.K.) Inc.

APPENDIX "B"

BOWATER PETITIONERS

1. Bowater Canada Finance Corporation
2. Bowater Canadian Limited
3. Bowater Canadian Holdings. Inc.
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 Quebec Inc.
14. Alliance Forest Products Inc. (2001)
15. Bowater Belledune Sawmill Inc.
16. Bowater Maritimes Inc.
17. Bowater Mitis Inc.
18. Bowater Guérette Inc.
19. Bowater Couturier Inc.

APPENDIX "C"

18.6 PETITIONERS

1. AbitibiBowater US Holding 1 Corp.
2. AbitibiBowater Inc.
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

APPENDIX "D"

PARTNERSHIPS

1. Bowater Canada Finance Limited Partnership

2. Bowater Pulp and Paper Canada Holdings Limited Partnership

3. Abitibi-Consolidated Finance LP

APPENDIX “E”

1155 Metcalfe Street, Suite 800
Montréal, Québec H3B 5H2 Canada
T 514 555-5555 abitibibowater.com

abitibi bowater

September 30, 2009

XXXXXX
XXXXXX
XXXXXX
XXXXXX

Attention: XXXXX

Re: Solicitation of Offer to Purchase

Dear Sir,

AbitibiBowater has decided to solicit offers to purchase the following pulp and paper mill sites (collectively, "the Properties") en bloc:

- Dalhousie, New Brunswick
- Donnacona, Québec
- Fort William, Ontario
- Mackenzie, British Columbia (Buildings, for demolition only)

Interested parties will be asked to submit offers to purchase by completing the attached offer to purchase template (the "Offer to Purchase"), wherein bid pricing will need to be allocated by mill site for each of the Properties listed above. While AbitibiBowater intends sell the properties en bloc, it also reserves the right to exclude one or more of the mill sites from the transaction subject to its discretion.

This letter is not an offer to contract. Submission of an Offer to Purchase from interested parties neither commits AbitibiBowater to sell the Properties, nor limits AbtibiBowater's right to negotiate in its best interests. We also reserve the right to sell the Properties for reasons other than the highest price.

abitibi bowater

Conditions

1. Confidentiality

   Confidential information received in response to this solicitation of Offers to Purchase will be held in confidence and will not be disclosed to any third party without your written consent.
   Prior to obtaining additional information on the Properties or arranging for site visits, interested parties will be required to execute the Confidentiality Agreement included as Appendix A to this letter.

   Executed Confidentiality Agreements as well as all questions and communications related to this process must be directed to the attention of:

   AbitibiBowater Inc.
   c/o
   Ernst & Young Inc., Monitor of AbitibiBowater Inc., et al
   800 René-Lévesque Blvd. West
   Suite 1900
   Montréal, Québec
   H3B 1X9
   Atten.: Todd M. Caluori, CA, CBV
   Vice-President, Transaction Advisory Services
   Telephone: 514-879-2793
   Mobile: 514-515-7046
   E-mail: todd.m.caluori@ca.ey.com

2. Incurred Costs

   AbitibiBowater is not responsible for costs incurred in connection with the preparation of the Offers of Purchase by any or all interested parties.

3. Period of Commitment

   The purchase price and conditions set forth in the Offer to Purchase shall be binding for 90 days from the offer submission deadline.

4. Best Offer

   AbitibiBowater expects that Offers to Purchase received in connection with this solicitation will represent best offers. We reserve the right to negotiate final contractual terms and conditions with the chosen purchaser.

5. Offer Submission Deadline

Your offer must be sent via e-mail to the attention of the Monitor by 5:00PM EST on November 2, 2009. AbitibiBowater will then acknowledge receipt and make its selection in the following two weeks.

6. Evaluation Criteria

Factors used to evaluate offers will include, but may not necessarily be limited to, the following consideration:

- Purchase price
- Interest in the Properties, en bloc
- Length of due diligence period
- Financial ability
- Prior experience in completing transactions involving assets of a similar nature

We look forward to receive your Offer to Purchase.

Yours truly,

Luc Lachapelle, Business Support

Encls: Appendix A - Confidentiality Agreement
Appendix B - Form of Offer,
Appendix C - Information Package on the Properties

cc: Todd Caluori, Ernst & Young Inc., Monitor of AbitibBowater Inc.

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (**"Agreement"**) is entered into as of October____, 2009 between AbitibiBowater Inc. (**"Abitibi"**) and ____________________________ (the **"Entity"**).

WHEREAS the parties wish to evaluate potential business opportunities relating to Abitibi's Dalhousie, Donnacona, Fort William and Mackenzie paper mills (the **"Business Opportunity"**). In that context, the parties will disclose to each other certain confidential information subject to the terms of this Agreement.

NOW, THEREFORE, Abitibi and the Entity agree as follows:

1. <u>**Definitions.**</u> In this Agreement,

"Affiliate" of a party means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such party.

"Discloser" means the party that provides Information.

"Information" means all non-public, confidential or proprietary materials and information relating to the respective businesses and operations of Discloser and its Affiliates, whether owned by them or third parties, that is disclosed by Discloser or its Representatives or is acquired in the course of discussions or investigations, in whatever form provided, and includes, without limitation: (a) financial information; (b) business plans, products and services, marketing and sales information, customer lists, volumes and pricing information; (c) purchasing information; (d) employee lists, policies and files; (d) trade secrets, operating and training procedures, production processes, research and development data, samples, test results, formulas, designs, specifications, know-how, inventions and ideas, improvements, discoveries, software (including passwords and source and object code), database technologies, and any other intellectual property and other technical information; (e) all agreements and transaction information; (f) all notes, summaries, studies, analyses and other material that are prepared by Recipient or its Representatives and contain or are generated from Information; and (g) the fact that Information was made available by Discloser and that the parties are evaluating and having discussions concerning the Business Opportunity, including the status and proposed terms thereof.

"Information" does <u>not</u> include information that: (i) is or becomes generally known by or available to the public other than as a result of a disclosure by Recipient or its Representatives in breach of this Agreement; (ii) Recipient can show, by competent evidence, was known to it or any of its Representatives on a non-confidential basis prior to disclosure thereof to Recipient or its Representatives; (iii) becomes available to Recipient or any of its Representatives on a non-confidential basis from a source other than Discloser or its Representatives, provided that such source is not known to Recipient or such Representative to be subject to any prohibition against transmitting such information to it; or (iv) is independently developed by Recipient or any of its Representatives without reliance on the Information.

"Recipient" means the party that receives Information.

"Representatives" of a party includes all Affiliates of such party as well as the employees, officers, directors, managers, agents, and accounting, financial, professional, legal and other advisors and representatives of such party, and those of its Affiliates.

2. <u>**Use and Disclosure Restrictions.**</u> Recipient acknowledges that all Information is valuable and confidential to Discloser and its Affiliates, remains their respective property and will be kept by Recipient and its Representatives in strict confidence. Recipient will only use or copy the Information for the purpose of evaluating and, if agreed, implementing the Business Opportunity. Recipient will not, directly or indirectly, disclose Information to any person, except (a) on a confidential basis to its Representatives who need to know such Information for the above purpose, (b) as specifically consented to in writing by Discloser or (c) in accordance with Section 4. Recipient will exercise reasonable care to preserve the confidentiality of the Information and will employ at least the same safeguards as it uses to protect its own confidential information of a similar nature. Recipient will be responsible for all uses, copying and disclosures of Information by its Representatives, for their compliance with this Agreement and for any breach of this Agreement by any of them.

3. **Inquiries.** Recipient will discuss and permit its Representatives to discuss the Information only with the following Representatives of Discloser and the others whom Discloser may from time to time designate to Recipient:

Abitibi's designated Representatives:	Entity's designated Representatives:
Todd Caluori, Ernst &Young Inc. , Monitor of Abitibi	

4. **Legally Required Disclosure.** If Recipient or any of its Representatives becomes legally compelled (whether by law, rule, regulation, subpoena or similar court or other lawful process) to disclose Information, Recipient will promptly notify Discloser so that Discloser may (but it need not) seek a protective order or other appropriate remedy, with Recipient's cooperation, or waive compliance with the provisions of this Agreement. In any event, Recipient and its Representatives will furnish only that portion of the Information which, based on advice of legal counsel, it believes is legally required and will exercise reasonable efforts to obtain reliable assurances that confidential treatment will be accorded to such Information.

5. **Return and Destruction of Materials.** If a party determines that it does not wish to proceed with the Business Opportunity, it will promptly notify the other party. Promptly after the Discloser's request, Recipient will return all Information consisting of original documents received from Discloser or its Representatives and it will destroy all other Information that is in tangible form and is in its or its Representatives' possession, without retaining copies. Recipient, however, will have no obligation to retrieve and destroy Information stored and retained on its or its Representatives' back-up data storage systems and tapes as part of their respective ordinary course procedures or as required by law. In addition, Recipient may retain one copy of Information with its legal counsel for archival or compliance purposes. Promptly after the Discloser's request, Recipient will certify such return or destruction in writing.

6. **Term.** Recipient and its Representatives will continue to be bound by their obligations of confidentiality and other obligations hereunder for a period of three (3) years from the date of this Agreement.

7. **No Representations.** Discloser retains the right, in its sole discretion, to determine the scope of Information that it will make available to Recipient. Discloser will use reasonable efforts to ensure the accuracy and reliability of the Information it provides but Discloser provides all Information to Recipient *"as is"* and does not guarantee its accuracy or reliability. Neither Discloser nor any of its Representatives makes any representation or warranty as to the accuracy or completeness of Information or will have any liability to Recipient or any of its Representatives as a result of errors in or omissions from any Information or the use of or reliance upon any Information by any of them, except for those specific representations and warranties, if any, that may be provided in a separate definitive agreement relating to implementation of the Business Opportunity if and when executed between the parties and subject to the terms and conditions therein.

8. **No Right Granted.** Nothing in this Agreement is intended to grant to Recipient or any of its Representatives any intellectual property right or license or any other rights or interest for, in or to the Information.

9. **Injunctive Relief.** Each party acknowledges that a breach by it or any of its Representatives of any obligations contained in this Agreement will be deemed to cause the other party irreparable harm for which damages may not be an adequate remedy. Accordingly, in the event of any such actual or apprehended breach by a party or any of its Representatives, the other party will be entitled to the remedy of specific performance and to preliminary, provisional, interim, temporary, interlocutory and permanent injunctive relief, in addition to any other remedy to which it may be entitled at law or in equity. The other party need not demonstrate irreparable harm, deposit any security or post any bond as a condition to any remedy. The prevailing party in that litigation will be entitled to

payment of its legal fees and disbursements, court costs and other expenses of enforcing, defending or otherwise protecting its interest hereunder.

10. **Notices.** Notices and other communications under this Agreement must be given in writing and delivered by hand, by prepaid registered mail, by fax transmission or by recognized messenger service, at the following addresses (or to the other address as the addressee has previously specified by notice):

If to Abitibi:	If to the Entity:
AbitibiBowater Inc. 1155 Metcalfe Street, Suite 800 Montreal, Quebec Canada H3B 5H2 Attention: Legal Department Fax: 514.394.3644	 Attention: Fax:

11. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements with respect thereto. This Agreement may be executed in several counterparts (including by facsimile signatures), each of which when so executed will be deemed an original and all of which together will constitute one and the same agreement.

12. **Waiver and Amendment.** The provision of any Information will not diminish in any manner or constitute a waiver of any privilege or protection applicable to that Information. No failure or delay by a party in exercising any right or privilege under this Agreement will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or future exercise of any right or privilege hereunder. This Agreement may not be amended or waived in any manner whatsoever, except by a writing signed by the parties.

13. **Binding Effect and Assignment.** This Agreement will be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. Neither party may assign or transfer any of its rights, interests or obligations under this Agreement, except (a) with the prior written consent of the other party or (b) to one or more of such party's Affiliates or to a third party upon the sale or other transfer of such party's business (or any part thereof) to which this Agreement relates, on the condition that such Affiliate or transferee, as the case may be, agrees to be bound by the terms of this Agreement as if it were a party hereto. Nothing in this Agreement is intended to create any obligation to pursue discussions or to proceed with any business opportunity or to create any agency, partnership or joint venture between the parties.

14. **Interpretation.** The provisions of this Agreement are severable and, if any provision of this Agreement is held invalid or unenforceable in any jurisdiction, that invalidity or unenforceability will not affect or render invalid or unenforceable that provision in any other jurisdiction or any other provision in any jurisdiction. This Agreement will be governed by and construed in accordance with the laws in effect in the Province of Quebec (without giving effect to its conflict of laws rules). The parties have expressly required that this Agreement and all documents and notices related thereto be drafted in English only. *Les parties aux présentes ont expressément exigé que la présente convention et tous les documents et avis y afférents soient rédigés en anglais seulement.*

EXECUTED by the parties as of the date first written above:

AbitibiBowater Inc.

By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Title: ____________________	Title: ____________________

AbitibiBowater et al.

FORM OF OFFER

To:

Abitibi Bowater ("Abibiti")
c/o Ernst & Young Inc. , Monitor of AbitibiBowater, Inc. et al
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Québec H3B 1X9

Attention: Todd Caluori, Vice President, Transaction Advisory Services
Tel: no.: 514.879.2793
Mobile: 514.515.7046
Email address: todd.caluori@ca.ey.com

1. ______________________________
(Name of Offeror)

2. ______________________________
(Address of Offeror)

3. ______________________________
(Telephone Number)

4. ______________________________
(Email address)

5. I/We hereby submit this offer for the purchase of the Property indicated below:

Parcel 1
Land and buildings at Dalhousie

$____ (Can.)

Parcel 2
Land and buildings at Donnacona

$____ (Can.)

Parcel 3
Land and buildings at Fort William-

$____ (Can.)

Parcel 4
Equipment and buildings for demolition at Mackenzie-

$____ (Can.)

6. This Offer is an "en bloc" offer to purchase the following listed parcels (i.e. Vendor can accept all, but not less than all, of the Offer for the following parcels):

______________________________ ______________________________
______________________________ ______________________________
______________________________ ______________________________

We/I agree, that in the event this Offer is accepted, to be bound by the conditions of sale attached hereto as Appendix A (the "**Conditions of Sale**") dated September 30th, 2009 in connection with the above which shall form part of this tender.

7. This Offer shall be irrevocable for a period of ninety (90) days.

8. Enclosed is our/my certified cheque payable to AbitibiBowater as a deposit in the amount of $, representing 10% of the total amount of our/my Offer submitted herein.

DATED at ____________ this ______ day of October, 2009.

______________________________________	______________________________________ c/s
Witness	(Signature) (If Offeror is a Corporation, corporate seal must be affixed).

Appendix A: CONDITIONS OF SALE

1. The vendor is Abitibi-Consolidated Company of Canada or one of its affiliates (hereinafter called the "Vendor") of the Parcels described above.
2. The assets being sold (hereinafter referred to as the "Property") pursuant to these Conditions of Sale shall include the Vendor's right, title and interest, if any, in the Property listed in the Parcels above. It is understood and agreed that in the case of Parcel 4 – Mackenzie, the assets offered for sale are the equipment (subject to the conditions set forth hereinafter) and buildings only.
3. A listing of the various items comprising the Property is contained in the information package attached hereto as Schedule 1 (the"**Information Package**"). All information contained in the Information Package, including without limitation, the lists and descriptions of the Property have been prepared solely for the convenience of the party submitting an offer to purchase some or all of the Property and are not warranted to be complete or accurate and do not form part of these Conditions of Sale.
4. Sealed tenders marked "Offer – AbitibiBowater" shall be delivered or mailed postage prepaid to AbitibiBowater, c/o Ernst & Young Inc., 800 René-Lévesque Blvd.W., Suite 1900,Montreal, Québec H3B 1X9 to the attention of Mr. Todd Caluori, Vice President, Transaction Advisory Services and must be received on or before November 2, 2009 at 5:00 pm Eastern Standard Time.
5. Every offer submitted should be in the form of offer attached hereto. Offers received by the Vendor which are not in such form may be rejected.
6. Each Offeror shall, with its offer, deliver to the Vendor a certified cheque payable to Abitibi. for ten percent (10%) of the aggregate offered price (the "Purchase Price"). If the offer is accepted, said cheque shall be deemed to be a

cash deposit and the successful Offeror (hereinafter called the "Purchaser") shall pay the balance of the Purchase Price to the Vendor, in cash or by certified cheque on such other date as may be mutually agreed upon by the Vendor and the Purchaser, without interest.

7. Cheques accompanying offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its offer or made available for pick up not later than fourteen (14) days following the opening of offers unless otherwise arranged with the Offeror.

8. The closing of the Agreement of Purchase and Sale shall take place at the office of the Vendor, 1155 Metcalfe Street, suite 800, Montréal, Québec H3B 5H2 or at the option of the Vendor, at the offices of the Vendor's solicitors at a time and date to be mutually agreed upon by the Vendor and the Purchaser.

9. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to such Deeds, Bills of Sale or Assignments as may be considered necessary by the Vendor to convey the Property to the Purchaser provided that the Purchaser shall remain liable under the Agreement of Purchase and Sale. Any such Deeds, Bills of Sale or Assignments shall contain only a release of the Vendor's interest in the Property and shall not contain any covenant from the Vendor other than a covenant that the Vendor has done no act to encumber the Property.

10. The Purchaser shall pay on closing in addition to the Purchase Price:

    (a) all applicable federal and provincial taxes; and

    (b) any applicable Land Transfer Tax;

11. The Purchaser shall assume at Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as the same apply to the Property and the use thereof by the Purchaser.

12. The Vendor shall not be required to produce any abstract of title, title deed or documents or copies thereof or any evidence as to title, other than those in its possession.

13. The Purchaser agrees to accept title thereto subject to work orders, municipal requirements, including building or zoning by-laws and regulations, easements for hydro, gas, telephone affecting the property, like services to the property, and restrictions and/or covenants which run with the land.

14. The Purchaser shall examine title to the Property at its own expense and any objection thereto shall be made in writing to the solicitors for the Vendor, the identity of which shall be divulged to the Purchaser upon notification of acceptance by the Vendor, within seven (7) days after notification of acceptance has been forwarded by registered mail. Should no objection to title in writing be made within that time to the said solicitor, title to the Property shall be conclusively deemed to have been accepted. Should any valid objection in writing to title within that time be made, the Vendor shall have a reasonable time to rectify and answer the same and if the Vendor is unable to or unwilling to rectify or answer any sufficient objection which the Purchaser will not waive, the Vendor shall be at liberty to terminate the Agreement of Purchase and Sale (notwithstanding any intermediate negotiations with respect to such objection or any attempt to rectify or answer the same), by notice in writing served upon or mailed by registered mail, postage prepaid, addressed to the Purchaser, at its address as designated in its tender, or the address of the

Purchaser's solicitor at his usual place of business, in which case the Purchaser shall be entitled only to a return of the deposit money without interest, and shall not be entitled to any compensation of any kind or nature whatsoever for any loss, damage, costs or otherwise.

15. Prior to closing the Property shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After closing, the Property shall be at the risk of the Purchaser. In the event of substantial damage to the Property occurring on or before closing the Purchaser may either have the proceeds of the insurance and complete the Agreement of Purchase and Sale or may cancel the Agreement of Purchase and Sale and have all monies theretofore paid, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.

16. All adjustments of such taxes and other items as are specified herein will be made as of the date on which the transaction contemplated by the Agreement of Purchase and Sale is completed. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance.

17. If the Purchaser fails to comply with the Agreement of Purchase and Sale, the Purchaser's deposit shall be forfeited to the Vendor and the property may be resold by the Vendor and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement

of Purchase and Sale exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.

18. By submitting an offer, a Purchaser acknowledges that it has inspected the Property and that the Property is sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever, including but not limited to the environmental condition of the property. Each Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Property or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances.

19. The Agreement of Purchase and Sale will provide that the Purchaser covenants not to compete with AbitibiBowater by making any grade of paper currently manufactured by AbitibiBowater out of the Property or any part thereof. Such covenant shall also be binding upon any subsequent purchaser of the Property or any part thereof. Provided that Vendor is not satisfied will the Purchaser's ability to comply with such covenant, then Vendor shall be entitled to disable the paper machines located on the Property prior to Closing.

20. The highest or any offer will not necessarily be accepted.

21. Any agreement of purchase and sale entered into by Vendor may be subject to the condition that the sale be approved by the Quebec Superior Court.

22. No Offeror shall be at liberty to withdraw, vary or countermand an offer once made.

23. The Vendor, at its discretion, may waive or vary any or all of the terms and conditions hereof made for its benefit.

24. The terms and conditions contained herein shall not merge on the closing of the transaction contemplated by any Agreement of Purchase and Sale but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

25. The validity and interpretation of an Agreement of Purchase and Sale shall be governed by the laws of Quebec, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.

26. All stipulations as to time are strictly of the essence.

27. Any offer of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be paid by cheque certified by a Canadian chartered bank or trust company.

28. The obligations of the Vendor to complete an Agreement of Purchase and Sale shall be relieved if, on or before the closing of such sale, any parcel which is the subject of the sale has been removed from the control of the Vendor by any means or process, or any such parcel is redeemed, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, costs or compensation.

DATED at Montreal, Quebec, this 30th day of September, 2009.

Appendix C

[Information Package]

Parcel 1 : Beaupré Mill
1 du Moulin street
Beaupré, QC
Canada, G0A 1E0

Location:

Beaupré is located in central Quebec (Canada), 39 km (24 miles) east of Quebec City, QC.

Site description:

The site consists of a pulp & paper mill located to the north of the St Lawrence River, to the south of the railroad line, to the east of the Ste Anne River and to the west of farmland in Beaupré, QC.

- Property Area: Approx. 54.7 hectares.

Process description:

- Complex built in 1927 and closed in 2009
- Pulp mill: Thermomechanical pulping system (170 000 t/year) built in 1983
  Bleach plant : Peroxide
- Paper mill: One Foudrinier paper machine(Top wire) rebuilt in 2000
  Trim width: 5.7 m.
  Speed: 762 m/min

On-Line coater
One Foudrinier paper machine(Top wire) rebuilt in 2000
Trim width: 5.7 m.
Speed: 747 m/min
Product: Graphic paper

- Steam Plant: Two oil fired pocket boiler
  One electrical boiler
- Wrapping Line: 250 000 t/year capacity

Environmental information

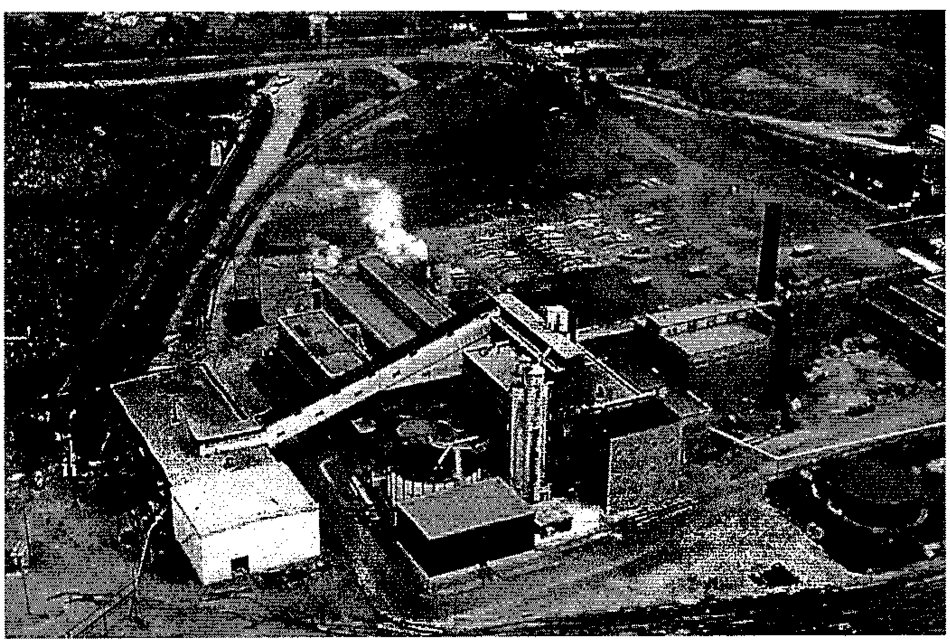
- Not available

Legal description (PID No's):

- Lot 388-1, 389-1 and 390 of the official cadastre of the Parish of St Joachim, Registration Division of Montmorency

Excluded from sale

- Store inventory



Parcel 1: Dalhousie Mill

451 William St
Dalhousie, NB
Canada, E8C 2X9

Location:

Dalhousie is located in northern New Brunswick (Canada), 87 km (54 miles) west of Bathurst, NB

Site description:

The property consists of a pulp & paper mill and a landfill. The pulp & paper mill site consists of the parcel of land located to the north of William Street and to the South of the Restigouche River lying between the Port of Dalhousie Inc. properties (East & West Warf) in Dalhousie, NB.

The landfill is located on a separate site 10 km west from the mill.

- Property Area: Approx. 43.8 hectares.

Process description:

- Complex built in 1926 and closed in 2008
- Pulp mill: Thermomechanical pulping system (235 000 t/year) installed in 1996
- Paper mill: Two BelBaie II paper machines (Twin wire) rebuilt in1982
  Product: Newsprint.
  Trim width: 5.3m.

Speed: 980 m/mi

- Steam Plant: One heavy oil fired boiler
  One Hog fired boiler
- Wrapping Line: 300 000 t/year capacity

Environmental information

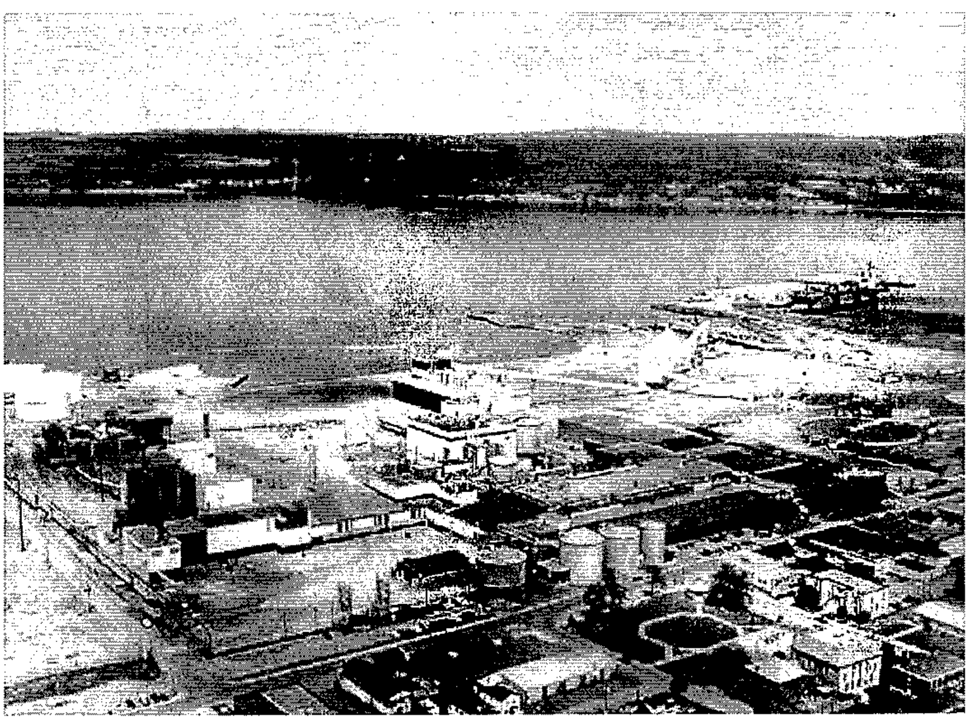
- Phase 1 & 2 environmental assessment completed by Jacques Whitford in 2008
- NB Environmental Impact Assessment (EIA) required to demolish site near completion

Legal description (PID Nos):

50173616	50172030	50173715	50172667	50172634	50173574
50173582	50173590	50172626	50173640	50173624	50173632
50173657	50173681	50173673	50173665	50173749	50173756
50173764	50105394	50104553	50173731	50251354	50172774
50173566	50173707	50173699			

Excluded from sale

- Store inventory



Parcel 2 : Donnacona Mill

1 Notre Dame Street
Donnacona, QC
Canada, G0A 1T0

Location:

Donnacona is located in central Quebec (Canada), 45 km (28 miles) west of Quebec City, QC

Site description:

The pulp & paper mill site consists of two parcels of land located on both sides of a railroad line. These parcels are located north of the St Lawrence River, south of Notre Dame Street, east of the Jacques Cartier River and west of St Laurent Blvd in Donnacona, QC.

- Property Area: Approx. 38.7 hectares (Approx. 20% is leased from the Province of Quebec on the St Lawrence River side)

Process description

- Cpmplex built in 1914 and closed in 2008
- Pulp mill: Thermomechanical pulping system (155 000 t/year) installed in 1982
  High Consistency Peroxide bleaching (110 000t/year) installed in 2001

- Paper mill: One Voith paper machine (Twin wire, Janus vertical on-line supercalender) installed in 2000
  Product: SC A
  Trim width: 6.0 m
  Speed: 1145 m/mi

- Steam Plant: 4 Heavy oil/Gas fired boilers
- Wrapping Line: Fully automatic, 300 000 t/year capacity, installed in 2000

Environmental information

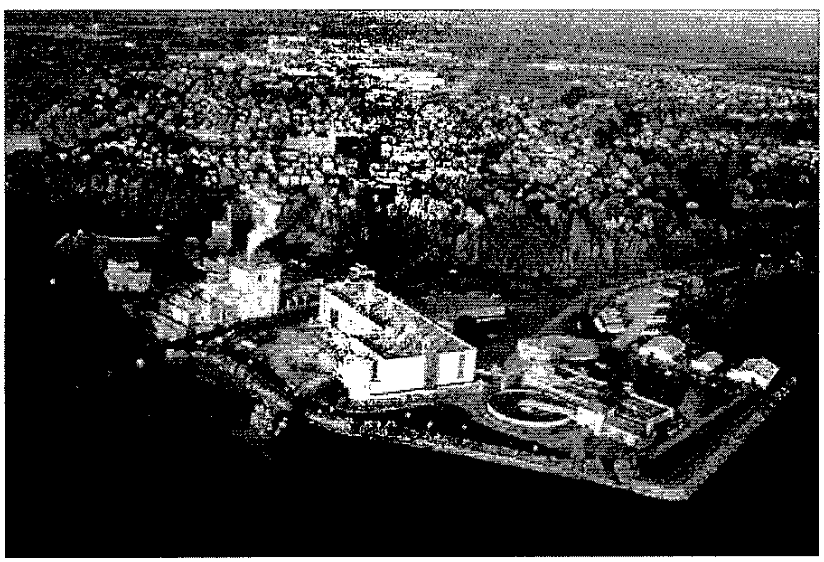
- Phase 1 environmental assessment completed in 2009 by Biogenie

Legal description (PID No's):

3 507 098 3 507 099 3 507 101 3 507 106
Cadastre of Quebec, Registration Division of Portneuf

Excluded from sale

- Store inventory



Parcel 3: <u>Fort William Mill</u>

1735 City Road
Thunder Bay, ON
Canada, P7B 6T7

Location:

Thunder Bay is located in north western Ontario on the shore of Lake Superior.

Site description:

The property consists of a pulp & paper mill located north of the AbitibiBowater landfill, south of the Mission River, west of Lake Superior and east of the Fort William First Nation Development Corp. property in Thunder Bay, ON.

- Property Area: Approx. 66 hectares (Approx. 30 ha of solid land and 36 ha of water)

Process description:

- Complex built in 1922 and closed in 2007
- Pulp mill: Semi-chemical mechanical pulping system (45 000 t/year)
  Stone groundwood pulp (88 000 t/year)

- Paper mill: One Bel-Form paper machine (Top wire) rebuilt in1982
  Product: Uncoated mechanical.
  Trim width: 6.7 m.
  Speed: 1000 m/min
- Steam Plant: One gas fired pocket boiler
  One Hog fired boiler
  One Oil/Gas fired boiler
- Wrapping Line: 150 000 t/year capacity

Environmental information

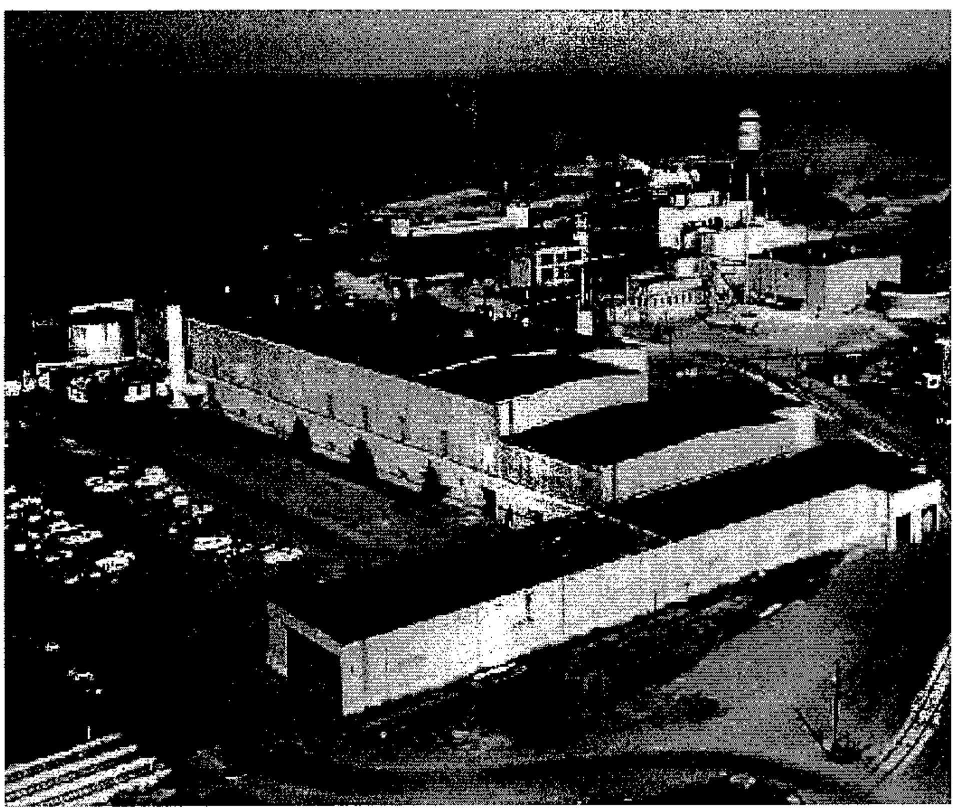
- Phase 1 & 2 environmental assessment completed by XCG in 2005

Legal description (PIN No's):

- Under review

Excluded from sale

- Store inventory



Parcel 4: <u>Mackenzie Mill</u>
Mackenzie, BC
Canada, V0J 2C0

Location:

Mackenzie is located in central British Columbia (Canada), 185 km (115 miles) north of Prince George

Site description

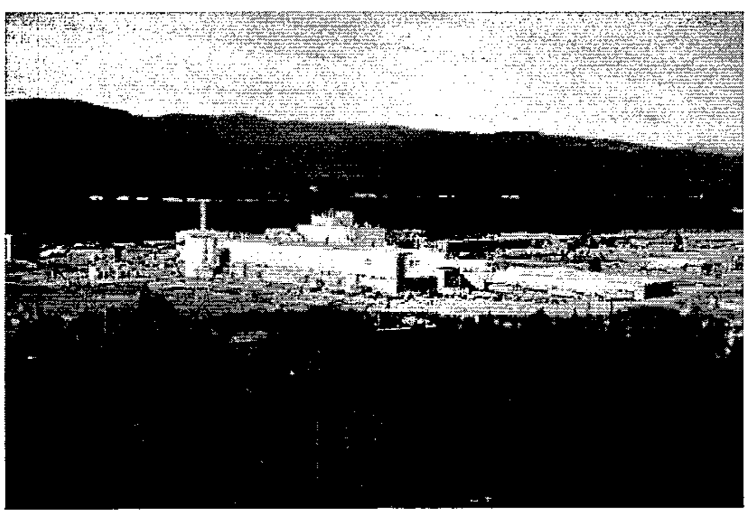
- Site built in 1989 and closed in 2008
- Pulp mill: Thermomechanical pulping system (235 000 t/year)
- Paper mill: One Voith paper machine (DuoFormer CF, Twin wire).
  Product: Newsprint.
  Trim width: 7.7m.
  Speed: 1140 m/mi
- Steam Plant: One gas fired boiler
  One Hog fired boiler (Rebuilt in 2003)
- Wrapping Line: 190 000 t/year capacity

Environmental information

- None provided. This site is offered for building demolition only

Excluded from sale

- Store inventory
- 13 MW steam turbine



APPENDIX "F"

1155 Metcalfe Street, Suite 800
Montréal, Québec H3B 5H2 Canada
T 514 555-5555 abitibibowater.com

abitibi bowater

By e-mail and messenger

February 23, 2010

Recyclage Arctic Beluga
888 7ième Avenue South
Grand-Mère, Quebec
G9T 5W1

Attention: Mr. Alain Gélinas, President

Re: New Solicitation of Offers to Purchase

Dear Sir,

AbitibiBowater Inc. and certain of its subsidiaries (collectively, "AbitibiBowater") have decided to solicit offers to purchase the following pulp and paper mill sites (collectively, "the Properties") en bloc:

- Beaupré, Québec
- Dalhousie, New Brunswick
- Donnacona, Québec
- Fort William, Ontario

While AbitibiBowater intends sell the properties en bloc, it also reserves the right to exclude one or more of the mill sites from the transaction subject to its discretion. This letter is not an offer to contract. Submission of an Offer to Purchase from interested parties neither commits AbitibiBowater to sell the Properties, nor limits AbitibiBowater's right to negotiate in its best interests. We also reserve the right to sell the Properties for reasons other than the highest price.

Content of Offer to Purchase

Each interested party is asked to submit an offer to purchase (the "Offer to Purchase") that should include all of the following:

1. Your proposed all-cash purchase price (in Canadian or U.S. dollars) for both:

   - the four Properties en bloc, and

   - the Beaupré, Dalhousie and Donnacona properties en bloc;

2. An allocation of the purchase prices by mill site for each of the Properties.

3. Any other financial terms, including any proposal for sharing the proceeds of post-closing paper machine sales with AbitibiBowater and any other potential price adjustments.

4. Details of your remaining due diligence requirements, if any, including any site visits by you and/or your consultants and any specific questions regarding the Properties, and your proposed timing for completing due diligence

5. Confirmation that you have obtained all internal consents and approvals necessary to complete the proposed transaction, and your proposed timing for signing a definitive Purchase and Sale Agreement and closing the transaction.

Offers to Purchase and pricing should take into account that the purchase is on an "as-is where-is" basis and is subject to all other terms and conditions set out in the attached form of Purchase and Sale Agreement.

You have previously received an Information Package on the Properties. A CD-Rom of due diligence materials is being provided to you with this letter. Information contained in the Information Package, due diligence materials, Purchase and Sale Agreement, Schedules to the Purchase and Sale Agreement and any other information provided to you by AbitibiBowater or its representatives is provided solely for informational purposes and AbitibiBowater makes no representation or warranty that any such information is complete or accurate. Neither this letter nor the Purchase and Sale Agreement constitutes an offer to sell on the part of AbitibiBowater and AbitibiBowater reserves the right to change the terms of the proposed Purchase and Sale Agreement at any time prior to the execution of a definitive Purchase and Sale Agreement.

Communications

All questions and communications related to this process must be directed to the attention of:

AbitibiBowater Inc.
c/o Ernst & Young Inc., Monitor of AbitibiBowater Inc., et al
800 René-Lévesque Blvd. West, Suite 1900
Montréal, Québec H3B 1X9

Attn.: Todd M. Caluori, CA, CBV
Vice-President, Transaction Advisory Services
Telephone: 514-879-2793
Mobile: 514-515-7046
E-mail: todd.m.caluori@ca.ey.com

abitibi bowater

Offer Process and Timing

1. Phase I: Offer Submission Deadline

   Your Offer to Purchase must be sent via e-mail to the attention of the Monitor at the above address by 5:00PM EST on March 1, 2010.

   AbitibiBowater may then select one or more bidders to participate in Phase II of the process. AbitibiBowater expects to advise bidders whether they have been selected for Phase II within a few days after receipt of the Offers to Purchase.

2. Phase II: Purchase and Sale Agreement and Financing Confirmation Deadline

   Bidders selected for Phase II are asked to submit the following via e-mail to the attention of the Monitor by 5:00PM EST within 7 days of their selection for Phase II: (a) your complete comments on the attached form of Purchase and Sale Agreement; and (b) evidence that you have secured adequate and irrevocable financing to complete the transaction.

3. Deposit

   If following Phase II you are selected by AbitibiBowater to purchase the Properties and proceed to negotiate a definitive Purchase and Sale Agreement, a deposit in the form of a certified cheque payable to AbitibiBowater in an amount equal to ten percent (10%) of your aggregate offered purchase price must be delivered to the Monitor within 7 days of confirmation of your selection. This deposit will be dealt with as set out in the attached Purchase and Sale Agreement.

4. Due Diligence, Signing and Closing

   We expect that offerors will be able to complete any remaining due diligence quickly and concurrently with the negotiation of the definitive Purchase and Sale Agreement, which AbitibiBowater anticipates being in a position to execute with the selected purchaser within a very short time after the purchaser is selected. A bidder's ability to complete due diligence, sign and close the transaction quickly will be taken into account in assessing the offers. Once the Purchase and Sale Agreement is signed, the transaction will not be subject to further due diligence and the deposit will be non-refundable except in the circumstances set out in the attached form of Purchase and Sale Agreement.

abitibi bowater

Other Conditions

1. Confidentiality

   Confidential information received in response to this solicitation of Offers to Purchase will be held in confidence and will not be disclosed to any third party without your written consent.

   We remind you that you remain bound by the Confidentiality Agreement executed by you on October 5, 2009 in connection with AbitibiBowater's earlier solicitation of offers.

2. Incurred Costs

   AbitibiBowater is not responsible for costs incurred in connection with the preparation of the Offers of Purchase or the Purchase and Sale Agreement by any or all interested parties.

3. Period of Commitment

   The purchase price and conditions set forth in the Offer to Purchase shall be binding for 90 days from the offer submission deadline.

4. Best Offer

   AbitibiBowater expects that Offers to Purchase received in connection with this solicitation will represent best offers. We reserve the right to negotiate final contractual terms and conditions with the chosen purchaser.

5. Evaluation Criteria

   Factors used to evaluate offers will include, but may not necessarily be limited to, the following considerations:

   - Purchase price
   - Interest in the Properties, en bloc
   - Comments on the Purchase and Sale Agreement
   - Financial ability
   - Prior experience in completing transactions involving assets of a similar nature
   - Ability to close the transaction quickly

abitibi bowater

We look forward to receiving your Offer to Purchase.

Yours truly,

Luc Lachapelle, Business Support

Encl: Form of Purchase and Sale Agreement
Due diligence materials CD (by messenger)

cc: Todd Caluori, Ernst & Young Inc., Monitor of AbitibiBowater Inc.

For Discussion Purposes Only
Form of Purchase and Sale Agreement April 22, 2010

PURCHASE AND SALE AGREEMENT

- by and among -

ABITIBI-CONSOLIDATED COMPANY OF CANADA

- and -

BOWATER MARITIMES INC.

- and –

BOWATER CANADIAN FOREST PRODUCTS INC.

as Vendors

- and -

■

as Purchaser

TABLE OF CONTENTS

For Discussion Purposes Only
Form of Purchase and Sale Agreement April 22, 2010

PURCHASE AND SALE AGREEMENT

AGREEMENT made in the City of Montreal, Province of Québec as of ■,

BY AND BETWEEN: **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, a company amalgamated under the laws of the Province of Quebec with its registered office at 1155 Metcalfe Street, Suite 800, Montréal, Québec, H3B 5H2, herein acting and represented by ■, its ■, and ■, its■,

("**ACCC**");

AND: **BOWATER MARITIMES INC.**, a corporation incorporated under the laws of New Brunswick with its registered office at ■, herein acting and represented by ■, its ■, and ■, its ■,

("**Bowater Maritimes**");

AND: **BOWATER CANADIAN FOREST PRODUCTS INC.**, a corporation incorporated under the laws of Nova Scotia with its registered office at ■, herein acting and represented by ■, its ■, and ■, its ■,

("**Bowater Forest**" and, collectively with ACCC and Bowater Maritimes, the "**Vendors**"; for the purposes of this Agreement, the term Vendors shall refer to all the Vendors or any one of them, as the context may require);

AND: ■, a ■ **[formed/organized/incorporated]** under the laws of ■ with its registered office at ■, herein acting and represented by ■, its ■ **[and ■, its ■]**,

("**Purchaser**").

WHEREAS Vendors are currently operating within a proceeding commenced under the *Companies' Creditors Arrangement Act* (Canada) initiated pursuant to an initial order dated April 17, 2009 (the "**Initial Order**");

WHEREAS on April 16, 2009, Bowater Maritimes and Bowater Forest (collectively, the "**U.S. Debtors**") and certain of their affiliates commenced chapter 11 cases as debtors-in-possession under title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**"). The U.S. Debtors' chapter 11 cases are jointly administered under case no. 09-11296 (KJC);

WHEREAS Vendors wish to sell all of their right, title and interest in, to and under the Purchased Assets and Purchaser wishes to purchase same on an "as is, where is" basis on the terms and conditions set out herein;

WHEREAS Abitibi-Consolidated Inc. is the registered owner on title of the Real Property on which the Beaupré Mill **[and the Fort William Mill]** (as such term**[s] [is/are]** hereinafter defined) **[is/are]** located and has intervened to this Agreement to agree to the transfer of such Real Property;

WHEREAS this Agreement is subject to the approval of the Québec Superior Court and the U.S. Bankruptcy Court.

THEREFORE, in consideration of the covenants, representations, warranties and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

(a) "**Ancillary Agreements**" shall mean all deeds of conveyance, bills of sale, assurances, transfers, assignments, assumptions and documents required hereunder and any other documents necessary to sell, assign and transfer all of the Purchased Assets to Purchaser including, without limiting the generality of the foregoing, the following documentation: assignments and transfers of the Licenses (to the extent permissible by Law) and the Contracts (to the extent necessary third-party consents have been obtained) and deeds of transfer for the Real Property.

(b) "**Affiliate**" shall have the meaning ascribed thereto in the *Canada Business Corporations Act*.

(c) "**Agreement**" shall mean this Purchase and Sale Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Agreement and not to any particular Article, Section or other subdivision; "**Article**", "**Section**" or other subdivision of this Agreement means and refers to the specified Article, Section or other subdivision of this Agreement.

(d) "**Beaupré Mill**" shall mean the Beaupré pulp and paper mill including all buildings, structures, fixtures and improvements located on the Real Property at Beaupré, Québec.

(e) "**Books and Records**" shall mean copies of all books, records, files and documentation (in whatever medium) of Vendors which pertain exclusively to the Purchased Assets and which are located at each of the Mills other than Tax returns or books, records, files and documentation of Vendors which pertain exclusively to the Excluded Assets.

(f) "**Canadian Court Order**" shall mean the order of the Quebec Superior Court authorizing Vendors to enter into and consummate the transactions contemplated herein, such order to contain *inter alia* the provisions described in <u>Schedule 1.1(f)</u>.

(g) "**Claims**" shall mean all losses, damages, expenses, liabilities (whether accrued, actual, contingent, latent or otherwise), interest, penalties, costs, claims, complaints and demands of whatever nature or kind including all legal fees and costs on a solicitor-client basis.

(h) "**Closing**" shall mean the completion of the purchase and sale of the Purchased Assets as contemplated hereunder and the payment to Vendors of the Purchase Price required to be paid at Closing pursuant to Section 3.1.

(i) "**Confidentiality Agreement**" shall mean the confidentiality agreement dated ■, 2010 between AbitibiBowater Inc. and Purchaser.

(j) "**Contracts**" shall mean the written contracts, agreements, leases, forward commitments, indentures, instruments, commitments and orders made by or in favour of Vendors listed on Schedule 1.1(j).

(k) "**Court Orders**" shall mean, collectively, the Canadian Court Order and the U.S. Court Order.

(l) "**Dalhousie Mill**" shall mean the Dalhousie pulp and paper mill including all buildings, structures, fixtures and improvements located on the Real Property at Dalhousie, New Brunswick.

(m) "**Donnacona Mill**" shall mean the Donnacona pulp and paper mill including all buildings, structures, fixtures and improvements located on the Real Property at Donnacona, Québec.

(n) "**Environment**" shall mean all components of the earth, including, without limitation, air (and all layers of the atmosphere), land (and all surface and subsurface soil, underground spaces and cavities and all land submerged under water including sediments) and water (and all surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include components referred to above.

(o) "**Environmental Laws**" shall mean currently applicable Laws relating to the Environment, Hazardous Substances, pollution or protection of the Environment, including Laws relating to: (i) soil, sediment and groundwater contamination; (ii) Releases of any Hazardous Substances into the Environment; and (iii) the manufacture, processing, distribution, use, treatment, storage, transport, packaging, labelling, sale, recycling, disposal, destruction, incineration, burial, handling or Remediation of Hazardous Substances.

(p) "**Environmental Liabilities**" shall mean obligations and liabilities with respect to Environmental Matters.

(q) "**Environmental Matters**" shall mean all matters or conditions relating to the Real Property or the Mills, which are present as of or occur after the Closing Date and which result in any Loss relating to the Environment or its protection, including:

(i) the presence or Release of any Hazardous Substance in, on, under or from the Real Property or the Mills or which migrates or emanates or migrated or emanated from the Real Property or the Mills, whether by any of the Vendors or any other person and whether known or not known at the Closing Date;

(ii) any matter or condition at the Mills which now or hereafter constitutes a violation of, or gives rise to any liability under any Environmental Laws; and

(iii) any other matter related to the Environment or the Remediation of the Real Property.

(r) "**Environmental Permits**" shall mean the permits, authorizations, certificates, registrations and any other approvals held by Vendors pursuant to any Environmental Laws listed on Schedule 1.1(r).

(s) "**Environmental Reports**" shall mean the reports listed on Schedule 1.1(s).

(t) "**Equipment**" shall mean (i) all machinery, equipment, tools, fixtures and rolling stock owned or used by Vendors located in, on or about the Mills as at the date hereof (other than that which forms part of the Excluded Assets) and (ii) all assignable warranties of any Person covering all or any part of such items.

(u) "**Excluded Liabilities**" shall mean those liabilities of Vendors which do not constitute Assumed Liabilities.

(v) **["Fort William Mill" shall mean the Fort William pulp and paper mill including all buildings, structures, fixtures and improvements located on the Real Property at Thunder Bay, Ontario.]**

(w) "**Governmental Authority**" or "**Governmental Authorities**" shall mean any multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, any subdivision or authority of any of the foregoing, or any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

(x) "**Hazardous Substances**" shall mean any substance which is or is deemed to be alone or in any combination, hazardous, hazardous waste, hazardous material, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any currently applicable Environmental Laws.

(y) "**Insurer**" shall mean ■ or a similar insurance provider satisfactory to Vendors.

(z) "**Laws**" shall mean (i) all laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, and (ii) all judgments, orders, writs, injunctions, decisions, rulings, decrees, and awards of any Governmental Authority, which in each of the above cases binds or affects the Party or Person referred to in the context in which such word is used.

(aa) "**Licenses**" shall mean the permits, licenses, certificates of compliance, consents, approvals and authorizations of, or registrations with, any Governmental Authority, listed on Schedule 1.1(aa).

(bb) "**Liens**" shall mean all mortgages, hypothecs, charges, pledges, liens, security interests, security granted under the *Bank Act* (Canada), easements, conditional sale contracts, ownership or title retention agreements and other encumbrances or rights of any nature whatsoever or however arising that in substance secure payment or performance of an obligation.

(cc) "**Mills**" shall mean the Beaupré Mill, the Dalhousie Mill, the Donnacona Mill **[and the Fort William Mill]**.

(dd) "**NBIP Club**" shall mean the New Brunswick International Paper Employee Club.

(ee) "**NBIP Club Building**" shall mean the building located on the Real Property at Dalhousie, New Bruswick and owned by NBIP Club.

(ff) "**Office Equipment**" shall mean all computers, furniture, furnishings and office equipment owned or used by Vendors located in, on or about the Mills as at the date hereof.

(gg) "**Paper Machines**" shall mean the assemblies of paper machines (and any component or part thereof) located at each of the Mills and described in Schedule 1.1(gg).

(hh) "**Parties**" shall mean Vendors and Purchaser; and "**Party**" shall mean either one of them as the context may require.

(ii) "**Person**" shall mean an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or Governmental Authority and pronouns which refer to a Person shall have a similarly extended meaning.

(jj) "**Real Property**" shall mean (i) the real property described in Schedule 1.1(jj) together with all buildings, structures, erections, appurtenances, fixtures and other improvements situated on, in, over or under such real property, including, without limitation, any construction-in-progress (except as otherwise provided for in Schedule 1.1(jj)) and (ii) all assignable warranties of any Person covering all or any part of such real property.

(kk) "**Release**" shall mean (i) when used as a verb: release, spill, leak, emit, deposit, discharge, leach, migrate, dump, issue, empty, place, seep, exhaust, abandon, bury, incinerate or dispose into the Environment, and (ii) when used as a noun, a correlative meaning.

(ll) "**Remediation**" shall mean any investigations, site characterization studies, development of remediation or rehabilitation plans, environmental remediation, clean-up, rehabilitation or other corrective work and post-remediation monitoring.

(mm) "**Stores**" shall mean all inventories of consumables, replacement parts, spare parts, materials and supplies and maintenance items of Vendors, in each case located in, on or about the Mills.

(nn) "**Taxes**" or "**Tax**" shall mean all taxes, including, without limitation, income, withholding, real property, social service, corporation, capital, value added, sales, franchise, excise, profits, gross receipts, customs duties, stamp, transfer, water, business and GST.

(oo) "**U.S. Court Order**" shall mean the order of the U.S. Bankruptcy Court authorizing the U.S. Debtors to enter into and consummate the transactions contemplated herein, such order to contain *inter alia* the provisions described in Schedule 1.1(oo).

1.2 Other Defined Terms

In addition to the defined terms in Section 1.1, each of the following capitalized terms shall have the meaning ascribed thereto in the corresponding Sections:

Term	Section
ACCC	Preamble
Announcements	13.2
Assumed Liabilities	2.6
Bankruptcy Code	Preamble
Bowater Forest	Preamble
Bowater Maritimes	Preamble
Closing Date	11.1

Term	**Section**
Decision Period	12.1
Deposit	3.3
Excluded Assets	2.2
Financing Confirmation	5.2
Initial Order	Preamble
Losses	10.1
Objection Notice	12.1
Proposed Sale	12.1
Purchase Price	3.1
Purchased Assets	2.1
Purchaser	Preamble
Sale Notice	12.1
Third Party Claim	10.4
Time of Closing	11.1
U.S. Bankruptcy Court	Preamble
U.S. Debtors	Preamble
Vendors	Preamble

1.3 **Schedules and Exhibits**

The following is a list of the Schedules and Exhibits attached hereto and incorporated herein by reference:

Schedule 1.1(f)	–	Canadian Court Order
Schedule 1.1(i)	–	Contracts
Schedule 1.1(r)	–	Environmental Permits
Schedule 1.1(s)	–	Environmental Reports
Schedule 1.1(aa)	–	Licenses
Schedule 1.1(gg)	–	Paper Machines
Schedule 1.1(jj)	–	Real Property
Schedule 1.1(oo)	–	U.S. Court Order
Schedule 3.6	–	Allocation of Purchase Price
Schedule 5.2(c)	–	Financing Confirmation
Schedule 9.2(d)	–	Insurance Coverage
Schedule 12.2	–	Paper Products

ARTICLE II
PURCHASE AND SALE

2.1 **Purchase and Sale**

Upon and subject to the terms and conditions hereof, Vendors shall sell, assign, convey and transfer to Purchaser, and Purchaser shall purchase and acquire from Vendors, at the Time of Closing on the Closing Date and for the Purchase Price, all of Vendors' right, title and interest in the following assets (collectively, the "**Purchased Assets**"):

(a) the Books and Records;

(b) the Contracts to the extent assignable and transferable;

(c) the Equipment;

(d) the Office Equipment;

(e) the Stores;

(f) the Real Property; and

(g) the Licenses and the Environmental Permits to the extent assignable and transferable.

2.2 **Excluded Assets**

The phrase Purchased Assets does not include any assets of Vendors other than those expressly defined as Purchased Assets (collectively, the "**Excluded Assets**") and, in particular, excludes the following:

(a) all insurance policies of Vendors associated with the Purchased Assets;

(b) Tax refunds and credits receivable by any Vendor;

(c) the names "Abitibi" and "Bowater" or any variations thereof including, without limitation, the names of any predecessors of any Vendor or any Affiliate of any Vendor;

(d) all intellectual property rights owned or used by any Vendor;

(e) vendor-supplier assets located on the Real Property (including, for greater certainty, all the assets of Praxair Canada Inc. located on the Real Property at Dalhousie, New Brunswick pursuant to that certain VPSA Oxygen Supply Agreement dated March 1, 1995);

(f) all cash on hand, bank balances, moneys in the possession of banks and other depositaries, term or time deposits, guaranteed investment certificates, treasury bills, other securities and other similar cash or cash-equivalent items;

(g) accounts receivable;

(h) all other real property other than the Real Property; and

(i) the NBIP Club Building.

2.3 **Instruments of Conveyance**

In order to effectuate more fully and completely the sale, assignment, conveyance and transfer of the Purchased Assets pursuant to the terms and conditions hereof, Vendors shall deliver to Purchaser such Ancillary Agreements with respect to the Real Property in form and substance to be agreed to between Vendors and Purchaser, as requested by Purchaser, acting reasonably, to permit the assignment, transfer and conveyance from Vendors to Purchaser and the acquisition by Purchaser from Vendors of all right, title and interest of Vendors in, to and under the Purchased Assets, the whole with effect as of the Closing Date.

2.4 **Assignment of Contracts; etc.**

The Parties hereto acknowledge and agree that Vendors shall have no responsibility or obligation to and shall not be required to make any expenditures in connection with (i) obtaining any third party consents which may be necessary for the sale, assignment, conveyance and transfer by Vendors to Purchaser of any Contracts and Licenses (in each case, to the extent assignable or transferable) and other

Purchased Assets and (ii) assisting Purchaser in respect of the re-issuance in the name and for the benefit of Purchaser of licenses to replace such Licenses which are non-transferable or non-assignable, the Purchaser bearing sole responsibility to obtain such third party consents at its own expense. Vendors agree to reasonably cooperate with Purchaser (i) in obtaining such consents and (ii) with such transfers, provided however that any expenses or costs incurred by Vendors shall be promptly reimbursed by Purchaser.

2.5 **Transfer of Environmental Permits**

The transfer, issuance or re-issuance of any Environmental Permits will be the sole responsibility of Purchaser and such process will be at the sole expense and cost of Purchaser. Vendors agree to reasonably cooperate with Purchaser in the process of such transfers of Environmental Permits to Purchaser provided however that any expenses or costs incurred by Vendors shall be promptly reimbursed by Purchaser.

Purchaser shall from time to time promptly apprise Vendors of its efforts to effect the transfer, issuance or reissuance of Environmental Permits. Without limiting the generality of the foregoing, Purchaser shall, prior to Closing or, with respect to any Environmental Permit which remains in the name of any Vendor after Closing, for so long as such Environmental Permit remains in the name of such Vendor, invite Vendors, with prior notice of no less than forty-eight (48) hours, and Vendors shall be entitled, to participate in (i) all inspections by Governmental Authorities of which Purchaser is given prior notice by the Governmental Authority related to the transfer, issuance or re-issuance of such Environmental Permits to which Purchaser is entitled to participate in; (ii) all meetings with Governmental Authorities to negotiate the establishment of any aforesaid conditions or requirements; and (iii) the approval of all written or verbal agreements entered into by Purchaser with a Governmental Authority involving the establishment of any aforesaid conditions or requirements. To the extent any Environmental Permit is in the name of any Vendor on or after Closing, Purchaser agrees and undertakes to comply with all Laws (including without limitation the Environmental Laws) relating to such Environmental Permit including but not limited to paying all fees payable in connection therewith and performing all obligations required to be performed by the holder of such Environmental Permit.

Purchaser hereby acknowledges that the Mills are closed and non-operational and, as a result, Vendors have no obligation, and shall not be required to, maintain any License or Environmental Permit prior to Closing.

2.6 **Assumption of Liabilities**

Subject to the completion of the transactions of sale, assignment, transfer and purchase contemplated hereunder, Purchaser hereby agrees, as part of the consideration for the Purchased Assets, to assume, discharge, satisfy, perform and fulfil in a timely manner, strictly in accordance with their terms, all of the liabilities and obligations of Vendors in connection with or related to the Mills, the Real Property and the other Purchased Assets, whether occurring or accruing prior to the Closing Date or thereafter (collectively, the "**Assumed Liabilities**"), including, without limitation:

(a) all obligations under the Contracts, Environmental Permits, Licenses and Liens;

(b) all Environmental Liabilities, including without limitation and for greater certainty: (i) the obligation to carry out a site characterization study in accordance with Section 31.53 of the Environment Quality Act (R.S.Q., c. Q-2) and any equivalent study as required under the Laws of the other jurisdictions in which the Purchased Assets are located or any Loss ensuing as a result of Purchaser's failure to carry out such study, (ii) the obligation to carry out any Remediation or other work to remove Hazardous Substances which may be required on, or in respect of, the Real Property pursuant to the Environmental Reports or which obligations may be requested or imposed by Governmental Authorities, and (iii) the obligation to comply with all Environmental Laws as regards the Mills and the Real Property **[NTD: Depending on the scope of the proposed insurance coverage, this subsection may be further amended]**; and

(c) subject to the Court Orders, all contracts, agreements and deeds registered against title to the Real Property to which the Vendors (including their predecessors) or any one of them is a party (including, without limitation, any deeds of sale pursuant to which the Vendors, or any one of them, sold or acquired any portion of the Real Property, deeds of servitude, easements, or rights-of-way or any other similar agreements).

Except as provided in this Agreement, the Purchaser does not assume and will not be liable for the Excluded Liabilities.

ARTICLE III
PURCHASE PRICE

3.1 Purchase Price

The consideration for the sale, assignment, transfer and conveyance made pursuant to Article II (the "**Purchase Price**") shall, subject to the terms and conditions hereof, be satisfied by Purchaser as follows:

(a) by the payment at the Time of Closing of an amount of ■ **[Canadian/US]** Dollars (**[CDN/US]$■**) payable in accordance with Section 3.2;

(b) by payment of all applicable Taxes in accordance with Section 3.7; and

(c) the assumption at the Time of Closing of the Assumed Liabilities referred to in, and in accordance with, Section 2.6.

3.2 Payment of Purchase Price

At the Time of Closing, Purchaser shall pay or cause to be paid to Vendors, in the manner set forth below, the Purchase Price:

(a) if at the Time of Closing the Deposit has not been returned to Purchaser in accordance with this Agreement, the Deposit shall be paid to the Vendors;

(b) by certified cheque, bank draft or wire transfer to, or to the order of Vendors, or any one of them, an amount equal to the Purchase Price minus the Deposit and any interest accrued thereon (for greater clarity, if at the Time of Closing the Deposit has been returned to Purchaser, there shall be no deduction of the amount of the Deposit and the full amount of the Purchase Price shall be payable).

3.3 Deposit

(a) Purchaser has deposited with Vendor, the sum of ■ **[Canadian/US]** Dollars (**[CDN/US]$■**) as earnest money (the "**Deposit**") to be applied as part payment of the Purchase Price at the Time of Closing. Vendor shall hold and disburse the Deposit in accordance with the terms and provisions of this Agreement.

(b) Any interest accruing on the Deposit before the Closing shall be payable to the Party to whom the Deposit is payable in accordance with this Agreement.

3.4 **Purchase Price Adjustments**

[NTD: Purchaser to propose a Purchase Price adjustment mechanism to account for the post-closing allocation of proceeds from the sale of the Paper Machines.]

3.5 **Real Estate Adjustments**

(a) Adjustments shall be made on the Closing Date for all items normally adjusted between a vendor and purchaser in respect of the sale of immovable property similar to the Real Property, including, to the extent applicable to this transaction, and without limitation, realty, municipal, utilities, water and school taxes and local improvement charges or rates.

(b) The Parties agree to readjust after the Closing Date all items adjusted in accordance with the terms of this Section 3.5 or that should have been adjusted hereunder forthwith after the request of either Party if such readjustment is appropriate to fulfil the terms of this Section 3.5. Such readjustment shall take place no later than six (6) months after the Closing Date.

(c) Each Party further hereby undertakes to remit to the other Party, or as directed by same, any undue payment received from a third party at anytime from and after the Closing Date.

3.6 **Allocation of Purchase Price**

[NTD: Purchaser to propose an allocation of the Purchase Price among the Mills; a further allocation as among the Purchased Assets at each Mill will be set out in Schedule 3.6.]

The Purchase Price shall be allocated among each Mill as follows: ■ **[Canadian/US]** Dollars (**[CDN/US]$■**) in respect of the Beaupré Mill, ■ **[Canadian/US]** Dollars (**[CDN/US]$■**) in respect of the Dalhousie Mill, ■ **[Canadian/US]** Dollars (**[CDN/US]$■**) in respect of the Donnacona Mill **[and ■ [Canadian/US] Dollars ([CDN/US]$■) in respect of the Fort William Mill]**.

As among the Purchased Assets at each Mill, the allocation of the Purchase Price shall be as set forth in Schedule 3.6. The allocation of the Purchase Price shall be final and binding upon the Parties for all purposes, including, without limitation, the filing of all Tax or other returns and the preparation of all financial statements and other documents and records and the Purchaser and the Vendors agree to cooperate in the filing of any elections under any applicable Tax Laws as may be desirable or necessary to give effect to such allocation.

3.7 **Taxes**

Purchaser shall be liable and shall pay all land transfer Taxes, sales Taxes, registration fees, license fees or other like charges properly payable upon and in connection with the sale, assignment, conveyance and transfer of the Purchased Assets from Vendors to Purchaser hereunder.

ARTICLE IV
SALE ON AN "AS IS, WHERE IS" BASIS

Notwithstanding any other provision of this Agreement, Purchaser acknowledges that (i) it has inspected the Purchased Assets and has relied on its own investigations in determining to purchase the Purchased Assets pursuant to this Agreement, (ii) the description of the Purchased Assets contained herein (including in the Schedules hereto) is for the purpose of identification only and the inclusion of any item in the description of Purchased Assets does not confirm the existence of any such items or that such item is owned by Vendors, (iii) it is purchasing the Purchased Assets on an **"as is, where is"** basis and at its own risk and peril, (iv) it shall bear all risks associated with the Purchased Assets, including risks and

Environmental Liabilities associated with the holding of, occupation and operation thereof, and (v) Vendors are not professional sellers for the purposes of section 1733 of the *Civil Code of Québec*. For greater certainty, the Parties hereby agree to exclude altogether the effect of the legal warranties provided for by Sections 1716, 1723 (warranty of ownership) and 1726 (warranty of quality) of the *Civil Code of Québec* and any similar provision under any Laws.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Vendors

Expressly subject to Article IV, Vendors represent and warrant to Purchaser as follows, with the understanding that such representations and warranties shall be the exclusive source of representations or warranties for the benefit of Purchaser, Purchaser having expressly acknowledged that Vendors, other than as set forth in this Section 5.1, give no representation or warranty as to title, outstanding liens or encumbrances, descriptions, fitness for purpose, merchantability, quantity, condition, quality, suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever:

(a) **Due Incorporation and Formation**. Each Vendor:

(i) is duly incorporated or amalgamated, existing and in good standing under the laws of its jurisdiction of incorporation, amalgamation or continuance, as applicable; and

(ii) has all necessary corporate power and authority to own the Purchased Assets.

(b) **Due Authorization**. Subject to the U.S. Court Order being rendered (in respect of the U.S. Debtors) and the Canadian Court Order (in respect of Vendors), each Vendor has the necessary corporate power and authority to execute this Agreement and the Ancillary Agreements to which it is a party and to perform its obligations hereunder and thereunder. The execution of this Agreement and the Ancillary Agreements by Vendors and the performance by Vendors of their respective obligations hereunder and thereunder have been duly authorized by all necessary corporate action on their part.

(c) **Resident**. Vendors are not non-residents of Canada for the purposes of the *Income Tax Act* (Canada).

5.2 Representations and Warranties of Purchaser

Purchaser represents and warrants to Vendors as follows and acknowledges that Vendors are relying upon such representations and warranties in connection with the sale by Vendors of the Purchased Assets and that Vendors would not have entered into this Agreement without such representations and warranties:

(a) **Due Incorporation**. Purchaser is duly formed, existing and in good standing under the Laws of its jurisdiction of formation and has the necessary corporate power to own or lease its properties and to carry on its business as such business is presently conducted.

(b) **Due Authorization**. Purchaser has the necessary corporate power and authority to execute this Agreement and the Ancillary Agreements and to perform its obligations hereunder and thereunder. The execution of this Agreement and the Ancillary Agreements by Purchaser and the performance by Purchaser of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action on its part.

(c) **Financing Confirmation.** The bank-issued proof of funds letter dated ■ from Purchaser's bank or lender(s), as applicable, with respect to the financing of the Purchase Price and attached hereto as Schedule 5.2(c) (the "**Financing Confirmation**"), is valid on the date hereof and has not been revoked or cancelled, nor has it expired and no action has taken place that will cause or contribute to, and the Purchaser has not received any indication that, such Financing Confirmation will be revoked, cancelled or will expire or that the scope thereof will be reduced.

ARTICLE VI
COVENANTS OF VENDOR

6.1 Conduct prior to Closing

Vendors shall not, from the date hereof up to the Closing Date, without the prior written consent of Purchaser, cancel or terminate any insurance policies which they hold as of the date hereof in respect of the Purchased Assets, or diminish the coverage thereof, unless such insurance policies are replaced with other insurance policies extending similar coverage.

6.2 Closing

If each condition set forth at Section 9.2 is (i) performed or complied with, or (ii) waived by Vendors, and if the Agreement is not terminated in accordance with its terms, then Vendors shall on the Closing Date at the place of Closing:

(a) deliver a copy of the issued and entered Court Orders;

(b) subject to Sections 2.4 and 2.5, execute and deliver to Purchaser all Ancillary Agreements in form reasonably satisfactory to Purchaser;

(c) execute and deliver to Purchaser a certificate to the effect that each of Vendors' representations and warranties in Section 5.1 of this Agreement is true and correct as of the Closing Date as if made on the Closing Date and that Vendors have complied in all material respects with each of their covenants, obligations and agreements in this Agreement. The representations and warranties of Vendors made as of the Closing Date in Vendors' certificate shall be deemed made as of the Closing Date with the same effect as the representations and warranties made by Vendors herein; and

(d) deliver to Purchaser certified copies of resolutions of the board of directors and/or shareholders, as applicable, of each of Vendors (in form and substance satisfactory to Purchaser's legal counsel, acting reasonably) authorizing and approving the sale, assignment and transfer of the Purchased Assets from Vendors to Purchaser.

6.3 Reasonable Efforts

Vendors agree to use reasonable efforts to assist and cooperate with Purchaser to obtain the insurance coverage required under Section 9.2(d).

ARTICLE VII
COVENANTS OF PURCHASER

7.1 Closing

If each condition set forth at Section 9.1 is (i) performed or complied with, or (ii) waived by Purchaser, and if this Agreement is not terminated in accordance its terms, then Purchaser shall on the Closing Date at the place of Closing:

(a) subject to Sections 2.4 and 2.5, execute and deliver to Vendors all Ancillary Agreements in form reasonably satisfactory to Vendors;

(b) execute and deliver to Vendors a certificate to the effect that each of Purchaser's representations and warranties in Section 5.2 of this Agreement is true and correct as of the Closing Date as if made on the Closing Date and that Purchaser has complied in all material respects with each of its covenants, obligations and agreements in this Agreement. The representations and warranties of Purchaser made as of the Closing Date in Purchaser's certificate shall be deemed made as of the Closing Date with the same effect as the representations and warranties made by Purchaser herein; and

(c) deliver to Vendors certified copies of resolutions of the board of directors and/or shareholders, as applicable, of the Purchaser (in form and substance satisfactory to Vendors' legal counsel, acting reasonably) authorizing and approving the purchase of the Purchased Assets by Purchaser.

7.2 Reasonable Efforts

Purchaser agrees to use reasonable efforts to assist and cooperate with Vendors to obtain the Court Orders.

ARTICLE VIII
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

8.1 Survival of Representations and Warranties of Vendor

The representations and warranties of Vendors contained in Section 5.1 of this Agreement shall survive the completion of the transactions contemplated by this Agreement and, notwithstanding such completion or any investigation made by or on behalf of Purchaser, shall continue in full force and effect for the benefit of Purchaser for an indefinite period from the Closing Date.

8.2 Survival of Representations and Warranties of Purchaser

The representations and warranties of Purchaser contained in Section 5.2 of this Agreement shall survive the completion of the transactions contemplated by this Agreement and, notwithstanding such completion or any investigation made by or on behalf of Vendors, shall continue in full force and effect for the benefit of Vendors for an indefinite period from the Closing Date.

ARTICLE IX
CONDITIONS OF CLOSING AND OF TERMINATION

9.1 Conditions for the Benefit of Purchaser

The purchase of the Purchased Assets in accordance with the terms of this Agreement is subject to the following conditions, each of which is hereby declared to be for the exclusive benefit of Purchaser. Each condition is to be performed or complied with at or prior to the Closing Date:

(a) the Court Orders shall have been made in respect of all the Purchased Assets;

(b) the representations and warranties of Vendors contained in Section 5.1 of this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date as though made on such date; and

(c) all of the covenants, obligations and agreements that Vendors are required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date (considered individually and collectively) shall have been performed or complied with in all material respects at or prior to the Closing Date.

If condition (a) of this Section 9.1 has not been satisfied before May 27, 2010 (the "**Outside Date**") for reasons other than Purchaser's failure to comply with its obligations under this Agreement, then Purchaser may terminate this Agreement by way of notice to Vendors from and after the Outside Date but shall have no other remedy. Notwithstanding the foregoing, Vendors shall have the right to unilaterally extend the Outside Date by sixty (60) days (the "**Extended Outside Date**"), by way of notice to Purchaser prior to the Outside Date, if in their opinion, acting reasonably, Vendors determine that condition (a) may be satisfied within such extended time period. In the event the Vendors unilaterally extend the Outside Date, Purchaser shall only have the right to terminate this Agreement as of and from the Extended Outside Date. If Purchaser elects to terminate this Agreement on the Outside Date or the Extended Outside Date, as the case may be, Vendors shall forthwith return the Deposit to Purchaser.

9.2 Conditions for the Benefit of Vendor

The sale of the Purchased Assets in accordance with the terms of this Agreement is subject to the following conditions, each of which is hereby declared to be for the exclusive benefit of Vendors. Each condition is to be performed or complied with at or prior to the Closing Date unless otherwise provided:

(a) the Court Orders shall have been made in respect of all the Purchased Assets;

(b) the representations and warranties of Purchaser contained in Section 5.2 of this Agreement shall have been true and correct as of the date of this Agreement, and shall be true and correct as of the Closing Date as though made on such date;

(c) all of the covenants, obligations and agreements that Purchaser is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date (considered individually and collectively) shall have been performed or complied with in all material respects at or prior to the Closing Date; and

(d) Purchaser shall purchase an insurance policy from the Insurer, which policy shall (i) include Vendors as named insureds, (ii) include the coverage terms listed in Schedule 9.2(d), (iii) be in form and substance satisfactory to Vendors, and (iv) take effect as of the Closing Date.

If any of conditions (b) through (d) of this Section 9.2 has not been satisfied by the earlier of the Closing Date, the Outside Date or the Extended Outside Date (if applicable), then Vendors may terminate this Agreement by way of notice to Purchaser. If condition (a) of this Section 9.2 has not been satisfied for reasons other than Purchaser's failure to comply with its obligations under this Agreement before the Outside Date or the Extended Outside Date, then Vendors may only terminate this Agreement by way of notice from and after the Outside Date or the Extended Outside Date, as the case may be. If any of conditions (a) through (d) of this Section 9.2 has not been satisfied by the applicable date set forth in this paragraph for reasons other than Purchaser's failure to comply with its obligations under the Agreement, then Vendors' sole remedy is to terminate this Agreement and Vendors shall return the Deposit to Purchaser concurrently with such termination. If conditions (a) through (d) of this Section 9.2 have not been satisfied by the applicable date set forth in this paragraph as a result of Purchaser's failure to comply with its obligations under this Agreement, then Vendors shall be entitled to retain the Deposit upon termination of this Agreement, in addition to Vendors' other rights and remedies under this Agreement or at law.

9.3 Court Orders

Notwithstanding anything to the contrary contained in this Agreement, Vendors' authorization to perform and honour their obligations under this Agreement and consummate the transactions contemplated hereby are subject to the entry of the Court Orders by the applicable courts. If at any time as of and from the date hereof Vendors receive an offer from any Person to acquire the Purchased Assets which, in light of their fiduciary obligations towards their creditors and acting reasonably, is determined by Vendors to be a superior offer, Vendors shall have the right, upon notice to Purchaser, to terminate this Agreement. If this Agreement is terminated pursuant to this Section 9.3, the Deposit shall be returned to Purchaser.

Vendors and Purchaser hereby agree that if Vendors emerge from protection under the Bankruptcy Code and the *Companies' Creditors Arrangement Act* and are no longer required to obtain the Court Orders to proceed with the transactions contemplated by this Agreement, the conditions of Closing set forth in Sections 9.1(a) and 9.2(a) will automatically be waived by Purchaser and Vendors, respectively.

9.4 Effects of Termination

The Parties acknowledge that this Agreement may only be terminated by Vendors, pursuant to Sections 9.2 or 9.3. If the Agreement is terminated pursuant to and in accordance with any of the foregoing provisions, then all further obligations of the Parties under this Agreement will terminate, except that the obligations in Sections 13.2 (Announcements), 13.5 (Notices), 13.6 (Expenses) and 13.8 (Governing Law) will survive. Other than to enforce the rights under the provisions that survive termination set forth in this Section 9.4, the Parties shall have no right to pursue any other legal remedies should this Agreement be terminated in accordance with its terms.

ARTICLE X
INDEMNIFICATION

10.1 Indemnification by Purchaser

Purchaser shall indemnify and hold Vendors harmless from and against any claims, complaints, orders, demands, actions, causes of action, judgments, damages, losses (which shall include any diminution in value), liabilities (whether accrued, actual, contingent, latent or otherwise), costs or expenses (including, without limitation, interest, fines, penalties and reasonable fees and disbursements of attorneys and experts) (collectively, the "**Losses**") which may be made against any Vendor or which any Vendor may suffer or incur as a result of, arising out of or relating to:

(a) any violation, contravention or breach of any covenant, agreement or obligation of Purchaser under or pursuant to this Agreement, including, without limitation, the obligation of Purchaser to assume and discharge on a timely basis the Assumed Liabilities; or

(b) any incorrectness in, or breach of, any representation or warranty made by Purchaser in Section 5.2.

10.2 **Obligation to Reimburse**

Purchaser shall reimburse, on demand, to Vendors the amount of any Losses suffered or incurred by any Vendor that are subject to indemnification hereunder, the whole as of the date that such Vendor incurs any such Losses, together with interest thereon from such date until payment in full at the rate per annum equal to the prime rate of the National Bank of Canada, as adjusted from time to time.

10.3 **Notification**

Promptly upon obtaining knowledge thereof, Vendors shall notify Purchaser of any cause which Vendors determine has given or could give rise to indemnification under this Article X. The omission to so notify Purchaser shall not relieve Vendors from any duty to indemnify and hold harmless which otherwise might exist with respect to such cause unless (and only to that extent) the omission to notify materially prejudices the ability of Purchaser to exercise its right to defend a Third Party Claim provided in this Article X.

10.4 **Defense of Third Party Claim**

If any legal proceeding shall be instituted or any claim or demand shall be asserted by a third party against any Vendor (each a "**Third Party Claim**"), then Purchaser shall have the right, after receipt of Vendors' notice under Section 10.3 and upon giving notice to Vendors within thirty (30) calendar days of such receipt, to defend the Third Party Claim at its own cost and expense with counsel of its own selection, provided that:

(a) Vendors shall at all times have the right to fully participate in the defense at their own expense; and

(b) legal counsel chosen by Purchaser is satisfactory to Vendors, acting reasonably.

Amounts payable by Purchaser pursuant to a Third Party Claim shall be paid in accordance with the terms of the settlement or, the judgment, as applicable, but in any event prior to the expiry of any delay for a judgment to become executory.

10.5 **No Compromise**

Purchaser shall not compromise and settle or cause a compromise and settlement of any Third Party Claim without the prior written consent of Vendors, unless:

(a) the terms of the compromise and settlement require only the payment of money and do not require Vendors or any one of them, as the case may be, to admit any wrongdoing or take or refrain from taking any action; and

(b) Vendors receive, as part of the compromise and settlement, a legally binding and enforceable unconditional satisfaction or release, which is in form and substance satisfactory to Vendors, acting reasonably, from any and all obligations or liabilities it may have with respect to the Third Party Claim.

10.6 **Failure to Defend**

If Purchaser fails:

(a) within thirty (30) calendar days from receipt of the notice of a Third Party Claim to give notice of its intention to defend the Third Party Claim in accordance with Section 10.4; or

(b) to comply at any time with any of Section 10.4(b),

then Purchaser shall be deemed to have waived its right to defend the Third Party Claim and Vendors shall have the right (but not the obligation) to undertake the defense of the Third Party Claim and to compromise and settle the Third Party Claim on behalf, for the account and at the risk and expense, of Purchaser.

10.7 **Survival of Indemnification**

The obligation of indemnification of Purchaser set forth herein shall survive the completion of the transactions contemplated in this Agreement.

10.8 **Remedies**

In addition to the remedies set forth in this Article X and any other recourses specifically referred to in this Agreement, the Parties expressly acknowledge Vendors' right to seek specific performance or any other extraordinary remedy in a court of competent jurisdiction for breaches which give rise to such extraordinary remedies.

ARTICLE XI
CLOSING

11.1 **Date, Time and Place of Closing**

The Closing shall take place at the offices of Davies Ward Phillips & Vineberg, LLP (Montréal) on the fifth (5^{th}) business day (in the City of Montreal) following the date on which the Court Orders shall have been made in respect of all the Purchased Assets (unless the Agreement has been terminated in accordance with the terms of this Agreement) (the "**Closing Date**") at the hour of 10:00 a.m. (the "**Time of Closing**"), or at such other place, on such other date and at such other time as may be agreed by the Parties.

ARTICLE XII
POST-CLOSING

12.1 **Sale of Paper Machines**

Purchaser shall have three (3) months from and after the Closing Date to close the sale of the Paper Machines (the "**Sale Period**"). If Purchaser wishes to sell the Paper Machines or any one of them to any Person within the Sale Period (the "**Proposed Sale**"), Purchaser shall first deliver a notice (the "**Sale Notice**") to Vendors, which Sale Notice shall set out: (i) the identity of the acquirer under the Proposed

Sale, (ii) the Paper Machines subject to the Proposed Sale, (iii) the purchase price of the Proposed Sale, (iv) the other material terms and conditions of the Proposed Sale, (v) the anticipated closing date of the Proposed Sale, (vi) any other information which Vendors may reasonably request in connection with the Proposed Sale and (vii) proof of financing provided by the purchaser under the Proposed Sale. Vendors shall have the right, in their sole and absolute discretion, within ten (10) business days after the date of the Sale Notice (the "**Decision Period**"), to deliver a notice to Purchaser to advise Purchaser that it does not approve of the Proposed Sale (the "**Objection Notice**"). If Vendors deliver an Objection Notice within the Decision Period, Purchaser shall have no right to proceed with the Proposed Sale. If Vendors do not deliver an Objection Notice to Purchaser within the Decision Period, Purchaser shall be deemed not to have objected to, and Purchaser shall have the right to proceed with, the Proposed Sale. If any of the Paper Machines remain unsold at the expiry of the Sale Period, (i) Vendors shall have the right to disable key components of such unsold Paper Machines, including without limitation, the headboxes, the forming sections, the press sections and the calendar stacks thereof and Purchaser shall grant Vendors and any Person hired or contracted by Vendors for the purposes described in (i) access to such unsold Paper Machines, and (ii) Purchaser shall not sell such unsold Paper Machines as useable equipment and agrees and undertakes to only sell such unsold Paper Machines only as recoverable scrap metals.

12.2 **Non-Compete**

The Purchaser hereby agrees and covenants, for the benefit of Vendors, that it shall not, as a principal, shareholder, partner, subcontractor, consultant, agent, lender, creditor, adviser or in any other capacity whatsoever, or in partnership, jointly, in conjunction with or otherwise in connection with any Person, directly or indirectly manufacture from the Paper Machines any grade of paper manufactured by Vendors or any of their Affiliates as of the date hereof, including without limitation those paper products listed in Schedule 12.2. Purchaser undertakes and agrees and shall ensure that any subsequent purchaser of any of the Paper Machines also agrees to be bound by the foregoing covenant directly in favour of Vendors, unless the Vendors have agreed otherwise in connection with their consent to a Proposed Sale. If Vendors have reason to believe, acting reasonably, that Purchaser will breach the covenant set forth in this Section 12.2, Vendors shall have the right, in addition to the remedies set forth in Section 12.5, from and after the date hereof, to disable key components of the Paper Machines, including without limitation, the headboxes, the forming sections, the press sections and the calendar stacks thereof Vendors and Purchaser shall grant Vendors and any Person hired or contracted by Vendors access to such unsold Paper Machines.

12.3 **Reasonableness**

Purchaser acknowledges that the scope of the covenant set forth in Section 12.2 is fair, reasonable and valid, and is reasonably required for the protection of Vendors. Vendors acknowledge that they have received full consideration for the covenants set forth in Section 12.2 including, without limitation, the Purchase Price, and that the covenant of the Purchaser in Section 12.2 is an essential condition of the transactions contemplated by this Agreement.

12.4 **Limitation of Scope**

If any of the provisions in Section 12.2 shall be determined by a court of competent jurisdiction to be invalid because the scope of any restriction is too broad, then the Parties hereto expressly authorize such court to reduce the scope of those restrictions as such court may determine.

12.5 **Remedies**

The Purchaser agrees that, in the event of an actual or threatened breach of the covenants contained in Sections 12.1 and 12.2, without prejudice to any and all other rights and recourses of the Vendors, Vendors shall have the right to enforce the terms and provisions thereof by injunctive (including, without limitation, provisional, interlocutory and permanent injunctive relief) or other relief in order to enforce or prevent any violations of such provision.

12.6 **NBIP Club Building**

Purchaser hereby undertakes and agrees to do or cause to be done all such acts and execute and deliver or cause to be executed and delivered all such deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to transfer and convey title to the portion of the Real Property at Dalhousie, New Brunswick on which the NBIP Club Building is located to the NBIP Club, at no cost to either the Vendors or the NBIP Club.

12.7 **Books and Records**

After the Closing, Vendors and its representatives shall have the right to inspect and make copies of the Books and Records then possessed by Purchaser relating to Vendors or the Purchased Assets on or prior to the Closing Date and Purchaser and its representatives shall have the right to inspect and make copies of those portions of the books, records, files and documentation which are retained by Vendors relating to the Purchased Assets, in each case to the extent such Party requires such information (i) for tax reporting; (ii) to provide information required by Law; (iii) in connection with any action, claim, suit, demand, litigation or arbitration proceeding, investigation, enquiry or any other proceedings against it or to which it is a party or for which it has a legitimate interest; or (iv) for any other legitimate purpose. The foregoing right of inspection shall only be exercisable until the sixth (6^{th}) anniversary of the Closing Date (or such longer period as may be required by any applicable Law or as such Party may reasonably request in the case of ongoing litigation or investigation) upon prior reasonable notice to the other Party and in such a manner as to not interfere unreasonably with the normal operations and business of the other Party. The requesting Party shall reimburse the other Party for its reasonable costs and expenses in complying with this Section 12.6. To the extent that the information contained in such books, records, files and documentation constitutes confidential information of the requesting Party, its representatives will use their due care to not disclose such information except to the extent such information (a) is required to be disclosed pursuant to an order or request of a judicial authority or Governmental Authority having competent jurisdiction, or (b) which can be shown to have been generally available to the public otherwise than as a result of a breach of this Section 12.6. Such books, records, files and documentation may nevertheless be destroyed by a Party if it sends to the other Party written notice of its intent to destroy some or all of the said books, records, files and documentation, specifying with particularity the contents of the books, records, files and documentation to be destroyed. Such books, records, files and documentation may then be destroyed after the 30^{th} calendar day after such notice is given unless the other Party objects to the destruction, in which case the Party in possession shall either agree to retain such books, records, files and documentation or deliver such books, records, files and documentation to the other Party.

ARTICLE XIII
MISCELLANEOUS

13.1 **Risk of Loss**

From the date hereof up to the Time of Closing on the Closing Date, the Purchased Assets shall be and shall remain at the risk of Vendors. If, prior to the Time of Closing on the Closing Date, all or any material portion of the Purchased Assets are destroyed or damaged by fire or other casualty or shall be appropriated, expropriated or seized by any Governmental Authority, then Purchaser shall nevertheless be required to proceed with the Closing without reduction of the Purchase Price, provided that Vendors shall be required to remit to Purchaser all proceeds of insurance or compensation for expropriation or seizure applicable to the Purchased Assets (up to the amount of the Purchase Price) to Purchaser.

13.2 **Announcements**

(a) The parties confirm that Purchaser and Vendors entered into the Confidentiality Agreement, the provisions of which are hereby incorporated by reference, as amended by the provisions of this Section 13.2.

(b) Unless otherwise determined by a court of competent jurisdiction and except as provided in this Section 13.2, no Party may issue or permit any Affiliate to issue any press release, public announcement, publicity or other disclosure ("**Announcements**") with respect to the transactions contemplated in this Agreement without the prior written consent of the other Party. Notwithstanding the foregoing:

(i) any Party may disclose to such Party's advisors and lenders to the extent required in connection with the closing of the transactions contemplated in this Agreement;

(ii) any Vendor or Affiliate of any Vendor may make any Announcement that it deems necessary in order to comply with any Law including, without limitation, any securities Laws and stock exchange rules, provided that in the case of any press release, Vendors shall first provide Purchaser with a copy thereof and shall, acting reasonably, consider Purchaser's comments before issuing the press release; and

(iii) any Vendor or Affiliate of any Vendor may make any Announcement as may be required in order to comply with the terms of any credit, loan or other similar agreement to which any Vendor or any Affiliate of Vendor is a party and any request of any Court or other Governmental Authority, and may make such disclosure as may be required in connection with obtaining the Court Orders, including disclosure to Ernst & Young Inc., the Court-appointed monitor of Vendors pursuant to the Initial Order, any committee of creditors of any Vendor or Affiliate of any Vendor and including filing of this Agreement with the Quebec Superior Court and/or the U.S. Bankruptcy Court.

13.3 **Further Assurances**

Each Party upon the request of the other, whether at or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

13.4 **Successors in Interest**

This Agreement and the provisions hereof shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns. Vendors may not assign this Agreement or any of its rights and obligations hereunder without the prior written consent of Purchaser. Purchaser (i) may assign this Agreement and all of Purchaser's rights and obligations hereunder to one of its Affiliates or (ii) designate one of its Affiliates as Purchaser on or before the Closing, provided, however, that such assignment or designation shall not relieve Purchaser of the obligation to be solidarily (jointly and severally) liable with such assignee or designated Purchaser for all of its obligations hereunder.

13.5 **Notices**

Any notice, consent, authorization, direction or other communication required or permitted to be given hereunder shall be in writing and shall be delivered either by personal delivery or by telecopier or similar telecommunications device and addressed as follows:

(a) in the case of Vendors, to attention of:

ABITIBIBOWATER INC.
1155 Metcalfe Street
Suite 800
Montréal, Québec
H3B 5H2

Attention: Legal Department
Telecopier: (514) 394-3644

with a copy to:

DAVIES WARD PHILLIPS & VINEBERG LLP
1501 McGill College Avenue
26th Floor
Montréal, Québec
H3A 3N9

Attention: Janet Ferrier
Telecopier: (514) 841-6499

(b) in the case of Purchaser, to it at:

■
■
■
■

Attention: ■, ■
Telecopier: (■) ■

with a copy to:

■
■
■
■
■

Attention: ■
Telecopier: (■) ■

Any notice, consent, authorization, direction or other communication delivered as aforesaid shall be deemed to have been effectively delivered and received, if sent by telecopier or similar telecommunications device on the date next following receipt of such transmission or, if by personal delivery, to have been delivered and received on the date of such delivery, provided, however, that if such date is not a business day in the jurisdiction of receipt, then it shall be deemed to have been delivered and received on the business day next following such delivery. Either Party may change its address for service by notice delivered as aforesaid.

13.6 **Expenses**

Each Party shall bear and pay all costs, expenses and fees (including, without limitation, legal counsel, investment banking, brokerage and accounting fees and disbursements) incurred by it in connection with the preparation, execution and consummation of this Agreement, the Ancillary Agreements and the transactions contemplated hereunder and thereunder. For greater certainty, Purchaser shall bear and pay all costs, expenses and fees incurred in connection with obtaining any third party consents which may be necessary for the sale, assignment, transfer and conveyance by Vendors to Purchaser of any Contracts, Licenses (to the extent assignable or transferable), Environmental Permits, and other Purchased Assets. The foregoing shall also apply in connection with the re-issuance of any Licenses or Environmental Permits.

13.7 **Severability**

Any Article, Section or other subdivision of this Agreement or any other provision of this Agreement which is, or becomes, illegal, invalid or unenforceable shall be severed herefrom and shall be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining provisions hereof, which provisions shall (i) be severed from any illegal, invalid or unenforceable Article, Section or other subdivision of this Agreement or any other provision of this Agreement, and (ii) otherwise remain in full force and effect.

13.8 **Governing Law**

This Agreement shall be governed by and interpreted and construed in accordance with the Laws presently in force in the Province of Quebec without reference to the conflict of laws rules. The Parties submit to the jurisdiction of the courts of the Province of Quebec in all matters relating hereto save and except the use of foreign courts when necessary or expedient to enforce and execute any judgements, orders or decisions rendered by Quebec or Canadian courts.

13.9 **Entire Agreement**

This Agreement, including the Schedules and Exhibits, and the specific terms of any other document expressly incorporated by reference herein constitutes the entire Agreement between the Parties pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions of the Parties (but excluding, for greater certainty, the Confidentiality Agreements which shall survive the execution of this Agreement and, if applicable, shall survive the termination of this Agreement pursuant to Article IX hereof).

13.10 **Inconsistency**

This Agreement shall override the Schedules annexed hereto to the extent of any inconsistency.

13.11 **Gender**

Any reference in this Agreement to any gender shall include both genders and the neuter, and words herein importing the singular number only shall include the plural and *vice versa.*

13.12 **Headings**

The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation hereof.

13.13 Amendment

No amendment to this Agreement shall be binding unless expressly provided in an instrument duly executed by the Parties.

13.14 Waiver

No waiver, whether by conduct or otherwise, of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in an instrument duly executed by the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and at the place first above mentioned.

ABITIBI-CONSOLIDATED COMPANY OF CANADA

Per: ______________________________
■
■

Per: ______________________________
■
■

BOWATER CANADIAN FOREST PRODUCTS INC.

Per: ______________________________
■
■

Per: ______________________________
■
■

BOWATER MARITIMES INC.

Per: ______________________________
■
■

Per: ______________________________

[redacted]

[redacted]

[redacted]

Per: ______________________________

[redacted]

[redacted]

INTERVENTION

For valuable consideration, the receipt and adequacy of which is hereby acknowledged, Abitibi-Consolidated Inc. ("**ACI**") hereby intervenes into this Agreement and (i) declares that it holds registered title to the Real Property on which the Beaupré Mill **[and the Fort William Mill]** **[are/is]** located as agent for the benefit and on behalf of ACCC, and (ii) agrees to transfer and deliver to Purchaser, on the Closing Date, all of its right, title and interest in and to said Real Property.

ABITIBI-CONSOLIDATED INC.

Per: ______________________________

Per: ______________________________

SCHEDULES TO THE PURCHASE AND SALE AGREEMENT DATED ■ AMONG ABITIBI-CONSOLIDATED COMPANY OF CANADA, BOWATER MARITIMES INC., BOWATER CANADIAN FOREST PRODUCTS INC. AND ■

[NTD: These Schedules continue to be reviewed and modified by Vendors and remain subject to further changes.]

SCHEDULE 1.1(i)

CONTRACTS

All contracts related to the Real Property which are referred to in Schedule 1.1(hh) are incorporated herein by reference.

REQUIRED CONSENTS

1. DONNACONA MILL

Long-Term Lease number 8283-1047 dated March 10, 1983 between the Government of Québec, as represented by the *Ministère de l'Environnement et de la Faune*, as lessor, and Domtar Inc., as lessee, related to a land described as bloc 435 of the St-Lawrence River to be used in connection with the pulp and paper mill operations of the lessee (said lease was assigned to Produits Forestiers Alliance inc., the lessor's consent having been obtained pursuant to a letter from the lessor dated June 14, 1994 which authorized the assignment effective as of May 6, 1994, and was subsequently assigned to Bowater Canadian Forest Products Inc., the lessor's consent having been obtained pursuant to a letter from the lessor dated February 4, 2002 which authorized the assignment effective as of September 24, 2001.

2. [FORT WILLIAM MILL

CN Real Estate Agreement dated January 1, 1993 between Canadian National Railway Company and Abitibi-Price Inc., pursuant to which the lessor leases to the lessee a parcel of land located in Thunder Bay for use as a roadway, security building and gate site. The lessor assigned its rights and obligations under the agreement to to Fort William First Nation Development Corporation. [Note: A copy of the assignment agreement confirming the assignment has not been located]]

SCHEDULE 1.1(f)

CANADIAN COURT ORDER

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: ●, 2010

PRESENT: THE HONOURABLE ●, J.S.C.

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.

and

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

Petitioners

and

[THE LAND REGISTRAR FOR THE LAND REGISTRY OFFICE FOR THE REGISTRATION DIVISION OF ●]

and

[THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS]

and

ERNST & YOUNG INC.

1. Monitor

VESTING ORDER IN RESPECT OF ●

---

[1] **CONSIDERING** Petitioners' *Motion for* ● (the "**Motion**");

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

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

FOR THESE REASONS, THE COURT:

[1] **AUTHORIZES** ● ("●") to enter into the agreement entitled ● (the "● **Agreement**") by and between ●, as ●, and ●, as ●, filed as Exhibit R-● to the Motion, and into all the transactions contemplated therein with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor;

[2] **ORDERS** and **DECLARES** that upon all conditions to closing having been satisfied or waived, all obligations of ● that are required to be satisfied at or prior to closing under the ● Agreement having been satisfied and the delivery of a written confirmation of same by the Monitor (the "**Monitor's Confirmation**"), all right, title and interest in and to the assets described in the ● Agreement (the "**Transferred Assets**"), shall vest absolutely and exclusively in and with ●, free and clear of and from any and all claims, liabilities, obligations, interests, prior claims, hypothecs, security interests (whether contractual, statutory or otherwise), liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, liabilities (direct, indirect, absolute or contingent), pledges, executions, rights of first refusal or other pre-emptive rights in favour of third parties, mortgages, hypothecs, trusts or deemed trusts (whether contractual, statutory or otherwise), restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Transferred Assets Encumbrances**"), including without limiting the generality of the foregoing: (i) any Transferred 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 Transferred Assets Encumbrances evidenced by registration, publication or filing pursuant to the Civil Code of Québec, any other personal or movable property registry system, the Bank Act or any other applicable legislation and, for greater certainty, **ORDERS** that all of the Transferred Assets Encumbrances affecting or relating to the Transferred Assets be expunged and discharged as against the Transferred Assets, in each case effective as of the applicable time and date set out in the ● Agreement;

[3] **ORDERS** and **DECLARES** that the transactions contemplated in the Agreement are exempt from the application of the Bulk Sales Act (Ontario) and any similar act in any other jurisdiction in which the assets are located;

[4] **ORDERS** the Land Registrar of the Land Registry Office for the Registry Division of ●, upon payment of the prescribed fees and the filing of a true copy of this Order and the Monitor's Confirmation to proceed with the partial cancellation of any and all Transferred Assets Encumbrances, including, without limitation, the following registrations published at the said Land Registry:

- ●;
- ●; and

- ●;

[only however to the extent that said Encumbrances encumber immovables forming part of the Transferred Assets, including without limitation, the following immovables :

●]

[5] **ORDERS** the Personal and Movable Real Rights Registrar to cancel, radiate and discharge all of the Transferred Assets Encumbrances listed on Annex "●" hereto, such that all of the movable assets included in the Transferred Assets are no longer affected by such Encumbrances, the whole on presentation of the required form with a true copy of this Vesting Order and the Monitor's Confirmation attesting that ●.

[6] **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 Transferred Assets, contemplated in this Vesting Order, as well as the execution of the ● Agreement, 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

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

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

●, J.S.C.

●
Stikeman Elliott LLP
Attorneys for Petitioners

SCHEDULE "A"

ABITIBI PETITIONERS

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

SCHEDULE "B"

BOWATER PETITIONERS

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

SCHEDULE "C"

18.6 CCAA PETITIONERS

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

SCHEDULE 1.1(r)

ENVIRONMENTAL PERMITS

1. DALHOUSIE MILL

Approval to Operate I-4965 pursuant to paragraph 8(1) of the *Air Quality Regulation – Clean Environment Act* dated July 1, 2005, issued by the Minister of Environment, New Brunswick, to Bowater Maritimes Inc. for the operation of the Dalhousie Junction Solid Waste Disposal Site.

2. BEAUPRÉ MILL

[NTD: Permit relating to effluent emissions may be included in this Schedule. Vendors to confirm.]

3. [FORT WILLIAM MILL

Application Form and Certificate of Approval for a Class 2-6 Sewage Certificate System dated October 9, 1997, issued by the Ministry of Environment and Energy to Abitibi Consolidated Inc.

Certificate of Approval and Use Permit regarding Class 4 Sewage System no. 462-88 dated November 8, 1988, issued by the Ministry of the Environment, Ontario, to Abitibi – Price Inc.

Certificate of Approval (Air) Number 3457-5M9KNP granted under Section 9 of *The Environment Protection Act* dated May 9, 2003, issued by the Ministry of Environment, Ontario, to Abitibi-Consolidated Company of Canada.]

Waste Water Secondary Treatment of Approval dated May 20, 2005, issued by the Ministry of the Environment, Ontario, to Abitibi-Consolidated Company of Canada. [Note: Notice required to be given under this Environmental Permit]]

SCHEDULE 1.1(s)

ENVIRONMENTAL REPORTS

[NTD: Reference will be made in this Schedule to the environmental reports included in the due diligence CD provided]

SCHEDULE 1.1(aa)

LICENSES

1. [FORT WILLIAM MILL

Ontario Certificate of Registration of a Plant, issued in accordance with the *Technical Standards and Safety Act* dated July 11, 2007, issued by the Technical Standards and Safety Authority, Ontario, to Abitibi Consolidated Company of Canada.]

2. BEAUPRÉ MILL

[*Régie du bâtiment du Québec* permit to use high-risk petroleum equipement in accordance with the requirements of the Québec *Building Act* and the Québec *Safety Code*, effective until May 31, 2010 and issued in relation to the use of three (3) storage tanks representing a total capacity of 1,683,508 litres.] [NTD : Vendors to confirm inclusion of this License in the Schedules]

CONSENT OR NOTICE REQUIRED

3. BEAUPRÉ MILL

[NTD: Permit relating to the operation of the lifts may be included in this Schedule. Vendors to confirm. To the extent the lift permits are still in force, notice may be required to be given thereunder.]

SCHEDULE 1.1(gg)

PAPER MACHINES

1. **BEAUPRÉ MILL**

    a. One (1) Foudrinier paper machine (Top wire) rebuilt in 2000
    Trim width: 5.7m
    Speed: 762 m/min
    On-line coater

    b. One (1) Foudrinier paper machine (Top wire) rebuilt in 2000
    Trim width: 5.7m
    Speed: 747 m/min
    Product: Graphic paper

2. **DALHOUSIE MILL**

    Two (2) BelBaie II paper machines (Twin wire) rebuilt in 1982
    Product: Newsprint.
    Trim width: 5.3m.
    Speed: 980 m/min

3. **DONNACONA MILL**

    One (1) Voith paper machine (Twin wire, Janus vertical on-line supercalender) installed in 2000
    Product: SC A
    Trim width: 6.0 m
    Speed: 1145 m/mi

4. **[FORT WILLIAM MILL**

    One (1) Bel-Form paper machine (Top wire) rebuilt in 1982
    Product: Uncoated mechanical
    Trim width: 6.7m
    Speed: 1000 m/min]

SCHEDULE 1.1(jj)

REAL PROPERTY

1. BEAUPRÉ MILL

[NTD: A small portion of the Real Property at Beaupré, Québec will be transfered to the municipality of Beaupré. Consequently, the description below of the Real Property at Beaupré, Québec may be modified, or a post-closing covenant of the Purchaser will be added to transfer this portion to the municipality.]

Municipal address: 1 du Moulin Street, Beaupré, Québec, Canada, G0A 1E0

Legal description: Lot numbers 388-1, 389-1 and 390 of the official cadastre of the Parish of St-Joachim, Registration Division of Montmorency **[NTD: Renovated lot numbers to be provided by Purchaser.]**

Contracts related to the Real Property at Beaupré, Québec

Servitude dated May 28, 2008 between Abitibi-Consolidated Inc., as assignor and *Ville de Beaupré*, as assignee, whereby the assignor grants to the assignee a perpetual servitude to place, construct, maintain, inspect and render functional an aqueduct pipeline on the lands of the assignor. Received before Me Alain Bourget, notary, under minute number 38,472.

Servitude dated May 28, 2008 between Abitibi Consolidated Inc., as assignor, and *Ville de Beaupré*, as assignee, whereby the assignor grants to the assignee a temporary servitude to place, construct, maintain, inspect and render functional an aqueduct pipeline on the lands of the Assignor, for the duration of the construction of the aqueduct pipeline. Received before Me Alain Bourget, notary, under minute number 38,473.

Servitude dated November 6, 2008 between Abitibi-Consolidated Inc., as assignor, and *Ville de Beaupré*, as assignee, whereby the assignor grants to the assignee a right-of-way to cross, park on the land, construct, maintain and dig up the land in connection with an aqueduct pipeline and an emergency water intake. Received before Me Alain Bourget, notary, under minute number 39,038.

2. DALHOUSIE MILL

[NTD: For greater certainty, the description below of the Dalhousie Real Property includes the landfill but excludes the dam by the St-Anne River and the pipeline that connects the Dalhousie Mill to the dam. As indicated in the Purchase and Sale Agreement, the NBIP Club Building is excluded from the sale.]

Municipal address: 451 William St., Dalhousie, New Brunswick, Canada, E8C 2X9

Legal description (Property Identifier No.): 50173616, 50172030, 50173715, 50172667, 5072634, 50173574, 50173582, 50173590, 50172626, 50173640, 50173624, 50173632, 50173657, 50173681, 50173673, 50173665, 50173749, 50173756, 50173764, 50105394, 50104553, 50173731, 50251354, 50172774, 50173566, 50173707, 50173699.

Contracts related to the Real Property at Dalhousie, New Brunswick

Memorandum of Agreement dated December 7, 1972, between New Brunswick International Paper Company and the New Brunswick Electric Power Commission related to the right of the New Brunswick Electric Power Commission to use New Brunswick International Paper Company's oil pipeline situated on the Federal Wharf of Dalhousie for the transfer of fuel oil and to use the New Brunswick International Paper Company's support structure erected along the west side of its Mill.

Agreement between Dalhousie Business Improvement Area Corporation, AbitibiBowater Inc. and New Brunswick Community College – Miramichi dated August, 2009 related to permission granted to the students and staff of New Brunswick Community College – Miramichi to park on a designated area of the Mill. **[Note: Vendors are unable to locate a signed copy of this agreement but have confirmed that it was signed and is currently in force.]**

Licence Agreement dated November 15, 1979 between New Brunswick International Paper Company, as licensor, and the Government of Canada, as represented by the Minister of Transport as licensee, related to a license to enter upon and occupy a certain piece and parcel of land situated in the Town of Dalhousie, County of Restigouche, Province of New Brunswick. **[Note: Consent is required to be obtained in connection with the assignment of this agreement.]**

3. DONNACONA MILL

[NTD: For greater certainty, the description of the Donnacona Real Property below does not include the Real Property on which the golf course is located.]

Municipal address: 1 Notre Dame Street, Donnacona, Québec, Canada G0A 1T0

Legal description: Lot numbers 3 507 098, 3 507 099, 3 507 101 and 3 507 106 Cadastre of Québec, Registration Division of Portneuf

Contracts related to the Real Property at Donnacona, Québec

Agreement dated July 28, 2008 between AbitibiBowater Inc. and Algonquin Power Income Fund related to a right-of-way on the land of the Mill, granted by AbitibiBowater to Algonquin in order for Algonquin to access its hydroelectric dam on the Jacques Cartier River.

[Note: The applicable Vendor has been granted a servitude to construct and use a tunnel under a CN railroad which crosses the Donnacona Mill; a copy of such servitude has not been located by Vendors.]

4. [FORT WILLIAM MILL

[NTD: A portion of the Real Property at Fort William, Ontario will be transferred to a third party (First Nation Band) prior to the Closing and will not be included in the legal description of this property.]

Municipal address: 1735 City Road, Thunder Bay, Ontario, Canada, P7B 6T7

Legal description (Property Identifier No.): [■] [NTD: To be confirmed]

Contracts related to the Real Property at Fort William, Ontario

Easement dated September 7, 1951 between Abitibi Power & Paper Company, Limited, as transferor, and the Hydro-Electric Power Commission of Ontario, as transferee, whereby the transferor grants in perpetuity to the transferee the right and easement to erect and maintain one tower and to string wires for the transmission of electric energy over lands of the transferor.

Agreement dated August 25, 1972 between Abitibi Paper Company Ltd., the Hydro-Electric Power Commission of Ontario and Montreal Trust Company related to the rights and easements granted in perpetuity to the Hydro-Electric Power Commission of Ontario in order for it to erect and maintain an electrical transmission line across the lands of Abitibi, such lands being subject to a charge in favour of Montreal Trust Company. [Note: Consent is required to be obtained in connection with the assignment of this agreement.]

SCHEDULE 1.1(oo)

U.S. COURT ORDER

[NTD: To be provided]

SCHEDULE 3.6

ALLOCATION OF PURCHASE PRICE

[Note: To be determined]

SCHEDULE 5.2(c)

FINANCING CONFIRMATION

[Note: To be provided by Purchaser]

SCHEDULE 9.2(d)

INSURANCE COVERAGE

[Note: The Policy shall have a minimum coverage for up to $20,000,000 million in total damages under the Policy. The Policy shall have a minimum ten year term (with acceptable renewal provisions). The Policy shall cover all Claims relating to Remediation, bodily injury and property damage arising from: (i) Hazardous Substances on, in, under or migrating from the Real Property or the Mills prior to the Closing Date; and (ii) Hazardous Substances Released at the Real Property or the Mills by the Purchaser or other third party after the Closing Date. For greater certainty, the Policy shall cover payment of any costs to conduct Remediation with respect to those Hazardous Substances identified in the Environmental Reports.]

SCHEDULE 12.2

PAPER PRODUCTS

1. Newsprint
2. Coated Papers
3. Specialty papers, including supercalendered, superbright, high bright, bulky book and directory papers

APPENDIX "G"

Closed Mills (Beaupre, Dalhousie, Donnacona and Fort William)
Summary of Received Offers - Phase II Bids

Name	Date Submitted	Mill Sites Covered by the Bid: Beaupre	Dalhousie	Donnacona	Ft. William	Guaranteed Purchase Price	Vendor's Share of Paper Machine Sales
Third Bidder	03-Mar-10	Yes	Yes	Yes	Excluded	US$21,000,000	40%
AIM / Delsan	03-Mar-10	Yes	Yes	Yes	Yes	CDN$8,800,000	No
Arctic Beluga - Option #1a	03-Mar-10	Yes no land	Yes no land	Yes no land	Excluded	CDN$7,680,610	No
Arctic Beluga - Option #1b	03-Mar-10	Yes no land	Yes no land	Yes no land	Yes no land	CDN$5,749,360	No
Arctic Beluga - Option #2a [note 1]	03-Mar-10	Yes no land	Yes no land	Yes no land	Excluded	CDN$7,680,610	80%
Arctic Beluga - Option #2b [note 1]	03-Mar-10	Yes no land	Yes no land	Yes no land	Yes no land	CDN$5,749,360	80%

Note 1: Revised bid received from Arctic Beluga later on same day (March 3, 2010)

APPENDIX "H"

888, 7ième Avenue Sud
Grand-Mère (Québec)
G9T 5W1
Tél. : (819) 538-0424
Fax. : (819) 729-1318
rfugere@recyclagearcticbeluga.com

RECYCLAGE Arctic Béluga INC.

Shawinigan le 3 mars 2010.

Abitibibowater (« Abitibi »)
c/o Ernst & Young inc., Monitor of AbitibiBowater inc. et al
Attention : Todd Caluori, Vice President, Transaction Advisory Services
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Qué.
H3B 1X9

RE: Proposition #1 pour l'achat des actifs des sites de Dalhousie, Donnacona, Beaupré et Fort Williams, excluant les terrains.

Messieurs,

Recyclage Arctic Beluga (RAB), après avoir vu les actifs à être vendus et les bâtiments et structures à être démolis, par la présente soumets à Abitibibowater (ABW) la proposition d'achat suivante telle qu'établie à la « FORM OF OFFER » et complétée par la proposition ci-jointe.

Bien vouloir noter que tous les montants sont exprimés en dollars canadiens.

Respectueusement vôtre,

Alain Gélinas, Président
Recyclage Arctic Beluga

Cette proposition est sujette aux conditions générales suivantes et vaut pour l'ensemble des sites des usines de Dalhousie, Donnacona et Beaupré (Les sites):

1. Cette proposition englobe toute la machinerie, les équipements et inventaire présentement situés sur les sites à être vendus ou se trouvant à l'extérieur des sites mais étant rattachés à ces sites, le tout « as is where is » actuellement, à l'exception des terrains des sites.
2. Les bâtiments à démolir comprennent tous les bâtiments et structures actuellement érigés sur les sites concernées.
3. Les actifs d'ABW seront vendus à RAB libres de tous liens, charges et servitudes.
4. ABW permettra à RAB l'utilisation des noms des usines dans la publicité reliée à la vente par encan des équipements.
5. RAB sera responsable, à ses frais, d'assurer la sécurité des visiteurs durant les périodes d'inspection et durant les encans et/ou vente d'équipement et durant le processus de démolition.
6. RAB n'achète pas les matières dangereuses présentes sur les propriétés et n'est pas responsable de leur disposition. On entend par matières dangereuses toutes matières ainsi définies par les autorités municipales, provinciales et/ou fédérale.
7. RAB se réserve le droit d'amender sa proposition d'achat dans l'éventualité ou, entre la date de cette offre et la ratification du contrat de vente final, survient un évènement de force majeure, lequel est n'importe quel évènement qui est hors du contrôle raisonnable de RAB, et inclus, entre autre, un *act of God*, un émeute, une grève, un lock-out, une guerre, un acte de terrorisme ou une insurrection.
8. RAB achètera d'ABW sur une base « as is where is », aux risques et périls de l'Acheteur, et sans représentations et garanties (légales ou conventionnelles), tous les actifs tangibles reliés à la production et l'exploitation des sites, incluant la machinerie, l'équipement et l'inventaire présentement situés sur les sites (collectivement les « Actifs Achetés »).

La proposition et les conditions spécifiques reliées à cette offre sont les suivantes:

A. Proposition d'achat « en bloc » pour les trois propriétés

RAB propose d'acheter les actifs (et remplir ses obligations contractuelles) pour la somme totale de $7,680,610.00 payable de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $768,061.00 sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;
2. Le solde, soit la somme de $6,912,549.00 sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;

B. Proposition d'achat « en bloc » pour les quatre propriétés

RAB propose d'acheter les actifs (et remplir ses obligations contractuelles) pour la somme totale de $5,794,360.00 payable de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $579,436.00 sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;
2. Le solde, soit la somme de $5,214,924.00 sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;

Cette offre est valable pour acceptation suivant les délais spécifiés à la « FORM OF OFFER » ci-jointe.

Cette proposition devra être incorporée et faire partie intégrante du contrat de vente finale.

Espérant le tout à votre entière satisfaction. Nous sommes prêts à procéder immédiatement.

PROPOSITION ACCEPTÉE le _______ jour de mars, 2010

Abitibibowater

____
Signature

____
Nom et titre

Recyclage Arctic Beluga

Références de démolition industrielles (Incluant l'enlèvement de l'amiante)

1. Teck Cominco, Polaris Mine, Nu
2. Spexel, Beauharnois, QC
3. Noranda Inc., Bathurst, NB
4. BFC Longue-Pointe, Montréal, QC
5. Cascades, Trois-Rivières, QC

Banque, CSST, TPS

1. Numéro de CSST 859826935
2. Numéro de taxe fédérale 807403274RT0001
3. Banque – Caisse Populaire – Grand Mère, QC
   Directeur de compte - Anne Allard - 819-538-2227 ext 316

AbitibiBowater et al.

FORM OF OFFER

To:

Abitibi Bowater ("Abibiti")
c/o Ernst & Young Inc. , Monitor of AbitibiBowater, Inc. et al
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Québec H3B 1X9

Attention: Todd Caluori, Vice President, Transaction Advisory Services
Tel: no.: 514.879.2793
Mobile: 514.515.7046
Email address: todd.caluori@ca.ey.com

1. RECYCLAGE ARCTIC BÉLUGA INC.
(Name of Offeror)

2. 888, 7E AVENUE SUD
GRAND'MÈRE, QC
G9T 5W1
(Address of Offeror)

3. (819) 538-0424
(Telephone Number)

4. RFUGERE@RECYCLAGEARCTICBELUGA.COM
(Email address)

5. I/We hereby submit this offer for the purchase of the Property indicated below:

Parcel 1
<u>Land and buildings at Dalhousie</u>

$2,476,250.00 (Can.)

Parcel 2
<u>Land and buildings at Donnacona</u>

$2,126,250.00 (Can.)

Parcel 3
<u>Land and buildings at Fort William</u>

$ -2,543,750.00 (Can.)

Parcel 4
<u>Equipment and buildings for demolition at Mackenzie-</u>

$876,250.00 (Can.)

Parcel 5
Land and buildings at Beaupre
$206,250.00 (Can.)

<u>TOTAL FOR THE SITES: $3,141,250.00 (Can.)</u>

6. This Offer is an "en bloc" offer to purchase the following listed parcels (i.e. Vendor can accept all, but not less than all, of the Offer for the following parcels):

   Parcel 1, Parcel 2, Parcel 3, Parcel 4 AND Parcel 5

   We/I agree, that in the event this Offer is accepted, to be bound by the conditions of sale attached hereto as Appendix A (the "**Conditions of Sale**") dated September 30th, 2009 in connection with the above which shall form part of this tender.

7. This Offer shall be irrevocable for a period of ninety (90) days.

8. As per agreement between Mr Alain Gélinas and Mr. Todd Caluori, our/my certified cheque as a deposit in the amount of $314,125.00, representing 10% of the total amount of our/my offer submitted herein will be deposit in the Me Jean-Guy Diamond, notary's trust account the day of acceptance of our offer.

DATED at SHAWINIGAN this 9TH day of November, 2009.

RENÉ FUGÈRE, Witness	ALAIN GÉLINAS, PRESIDENT c/s

Appendix A: CONDITIONS OF SALE

1. The vendor is Abitibi-Consolidated Company of Canada or one of its affiliates (hereinafter called the "Vendor") of the Parcels described above.

2. The assets being sold (hereinafter referred to as the "Property") pursuant to these Conditions of Sale shall include the Vendor's right, title and interest, if any, in the Property listed in the Parcels above. It is understood and agreed that in the case of Parcel 4 – Mackenzie, the assets offered for sale are the equipment (subject to the conditions set forth hereinafter) and buildings only.

3. A listing of the various items comprising the Property is contained in the information package attached hereto as Appendix C (the"**Information Package**"). All information contained in the Information Package, including without limitation, the lists and descriptions of the Property have been prepared solely for the convenience of the party submitting an offer to purchase some or all of the Property and are not warranted to be complete or accurate and do not form part of these Conditions of Sale.

4. Sealed tenders marked "Offer – AbitibiBowater" shall be delivered or mailed postage prepaid to AbitibiBowater, c/o Ernst & Young Inc., 800 René-Lévesque Blvd.W., Suite 1900,Montreal, Québec H3B 1X9 to the attention of Mr. Todd Caluori, Vice President, Transaction Advisory Services and must be received on or before Monday November 9, 2009 at 5:00 pm Eastern Standard Time.

5. Every offer submitted should be in the form of offer attached hereto. Offers received by the Vendor which are not in such form may be rejected.

6. Each Offeror shall, with its offer, deliver to the Vendor a certified cheque payable to Abitibi. for ten percent (10%) of the aggregate offered price (the "Purchase Price"). If the offer is accepted, said cheque shall be deemed to be a cash deposit and the successful Offeror (hereinafter called the "Purchaser") shall pay the balance of the Purchase Price to the Vendor, in cash or by certified cheque on such other date as may be mutually agreed upon by the Vendor and the Purchaser, without interest.

7. Cheques accompanying offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its offer or made available for pick up not later than fourteen (14) days following the opening of offers unless otherwise arranged with the Offeror.

8. The closing of the Agreement of Purchase and Sale shall take place at the office of the Vendor, 1155 Metcalfe Street, suite 800, Montréal, Québec H3B 5H2 or at the option of the Vendor, at the offices of the Vendor's solicitors at a time and date to be mutually agreed upon by the Vendor and the Purchaser.

9. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to such Deeds, Bills of Sale or Assignments as may be considered necessary by the Vendor to convey the Property to the Purchaser provided that the Purchaser shall remain liable under the Agreement of Purchase and Sale. Any such Deeds, Bills of Sale or Assignments shall contain only a release of the Vendor's interest in the Property and shall not contain any covenant from the Vendor other than a covenant that the Vendor has done no act to encumber the Property.

10. The Purchaser shall pay on closing in addition to the Purchase Price:

    (a) all applicable federal and provincial taxes; and

    (b) any applicable Land Transfer Tax;

11. The Purchaser shall assume at Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as the same apply to the Property and the use thereof by the Purchaser.

12. The Vendor shall not be required to produce any abstract of title, title deed or documents or copies thereof or any evidence as to title, other than those in its possession.

13. The Purchaser agrees to accept title thereto subject to work orders, municipal requirements, including building or zoning by-laws and regulations, easements for hydro, gas, telephone affecting the property, like services to the property, and restrictions and/or covenants which run with the land.

14. The Purchaser shall examine title to the Property at its own expense and any objection thereto shall be made in writing to the solicitors for the Vendor, the identity of which shall be divulged to the Purchaser upon notification of acceptance by the Vendor, within seven (7) days after notification of acceptance has been forwarded by registered mail. Should no objection to title in writing be made within that time to the said solicitor, title to the Property shall be conclusively deemed to have been accepted. Should any valid objection in writing to title within that time be made, the Vendor shall have a reasonable time to rectify and answer the same and if the Vendor is unable to or unwilling to rectify or answer any sufficient objection which the Purchaser will not waive, the Vendor shall be at liberty to terminate the Agreement of Purchase and Sale (notwithstanding any intermediate negotiations with respect to such objection or any attempt to rectify or answer the same), by notice in writing served upon or mailed by registered mail, postage prepaid, addressed to the Purchaser, at its address as designated in its tender, or the address of the Purchaser's solicitor at his usual place of business, in which case the Purchaser shall be entitled only to a return of the deposit money without interest, and shall not be entitled to any compensation of any kind or nature whatsoever for any loss, damage, costs or otherwise.

15. Prior to closing the Property shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After closing, the Property shall be at the risk of the Purchaser. In the event of substantial damage to the Property occurring on or before closing the Purchaser may either have the proceeds of the insurance and complete the Agreement of Purchase and Sale or may cancel the Agreement of Purchase and Sale and have all monies theretofore paid, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.

16. All adjustments of such taxes and other items as are specified herein will be made as of the date on which the transaction contemplated by the Agreement of Purchase and Sale is

completed. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance.

17. If the Purchaser fails to comply with the Agreement of Purchase and Sale, the Purchaser's deposit shall be forfeited to the Vendor and the property may be resold by the Vendor and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.

18. By submitting an offer, a Purchaser acknowledges that it has inspected the Property and that the Property is sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever, including but not limited to the environmental condition of the property. Each Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Property or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances.

19. The Agreement of Purchase and Sale will provide that the Purchaser covenants not to compete with AbitibiBowater by making any grade of paper currently manufactured by AbitibiBowater out of the Property or any part thereof. Such covenant shall also be binding upon any subsequent purchaser of the Property or any part thereof. Provided that Vendor is not satisfied will the Purchaser's ability to comply with such covenant, then Vendor shall be entitled to disable the paper machines located on the Property prior to Closing.

20. The highest or any offer will not necessarily be accepted.

21. Any agreement of purchase and sale entered into by Vendor may be subject to the condition that the sale be approved by the Quebec Superior Court.

22. No Offeror shall be at liberty to withdraw, vary or countermand an offer once made.

23. The Vendor, at its discretion, may waive or vary any or all of the terms and conditions hereof made for its benefit.

24. The terms and conditions contained herein shall not merge on the closing of the transaction contemplated by any Agreement of Purchase and Sale but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

25. The validity and interpretation of an Agreement of Purchase and Sale shall be governed by the laws of Quebec, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.

26. All stipulations as to time are strictly of the essence.

27. Any offer of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be paid by cheque certified by a Canadian chartered bank or trust company.

28. The obligations of the Vendor to complete an Agreement of Purchase and Sale shall be relieved if, on or before the closing of such sale, any parcel which is the subject of the sale has been removed from the control of the Vendor by any means or process, or any such parcel is redeemed, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, costs or compensation.

DATED at Montreal, Quebec, this 28th day of October, 2009.

Appendix C

[Information Package]

APPENDIX “I”

888, 7ième Avenue Sud
Grand-Mère (Québec)
G9T 5W1
Tél. : (819) 538-0424
Fax. : (819) 729-1318
rfugere@recyclagearcticbeluga.com

RECYCLAGE Arctic Béluga INC.

Shawinigan le 3 mars 2010.

Abitibibowater (« Abitibi »)
c/o Ernst & Young inc., Monitor of AbitibiBowater inc. et al
Attention : Todd Caluori, Vice President, Transaction Advisory Services
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Qué.
H3B 1X9

RE: Proposition #2 pour l'achat des actifs des sites de Dalhousie, Donnacona, Beaupré et Fort Williams, excluant les terrains.

Messieurs,

Recyclage Arctic Beluga (RAB), après avoir vu les actifs à être vendus et les bâtiments et structures à être démolis, par la présente soumets à Abitibibowater (ABW) la proposition d'achat suivante telle qu'établie à la « FORM OF OFFER » et complétée par la proposition ci-jointe.

Bien vouloir noter que tous les montants sont exprimés en dollars canadiens.

Respectueusement vôtre,

Alain Gélinas, Président
Recyclage Arctic Beluga

Cette proposition est sujette aux conditions générales suivantes et vaut pour l'ensemble des sites des usines de Dalhousie, Donnacona et Beaupré (Les sites):

1. Cette proposition englobe toute la machinerie, les équipements et inventaire présentement situés sur les sites à être vendus ou se trouvant à l'extérieur des sites mais étant rattachés à ces sites, le tout « as is where is » actuellement, à l'exception des terrains des sites.
2. Les bâtiments à démolir comprennent tous les bâtiments et structures actuellement érigés sur les sites concernées.
3. Les actifs d'ABW seront vendus à RAB libres de tous liens, charges et servitudes.
4. ABW permettra à RAB l'utilisation des noms des usines dans la publicité reliée à la vente par encan des équipements.
5. RAB sera responsable, à ses frais, d'assurer la sécurité des visiteurs durant les périodes d'inspection et durant les encans et/ou vente d'équipement et durant le processus de démolition.
6. RAB n'achète pas les matières dangereuses présentes sur les propriétés et n'est pas responsable de leur disposition. On entend par matières dangereuses toutes matières ainsi définies par les autorités municipales, provinciales et/ou fédérale.
7. RAB se réserve le droit d'amender sa proposition d'achat dans l'éventualité ou, entre la date de cette offre et la ratification du contrat de vente final, survient un évènement de force majeure, lequel est n'importe quel évènement qui est hors du contrôle raisonnable de RAB, et inclus, entre autre, un *act of God*, un émeute, une grève, un lock-out, une guerre, un acte de terrorisme ou une insurrection.
8. RAB achètera d'ABW sur une base « as is where is », aux risques et périls de l'Acheteur, et sans représentations et garanties (légales ou conventionnelles), tous les actifs tangibles reliés à la production et l'exploitation des sites, incluant la machinerie, l'équipement et l'inventaire présentement situés sur les sites (collectivement les « Actifs Achetés »).

La proposition et les conditions spécifiques reliées à cette offre sont les suivantes:

A. Proposition d'achat « en bloc » pour les trois propriétés

RAB propose d'acheter les actifs (et remplir ses obligations contractuelles) pour la somme totale de $7,680,610.00 payable de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $768,061.00 sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;
2. Le solde, soit la somme de $6,912,549.00 sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;
3. Nonobstant l'offre mentionnée précédemment, les revenus nettes de toutes ventes de machine à papier et du TMP de Dalhousie intervenant à compter de l'acceptation de notre proposition d'achat jusqu'à la fin de la période prévue au contrat seront partagés selon le barème suivant, soit 80% ABW et 20% RAB;

4. Les discussions actuelles et les documents signés avec deux clients très sérieux nous assurent pratiquement de revenus additionnels de 16,800,000CAD provenant de la vente de la vente de la machine à papier #4 de Donnacona et du TMP de Dalhousie, les transactions actuellement en négociation ne pouvant être complétées, RAB n'étant pas propriétaires des dits équipement. Ces possibilités de ventes pratiquement réalisées portent les revenus totaux à pratiquement 25,000,000CAD.

B. Proposition d'achat « en bloc » pour les quatre propriétés

RAB propose d'acheter les actifs (et remplir ses obligations contractuelles) pour la somme totale de $5,794,360.00 payable de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $579,436.00 sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;
2. Le solde, soit la somme de $5,214,924.00 sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;
3. Nonobstant l'offre mentionnée précédemment, les revenus nettes de toutes ventes de machine à papier intervenant à compter de l'acceptation de notre proposition d'achat jusqu'à la fin de la période prévue au contrat seront partagés selon le barème suivant, soit 80% ABW et 20% RAB;
4. Les discussions actuelles et les documents signés avec deux clients très sérieux nous assurent pratiquement de revenus additionnels de 16,800,000CAD provenant de la vente de la vente de la machine à papier #4 de Donnacona et du TMP de Dalhousie, les transactions actuellement en négociation ne pouvant être complétées RAB n'étant pas propriétaires des dits équipement.

Cette offre est valable pour acceptation suivant les délais spécifiés à la « FORM OF OFFER » ci-jointe.

Cette proposition devra être incorporée et faire partie intégrante du contrat de vente finale.

Espérant le tout à votre entière satisfaction. Nous sommes prêts à procéder immédiatement.

PROPOSITION ACCEPTÉE le _______ jour de mars, 2010

Abitibibowater

____
Signature

____
Nom et titre

Recyclage Arctic Beluga

<u>Références de démolition industrielles (Incluant l'enlèvement de l'amiante)</u>

1. Teck Cominco, Polaris Mine, Nu
2. Spexel, Beauharnois, QC
3. Noranda Inc., Bathurst, NB
4. BFC Longue-Pointe, Montréal, QC
5. Cascades, Trois-Rivières, QC

<u>Banque, CSST, TPS</u>

1. Numéro de CSST 859826935
2. Numéro de taxe fédérale 807403274RT0001
3. Banque – Caisse Populaire – Grand Mère, QC
   Directeur de compte - Anne Allard - 819-538-2227 ext 316

AbitibiBowater et al.

FORM OF OFFER

To:

Abitibi Bowater ("Abibiti")
c/o Ernst & Young Inc. , Monitor of AbitibiBowater, Inc. et al
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Québec H3B 1X9

Attention: Todd Caluori, Vice President, Transaction Advisory Services
Tel: no.: 514.879.2793
Mobile: 514.515.7046
Email address: todd.caluori@ca.ey.com

1. RECYCLAGE ARCTIC BÉLUGA INC.
(Name of Offeror)

2. 888, 7E AVENUE SUD
GRAND'MÈRE, QC
G9T 5W1
(Address of Offeror)

3. (819) 538-0424
(Telephone Number)

4. RFUGERE@RECYCLAGEARCTICBELUGA.COM
(Email address)

5. I/We hereby submit this offer for the purchase of the Property indicated below:

Parcel 1
Land and buildings at Dalhousie

$2,476,250.00 (Can.)

Parcel 2
Land and buildings at Donnacona

$2,126,250.00 (Can.)

Parcel 3
Land and buildings at Fort William

$ -2,543,750.00 (Can.)

Parcel 4
Equipment and buildings for demolition at Mackenzie-

$876,250.00 (Can.)

Parcel 5
Land and buildings at Beaupre
$206,250.00 (Can.)

TOTAL FOR THE SITES: $3,141,250.00 (Can.)

6. This Offer is an "en bloc" offer to purchase the following listed parcels (i.e. Vendor can accept all, but not less than all, of the Offer for the following parcels):

   Parcel 1, Parcel 2, Parcel 3, Parcel 4 AND Parcel 5

   We/I agree, that in the event this Offer is accepted, to be bound by the conditions of sale attached hereto as Appendix A (the "**Conditions of Sale**") dated September 30th, 2009 in connection with the above which shall form part of this tender.

7. This Offer shall be irrevocable for a period of ninety (90) days.

8. As per agreement between Mr Alain Gélinas and Mr. Todd Caluori, our/my certified cheque as a deposit in the amount of $314,125.00, representing 10% of the total amount of our/my offer submitted herein will be deposit in the Me Jean-Guy Diamond, notary's trust account the day of acceptance of our offer.

DATED at SHAWINIGAN this 9TH day of November, 2009.

______________________________	______________________________ c/s
RENÉ FUGÈRE, Witness	ALAIN GÉLINAS, PRESIDENT

Appendix A: CONDITIONS OF SALE

1. The vendor is Abitibi-Consolidated Company of Canada or one of its affiliates (hereinafter called the "Vendor") of the Parcels described above.

2. The assets being sold (hereinafter referred to as the "Property") pursuant to these Conditions of Sale shall include the Vendor's right, title and interest, if any, in the Property listed in the Parcels above. It is understood and agreed that in the case of Parcel 4 – Mackenzie, the assets offered for sale are the equipment (subject to the conditions set forth hereinafter) and buildings only.

3. A listing of the various items comprising the Property is contained in the information package attached hereto as Appendix C (the"**Information Package**"). All information contained in the Information Package, including without limitation, the lists and descriptions of the Property have been prepared solely for the convenience of the party submitting an offer to purchase some or all of the Property and are not warranted to be complete or accurate and do not form part of these Conditions of Sale.

4. Sealed tenders marked "Offer – AbitibiBowater" shall be delivered or mailed postage prepaid to AbitibiBowater, c/o Ernst & Young Inc., 800 René-Lévesque Blvd.W., Suite 1900,Montreal, Québec H3B 1X9 to the attention of Mr. Todd Caluori, Vice President, Transaction Advisory Services and must be received on or before Monday November 9, 2009 at 5:00 pm Eastern Standard Time.

5. Every offer submitted should be in the form of offer attached hereto. Offers received by the Vendor which are not in such form may be rejected.

6. Each Offeror shall, with its offer, deliver to the Vendor a certified cheque payable to Abitibi. for ten percent (10%) of the aggregate offered price (the "Purchase Price"). If the offer is accepted, said cheque shall be deemed to be a cash deposit and the successful Offeror (hereinafter called the "Purchaser") shall pay the balance of the Purchase Price to the Vendor, in cash or by certified cheque on such other date as may be mutually agreed upon by the Vendor and the Purchaser, without interest.

7. Cheques accompanying offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its offer or made available for pick up not later than fourteen (14) days following the opening of offers unless otherwise arranged with the Offeror.

8. The closing of the Agreement of Purchase and Sale shall take place at the office of the Vendor, 1155 Metcalfe Street, suite 800, Montréal, Québec H3B 5H2 or at the option of the Vendor, at the offices of the Vendor's solicitors at a time and date to be mutually agreed upon by the Vendor and the Purchaser.

9. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to such Deeds, Bills of Sale or Assignments as may be considered necessary by the Vendor to convey the Property to the Purchaser provided that the Purchaser shall remain liable under the Agreement of Purchase and Sale. Any such Deeds, Bills of Sale or Assignments shall contain only a release of the Vendor's interest in the Property and shall not contain any covenant from the Vendor other than a covenant that the Vendor has done no act to encumber the Property.

10. The Purchaser shall pay on closing in addition to the Purchase Price:

    (a) all applicable federal and provincial taxes; and

    (b) any applicable Land Transfer Tax;

11. The Purchaser shall assume at Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as the same apply to the Property and the use thereof by the Purchaser.

12. The Vendor shall not be required to produce any abstract of title, title deed or documents or copies thereof or any evidence as to title, other than those in its possession.

13. The Purchaser agrees to accept title thereto subject to work orders, municipal requirements, including building or zoning by-laws and regulations, easements for hydro, gas, telephone affecting the property, like services to the property, and restrictions and/or covenants which run with the land.

14. The Purchaser shall examine title to the Property at its own expense and any objection thereto shall be made in writing to the solicitors for the Vendor, the identity of which shall be divulged to the Purchaser upon notification of acceptance by the Vendor, within seven (7) days after notification of acceptance has been forwarded by registered mail. Should no objection to title in writing be made within that time to the said solicitor, title to the Property shall be conclusively deemed to have been accepted. Should any valid objection in writing to title within that time be made, the Vendor shall have a reasonable time to rectify and answer the same and if the Vendor is unable to or unwilling to rectify or answer any sufficient objection which the Purchaser will not waive, the Vendor shall be at liberty to terminate the Agreement of Purchase and Sale (notwithstanding any intermediate negotiations with respect to such objection or any attempt to rectify or answer the same), by notice in writing served upon or mailed by registered mail, postage prepaid, addressed to the Purchaser, at its address as designated in its tender, or the address of the Purchaser's solicitor at his usual place of business, in which case the Purchaser shall be entitled only to a return of the deposit money without interest, and shall not be entitled to any compensation of any kind or nature whatsoever for any loss, damage, costs or otherwise.

15. Prior to closing the Property shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After closing, the Property shall be at the risk of the Purchaser. In the event of substantial damage to the Property occurring on or before closing the Purchaser may either have the proceeds of the insurance and complete the Agreement of Purchase and Sale or may cancel the Agreement of Purchase and Sale and have all monies theretofore paid, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.

16. All adjustments of such taxes and other items as are specified herein will be made as of the date on which the transaction contemplated by the Agreement of Purchase and Sale is

completed. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance.

17. If the Purchaser fails to comply with the Agreement of Purchase and Sale, the Purchaser's deposit shall be forfeited to the Vendor and the property may be resold by the Vendor and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.

18. By submitting an offer, a Purchaser acknowledges that it has inspected the Property and that the Property is sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever, including but not limited to the environmental condition of the property. Each Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Property or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances.

19. The Agreement of Purchase and Sale will provide that the Purchaser covenants not to compete with AbitibiBowater by making any grade of paper currently manufactured by AbitibiBowater out of the Property or any part thereof. Such covenant shall also be binding upon any subsequent purchaser of the Property or any part thereof. Provided that Vendor is not satisfied will the Purchaser's ability to comply with such covenant, then Vendor shall be entitled to disable the paper machines located on the Property prior to Closing.

20. The highest or any offer will not necessarily be accepted.

21. Any agreement of purchase and sale entered into by Vendor may be subject to the condition that the sale be approved by the Quebec Superior Court.

22. No Offeror shall be at liberty to withdraw, vary or countermand an offer once made.

23. The Vendor, at its discretion, may waive or vary any or all of the terms and conditions hereof made for its benefit.

24. The terms and conditions contained herein shall not merge on the closing of the transaction contemplated by any Agreement of Purchase and Sale but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

25. The validity and interpretation of an Agreement of Purchase and Sale shall be governed by the laws of Quebec, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.

26. All stipulations as to time are strictly of the essence.

27. Any offer of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be paid by cheque certified by a Canadian chartered bank or trust company.

28. The obligations of the Vendor to complete an Agreement of Purchase and Sale shall be relieved if, on or before the closing of such sale, any parcel which is the subject of the sale has been removed from the control of the Vendor by any means or process, or any such parcel is redeemed, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, costs or compensation.

DATED at Montreal, Quebec, this 28th day of October, 2009.

Appendix C

[Information Package]

APPENDIX "J"

888, 7ième Avenue Sud
Grand-Mère (Québec)
G9T 5W1
Tél. : (819) 538-0424
Fax. : (819) 729-1318
rfugere@recyclagearcticbeluga.com

RECYCLAGE Arctic Béluga INC.

Shawinigan le 9 mars 2010.

Abitibibowater (« Abitibi »)
c/o Ernst & Young inc., Monitor of AbitibiBowater inc. et al
Attention : Todd Caluori, Vice President, Transaction Advisory Services
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Qué.
H3B 1X9

RE: Proposition #2 pour l'achat des actifs des sites de Dalhousie, Donnacona, Beaupré et Fort Williams, incluant les terrains.

Messieurs,

Recyclage Arctic Beluga (RAB), après avoir vu les actifs à être vendus et les bâtiments et structures à être démolis, par la présente soumets à Abitibibowater (ABW) la proposition d'achat suivante telle qu'établie à la « FORM OF OFFER » et complétée par la proposition ci-jointe.

Bien vouloir noter que tous les montants sont exprimés en dollars canadiens.

Respectueusement vôtre,

Alain Gélinas, Président
Recyclage Arctic Beluga

Cette proposition est sujette aux conditions générales suivantes et vaut pour l'ensemble des sites des usines de Dalhousie, Donnacona, Beaupré et Fort Williams (Les sites):

1. Cette proposition englobe tous les terrains et bâtiments, toute la machinerie, les équipements et inventaire présentement situés sur les sites à être vendus ou se trouvant à l'extérieur des sites mais étant rattachés à ces sites, le tout « as is where is » actuellement.

2. Les actifs d'ABW seront vendus à RAB libres de tous liens, charges et servitudes.

3. ABW permettra à RAB l'utilisation des noms des usines dans la publicité reliée à la vente par encan des équipements.

4. RAB sera responsable, à ses frais, d'assurer la sécurité des visiteurs durant les périodes d'inspection et durant les encans et/ou vente d'équipement.

5. RAB n'achète pas les matières dangereuses présentes sur les propriétés et n'est pas responsable de leur disposition. On entend par matières dangereuses toutes matières ainsi définies par les autorités municipales, provinciales et/ou fédérale.

6. RAB se réserve le droit d'amender sa proposition d'achat dans l'éventualité ou, entre la date de cette offre et la ratification du contrat de vente final, survient un évènement de force majeure, lequel est n'importe quel évènement qui est hors du contrôle raisonnable de RAB, et inclus, entre autre, un *act of God*, un émeute, une grève, un lock-out, une guerre, un acte de terrorisme ou une insurrection.

7. RAB achètera d'ABW sur une base « as is where is », aux risques et périls de l'Acheteur, et sans représentations et garanties (légales ou conventionnelles), toute propriété de nature immobilière constituant les sites (incluant notamment tout terrain et tout bâtiment) (la « Propriété ») tous les actifs tangibles reliés à la production et l'exploitation des sites, incluant la machinerie, l'équipement et l'inventaire présentement situés sur les sites (collectivement les « Actifs Achetés »).

8. En lieu et place de la cédule 9.2(d) « INSURANCE COVERAGE », RAB s'engage à réaliser tous les travaux et démarches requis par les autorités gouvernementales en matière d'environnement dans le cadre de la cessation des activités d'ABW et du changement d'utilisation des terrains qu'effectuera RAB, ce dernier s'engage à prendre fait et cause pour, et à indemniser, ABW, de toute réclamation, indemnité, dommage, poursuite ou action qu'ABW pourraient subir ou encourir par suite de tout manquement ou défaut de RAB à l'engagement susmentionné.

9. Concernant les sites de Donnacona, Dalhousie et Fort Williams, nous vous informons que RAB a la ferme intention d'utiliser chacun des terrains de ces sites à des fins industrielles en s'associant à des partenaires stratégiques locaux. À cette fin, des pourparlers ont déjà été amorcés avec différents intervenants économiques de chacune des régions concernées afin d'évaluer le potentiel de chacun des projets envisagés.

10. Pour ce qui est du site de Beaupré, RAB a l'intention de favoriser le développement immobilier des terrains, compte tenu de l'emplacement du site par rapport au fleuve St-Laurent et la proximité de nombreuses installations touristiques telle le Mont St-Anne et la Basilique Ste-Anne de Beaupré. À cette fin des pourparlers préliminaires ont été amorcés avec des promoteurs immobiliers locaux.

La proposition et les conditions spécifiques reliées à cette offre sont les suivantes:

A. Proposition d'achat « en bloc » pour les trois propriétés

RAB propose d'acheter les actifs (et remplir ses obligations contractuelles) pour la somme totale de $7,680,610.00 payable de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $768,061.00 sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;

2. Le solde, soit la somme de $6,912,549.00 sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;

3. Nonobstant l'offre mentionnée précédemment, les revenus nettes de toutes ventes de machine à papier et du TMP de Dalhousie intervenant à compter de l'acceptation de notre proposition d'achat jusqu'à la fin de la période prévue au contrat seront partagés selon le barème suivant, soit 80% ABW et 20% RAB;

4. Les discussions actuelles et les documents signés avec deux clients très sérieux nous assurent pratiquement de revenus additionnels de 16,800,000CAD provenant de la vente de la vente de la machine à papier #4 de Donnacona et du TMP de Dalhousie, les transactions actuellement en négociation ne pouvant être complétées, RAB n'étant pas propriétaires des dits équipement. Ces possibilités de ventes pratiquement réalisées portent les revenus totaux à pratiquement 25,000,000CAD.

B. Proposition d'achat « en bloc » pour les quatre propriétés

RAB propose d'acheter les actifs (et remplir ses obligations contractuelles) pour la somme totale de $5,794,360.00 payable de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $579,436.00 sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;

2. Le solde, soit la somme de $5,214,924.00 sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;

3. Nonobstant l'offre mentionnée précédemment, les revenus nettes de toutes ventes de machine à papier intervenant à compter de l'acceptation de notre

proposition d'achat jusqu'à la fin de la période prévue au contrat seront partagés selon le barème suivant, soit 80% ABW et 20% RAB;

4. Les discussions actuelles et les documents signés avec deux clients très sérieux nous assurent pratiquement de revenus additionnels de 16,800,000CAD provenant de la vente de la vente de la machine à papier #4 de Donnacona et du TMP de Dalhousie, les transactions actuellement en négociation ne pouvant être complétées RAB n'étant pas propriétaires des dits équipement.

Cette offre est valable pour acceptation suivant les délais spécifiés à la « FORM OF OFFER » ci-jointe, et remplace toute autre offre faite antérieurement.

Cette proposition devra être incorporée et faire partie intégrante du contrat de vente finale.

Espérant le tout à votre entière satisfaction. Nous sommes prêts à procéder immédiatement.

PROPOSITION ACCEPTÉE le _______ jour de mars, 2010

Abitibibowater

____
Signature

____
Nom et titre

Recyclage Arctic Beluga

<u>Références de démolition industrielles (Incluant l'enlèvement de l'amiante)</u>

1. Belgo, Shawinigan, Qc.
2. Teck Cominco, Polaris Mine, Nu
3. Spexel, Beauharnois, QC
4. Noranda Inc., Bathurst, NB
5. BFC Longue-Pointe, Montréal, QC
6. Cascades, Trois-Rivières, QC

<u>Banque, CSST, TPS</u>

1. Numéro de CSST 859826935
2. Numéro de taxe fédérale 807403274RT0001
3. Banque – Caisse Populaire – Grand Mère, QC
   Directeur de compte - Anne Allard - 819-538-2227 ext 316

APPENDIX “K”

888, 7e Avenue Sud
Grand-Mère (Québec)
G9T 5W1
Tél. : (819) 538-0424
Fax. : (819) 729-1318
RBQ. : 5595-3699-01
caroline@recyclagearcticbeluga.com

RECYCLAGE Arctic Béluga INC.

Shawinigan le 11 mars 2010

Abitibibowater (Abitibi)
Attention : Todd Caluori, Vice President, Transaction Advisor Services
800 René Lévesque Blvd. W.
Suite 1900
Montréal, (Québec)
H3B 1X9

RE : Proposition # 3 pour l'achat des actifs des sites Dalhousie, Donnacona, Beaupré et Fort William, incluant les terrains.

Messieurs,

Cette proposition fait suite à notre conversion de ce matin avec M. Luc Lachapelle et M. Todd Caluori.

Tel que précisé dans la proposition d'achat # 2, soumis le 9 mars 2010 dernier et en réponse à votre demande concernant la vente d'actifs déjà garantie pour laquelle nous avons conclu une entente conditionnelle à l'obtention des sites Dalhousie, Donnacona, Beaupré et Fort William, incluant les terrains, se défini comme suit :

- *Option A du 9 mars 2010 : Le montant dont nous vous garantissons qui ira Abitibibowater s'élève à 13 500 000,00$*

- *Option B du 9 mars 2010 : Le montant dont nous vous garantissons qui ira Abitibibowater s'élève à 11 613 750,00$*

De plus, une négociation est en cours dans le but de vous offrir une garantie supplémentaire et dont nous vous ferons part dans la journée du 12 mars 2010.

Espérant le tout à votre entière satisfaction, veuillez agréer, Messieurs, mes sincères salutations.

Alain Gélinas, président
Recyclage Arctic Béluga inc.

APPENDIX "L"

888, 7e Avenue Sud
Grand-Mère (Québec)
G9T 5W1
Tél. : (819) 538-0424
Fax : (819) 729-1318
RBQ : 5595-3699-01
caroline@recyclagearcticbeluga.com

RECYCLAGE Arctic Béluga INC.

Shawinigan le 16 mars 2010

Abitibibowater (Abitibi)
Attention : Todd Caluori, Vice President, Transaction Advisor Services
800 René Lévesque Blvd. W.
Suite 1900
Montréal, (Québec)
H3B 1X9

RE : Proposition # 4 pour l'achat des actifs des sites Dalhousie, Donnacona, Beaupré et Fort William, incluant les terrains.

Messieurs,

Cette proposition fait suite à notre proposition #3 que nous vous avons fait parvenir le 11 mars dernier, proposition dans laquelle nous vous informions que des négociations en cours pourraient nous permettre de vous garantir des revenus additionnels.

Notre proposition pour l'obtention des sites Dalhousie, Donnacona, Beaupré et Fort William, incluant les terrains, se défini maintenant comme suit :

- **Option A** du 9 mars 2010 : Le montant que **<u>RAB s'engage définitivement à payer à ABW</u>** s'élève maintenant à **16 025 250,00$**

- **Option B** du 9 mars 2010 : Le montant que **<u>RAB s'engage définitivement à payer à ABW</u>** s'élève maintenant à **14 100 000,00$**

Ces montants que **<u>RAB s'engage définitivement à payer à ABW</u>** seront payés de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $1,602,525 pour l'option A ou $1,410,000 pour l'option B sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;

2. Le solde, soit la somme de $14,422,725 pour l'option A ou $12,690,000 pour l'option B sera payable à la signature du contrat de vente à intervenir entre RAB et ABW;

Nonobstant les montants mentionnée précédemment, les revenus nettes de la vente du TMP de Dalhousie et de toutes ventes de machine à papier à l'exclusion de la machine #4 de Donnacona, et intervenant à compter de l'acceptation de notre proposition d'achat jusqu'à la fin de la période prévue au contrat seront partagés selon le barème suivant, soit 80% ABW et 20% RAB;

Afin de maximiser les revenus additionnels prévus au paragraphe précédent, la période de trois (3) mois prévue à la clause 12.1 de la page 17 du document intitulé « Form of Purchase and Sale Agreement February 23, 2010 » est modifiée à douze (12) mois.

Espérant le tout à votre entière satisfaction, veuillez agréer, Messieurs, mes sincères salutations.

Alain Gélinas, président
Recyclage Arctic Béluga inc.

APPENDIX "M"

Agreement of Sales and Purchase of Used Equipment

THIS AGREEMENT OF SALES AND PURCHASE (hereinafter called the "AGREEMENT") IS MADE AS OF THE MARCH 3rd DAY OF FEBRUARY, 2010, BY AND BETWEEN:

JKR EQUIPMENT AND INSTRUMENTS GROUP LTD., registered under the laws of New Brunswick and having head quarter at 570 Queen Street, P.O. Box 1233, Fredericton, New Brunswick, Canada E3B 1B0 Canada, (hereinafter called "Buyer");

AND

RECYCLAGE ARCTIC BELUGA INC. registered under the laws of Quebec and having head quarter at 1655, rue Massicotte, Shawinigan-Sud, Quebec, Canada, (hereinafter called "Seller");

WHEREAS, Seller wishes to bid through Recyclage Arctic Beluga Inc. to acquire pulp and paper equipment located at the Donnacona mill in Donnacona, Quebec, Canada (hereinafter called the "Bid");

WHEREAS, Seller desires to sell a portion of this equipment designated as the Paper Machine and Winder, the whole as more fully described below (hereinafter called "Equipment");

WHEREAS Buyer wishes to purchase said Equipment from Seller and Buyer undertakes that it will not bid directly or through any person other than the Seller to acquire the Equipment; Seller undertakes that it will not sell directly or through any person other than the buyer to any other end customers.

NOW, THEREFORE, in consideration of the mutual covenants herein contained the Parties agree as follows,

1. OFFER TO PURCHASE

1.1. Buyer hereby irrevocably offers to purchase from the Seller who agrees to sell under the following terms and conditions the Equipment, provided the Bid is accepted and agreement of which is signed. The Buyer is not in default under the present AGREEMENT if the contract of the Bid is not signed between the current owner of the equipment and the Seller.

2. EQUIPMENT

2.1. Equipment Purchased. The Equipment which is the subject of this AGREEMENT is described as follows:

The Equipment purchased is itemized in the document entitled EXHIBIT A of this AGREEMENT.

The Purchase Price is allocated as per Equipment's component prices as determined in Exhibit A.

Seller fully acknowledges that the equipment sold per this AGREEMENT is a complete SC paper production line in running condition when it was shut down. There were not any known major components missing except that the Seller is informed of the missing of a QCS scanner. Seller further agrees to provide replacements or compensation for replacements of any major components which are missing. A subagreement of compensation for replacement by the Seller to Buyer will be made between the Seller and the Buyer after the inspection of the equipment, which will take place prior to the deposit of the 10% of the purchase price. The subagreement shall constitute a part of and be bound to this Agreement. If such a subagreement can not be reached by the two parties, the Agreement terminates automatically and, neither party is liable for the loss or damage to the other party in the dealing of this sales and purchase process.

3. PURCHASE PRICE AND PAYMENT

3.1. The purchase price for the Equipment is eighteen millions (18,000,000$) USD ("Purchase Price").

3.2. The Purchase Price shall be payable as follows:

3.2.1. 10% of the Purchase Price shall be wire transferred to an Escrow account held by a lawyer upon the Seller's bid has been accepted by the current owner of the assets (AbitibiBowater), which date is expected to be not later than March 17th, 2010. This payment will be released to the Seller by the lawyer directly at the time of closing the contract of the Bid between the Seller and the current owner (AbitibiBowater). This amount shall be used as the Deposit. Prior to this payment sent by the Buyer, the Seller has to deliver the Buyer a full set of the construction diagram of the building which is housing the Equipment, the Diagrams of foundation and footings of each facilities of the Equipment, and the P& ID of the entire papermaking process of the Equipment.

3.2.2. 20% of the Purchase Price shall be wire transferred to the Seller's bank account at the time of closing of the contract of the Bid. Prior to this payment by the Buyer, the Seller has to deliver the Buyer a full set of the Equipment Layout Diagrams, Piping Layout Diagrams and others which are necessary for re-installation of the Equipment for production purpose.

3.2.3 70% of the Purchase Price shall be paid to the Seller's bank account through wire transfer or irrevocable Letters of Credit, which shall be further discussed between and be acceptable by the Seller and the Buyer later, based on the schedule as set in the following, assuming that the Seller is the Contractor for removal and crating and packing of the Equipment and assuming the Buyer is responsible for finding a shipping company and paying for the shipping company for delivery of the packed equipment to a Port:

i) The less of 70% of the purchase price shall be paid at the last day of each month while the dismantling working is continuing, and the value of the payment will be based on the percentage of the equipment packed in the containers out of the total number of the containers which shall be estimated by the two parties at the beginning of the dismantling work in good faith. The agreed value of the shipped equipment shall be stated on the Bill of Lading;

ii) The amount of the value on the Bill of Lading of each month shall be sent to the Seller's account by the Buyer within five business days after the Bill of Lading is co-signed by both parties.

3.2.4 If in any case or for any reason the Agreement of the Bid is not signed, the Seller shall return the deposit, which is the 10% of the purchase price as described in 3.2.1 to the Buyer's account by wire transfer within three business days of the failure of signing the Agreement of the Bid.

3.3. Broker/Fees. Seller shall be solely responsible for payment of any fee or commission to any other third party not retained by the Buyer and agrees to indemnify and hold Buyer harmless concerning the same.

3.4. Banking Charges. Banking charges incurred by the Buyers shall be the responsibility of the Buyer and banking charges incurred by the Seller shall be the responsibility of the Seller.

3.5 Taxes and duties:

3.5.1. The Buyer shall pay all taxes, customs, duties and other dues levied by any authority outside of Canada in connection with and in the performance of the present Offer according to the present tax law.

3.5.2. The Seller shall pay all taxes, customs duties and other dues arising within Canada in connection with and in the performance of the Offer.

Initials AZ

Initials AB

4. CONDITION OF EQUIPMENT AND REMOVAL

4.1. General. The Equipment is purchased in the same condition as it sits in the Donnacona mill as of the closing date for the bid. In the event the Seller's Bid is accepted the parties shall conduct an inspection of the Equipment at the Site within 14 days of the date the Bid is accepted, which is within the 14 days prior to the 10% purchase price deposit is payable to the Seller, solely for the purpose of validating the List of Equipment described in Section 2.1. In doing so, Seller shall provide full equipment lists and P & ID's for the same purpose.

4.2. Removal and Delivery – General: Buyer shall be responsible for removal of the Equipment from the Site. Seller agrees to give Buyer or its contractors full access to the equipment. Should any alteration of the building structure is required for the sole purpose of easier removal of the equipment, the Seller agrees to grant such request to the Buyer.

4.3. Drawings and manuals: The Seller shall use its commercially reasonable best efforts to obtain all certified drawings (electronic files and hard copies), manuals, P& ID's, and other vendor-supplied written materials relating to the Equipment and deliver same to the Buyers within 10 days of transfer of title of the Equipment to the Seller.

4.6. Removal - Delivery. TIME IS OF THE ESSENCE. The removal of the Equipment as described above must be completed at the latest 12 months after Buyer acquires title to the Equipment. If removal is not made by Buyer during that time, Seller will have the right to collect a monthly rental fee.

For the purpose of planning and coordination only, Buyer and Seller have agreed to work in good faith to meet the Equipment Removal and Delivery. Parties agree that the non fulfilment of the Equipment Removal and Delivery Schedule shall not constitute an event of default under the present Agreement.

4.7. Removal - Environmental. Buyer will comply with current International codes for environmental safety for the packaging of the Equipment prior to shipment. Buyer agrees to be responsible for any materials and supplies used during the removal process and exercise proper care in disposal of any items.

5. RISK OF LOSS

5.1. Buyer assumes and shall bear the entire risk of loss for theft, damage, destruction or other injury to the Equipment from any and every cause whatsoever once the title of the Equipment is transferred from the Seller to the Buyer. The Seller shall notify the Buyer ahead of the time the Seller or the current owner of the Equipment terminates the insurance coverage of the above-said damage and/or loss so the Buyer can continue to insure by its own of the protection coverage for the same date.

6. TRANSFER OF TITLE

6.1. Seller warrants that it is the owner of the Equipment free and clear of any liens, security interests or other encumbrances once the Agreement of the Bid is signed between the Seller and the current owner.

6.2 Title shall pass from Seller to Buyer upon Seller's receipt of the instalment payment due from Buyer. Ownership and all incidents thereof shall pass at the time of the transfer of title. After each payment, the title of the packed and delivered Equipment shall be transferred from the Seller to the Buyer. Seller shall provide Buyer with a Bill of Sale, warranting Seller's title to the Equipment delivered and transferring same to Buyer.

7. INDEMNIFICATION AND HOLD HARMLESS

7.1. Buyer shall bear and be subject to, and indemnify and hold Seller harmless from any and all claims, causes of action or demands arising out of the removal and shipment of the same from the Site to the Point of Delivery, including, but not limited to, claims, causes of action or demands asserted by any person claiming personal injury or damage to property.

Initials

Initials AZ

8. WARRANTIES OR REPRESENTATIONS

8.1. General. The Equipment is sold on an "AS IS WHERE IS" basis without any warranty either express or implied. Buyer acknowledges that Seller is not the manufacturer of the Equipment, or the manufacturer's agent, or dealer therein; the Equipment is of a size, design, capacity, description and manufacture selected by the Buyer Buyer is satisfied that the Equipment is suitable and fit for Buyer's purposes. SELLER HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF THE EQUIPMENT, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE EQUIPMENT OR WORKMANSHIP IN THE EQUIPMENT

9. DEFAULT

9.1. In the event (i) either Buyer or Seller becomes insolvent or bankrupt or makes an assignment for the benefit of its creditors, or (ii) bankruptcy, reorganization or insolvency proceedings are instituted by or against either Buyer or Seller and are not dismissed within thirty (30) days, then either Buyer or Seller may immediately terminate their agreements, including without limitation this AGREEMENT once executed, and pursue any and all legal remedies available.

If the Buyer is at default at any stage of the execution of the Agreement, the deposit shall be forfeited, and the Seller has right to sell the remaining parts of the Equipment to any other buyers. If the Seller is at default at any stage of the execution of the Agreement, the remaining deposit of the Buyer in the Ascrow account on the date of the Seller's default shall be returned to the Buyer within three business days, and the Buyer shall continue to obtain the remaining or undelivered part of the Equipment.

10. FORCE MAJEURE

10.1. Notwithstanding any other provisions herein to the contrary, if Seller is unable to fulfil any of its obligations, in whole or in part, due to an event of force majeure such as war, earthquake, flood, fire, explosion, drought, sabotage, riot, mass movement, failure of supply of material, interruption of power supply, adoption of a law or regulation by government authorities, or following any other act of God reasonably beyond the control of such party, whether or not listed above, Seller shall not be liable towards the Buyer for any damage whatsoever caused by a default arising from such liability. However, any event preventing a party from fulfilling the requirements of this Agreement shall not i) exempt such party from its obligations if it does not act diligently to remedy the situation in an appropriate and equitable manner or ii) relieve the Buyer of its obligation to pay for the Equipment delivered The Seller agrees that the Buyer shall not pay for any parts of the Equipment which are not delivered due to the situations arising from the Force Majeure.

10.3. Should either party suffer a Force Majeure it shall give written notice of such event within 3 business days to the other party and indicate as precisely as possible the effect of such event of force majeure on its ability to fulfil its obligations in accordance with this Agreement.

10.4. Subject to the foregoing paragraphs, the non-fulfilment of an obligation due to force majeure shall not constitute an event of default under this Agreement and shall not give rise to any damages or recourses to obtain performance of the obligation.

11. INVALIDATION

11.1. In the event that any portion of this Offer or its terms and conditions are rendered invalid by a court of law, the remainder of the Offer shall be and remain valid, binding and fully enforceable. Failure at any time by either party to require strict performance by the other party of any of the provisions hereof shall not waive or diminish a party's right to enforce its rights or the other party's obligations under the Offer at a subsequent date.

12. APPLICABLE LAWS

Initials

Initials

12.1. This Offer shall in all respects be governed by, and construed in accordance with, the laws of the Province of Quebec, including all matters of construction, validity and performance. Seller agrees to submit to the jurisdiction of the province of Quebec in the court of the province of Quebec, and venue for any action concerning this Offer shall be in the province of Quebec. And Articles of the Convention on Contracts for the International Sale of Goods are excluded. Any disputes between the parties hereto arising out of or in connection with this Offer shall be settled if possible in the first instance amicably. If amicable settlement cannot be reached, then the matter under dispute shall be subject to mandatory mediation as a condition precedent to the commencement of a lawsuit. The parties will agree that a representative with authority to bind and settle the dispute will be present, and upon the mediator declaring that the dispute cannot be resolved, in writing, the case will then proceed with a lawsuit. The condition precedent of mediation shall not prevent either party from seeking injunctive relief whether temporary or permanent without first commencing mediation.

13. ATTORNEY'S FEES

13.1. In the event a lawsuit is commenced concerning this Offer, the prevailing party in any such litigation shall be entitled to recover from the other party all reasonable costs incurred as a result of such litigation, including, but not limited to, attorney's fees.

14. ASSIGMENT BY BUYER

14.1. Buyer will not delegate or subcontract any duties, nor assign any rights under this Agreement to any other contractors for removal of the equipment without the prior written approval of Seller.

15. CONFIDENTIAL INFORMATION

15.1. Except as may be required by law or court order or the operation, repair, maintenance and modification of the Equipment, Seller and Buyer agree to keep and maintain confidential any and all proprietary information that it has and will receive from the other party with regard to this AGREEMENT, and to the Equipment and identified in writing by such party as Confidential Information, and the information contained in the AGREMENT. Such information shall not be disclosed to any third party without previous written consent of the other party.

16. ENTIRE OFFER

16.1. This Offer constitutes the entire understanding between Buyer and Seller concerning the Equipment and replaces any and all written documents and/or oral discussions concerning the Equipment. Buyer expressly acknowledges that Seller has made no representations, warranties or promises of any kind, whether in writing or oral, that is not contained in this AGREEMENT. This AGREEMENT may be amended or modified only by a written document executed by the two concerning parties. Verbal or written communication or specifications will not be binding on any party hereto unless accepted and authorized by such party in writing and each party hereby objects in advance to and rejects the inclusion of any different or additional terms not accepted and authorized by such party in writing. To the extent that any inconsistencies exist between the terms of this AGREEMENT and any Appendices or Exhibits attached hereto, the terms of this AGREEMENT shall control. There shall be no contract concluded until both Buyer and Seller have accepted and signed a writing stating that it contains all of the terms of a binding contract between the two parties concerned. All related documents will be drawn up in English. The original English version of this AGREEMENT will govern and control. All dollar amounts specified in this AGREEMENT shall mean and refer to and shall be payable in United States Dollars.

17. EXHIBITS

17.1 The following exhibits are an integral part of this Offer.

Exhibit A Equipment which is the subject of this AGREEMENT

Initials
Initials

This AGREEMENT may be executed in any number of counterparts by Buyer, each of which shall be an original, and all such counterparts together shall constitute one and the same instrument.

ACCEPTED FOR AND ON BEHALF OF BUYER:

JKR EQUIPMENT AND INSTRUMENTS GROUP LTD

By Andrew Zhao
Andrew Zhao, Vice president

Date: March 3, 2010

ACCEPTED FOR AND ON BEHALF OF SELLER:

RECYCLAGE ARCTIC BELUGA INC.

By
Alain Gelinas, President

Date: march 3/2010

EXHIBIT A

Equipment

Proposal for a complete used paper machine and winder as seen at your visit of the Donnacona mill located in Quebec, Canada. The table below is the detailed description of the equipment.

#	Description	Manufacturer	Notes	Price (Million USD)	
1. 0	Donnacona PM 4	Voith	Start-up October 2000	17	
1. 1	Head Box Master jet-G	Voith			Included
1. 2	Forming section Duoformer	Voith			Included
1. 3	Press section Duocentri II	Voith			Included
1. 4	Dryer section 1,808 dia 1035 Kpa	Voith			Included
1. 5	Calender Janius	Voith			Included
1. 6	Reel Janius	Voith			Included
1. 7	Over head crane 70T	n/a			Included
2. 0	Winder winbelt Donnacona PM 4	Valmet		1.0	

Total: 18 Million USD

Initials [handwritten initials]

Initials [handwritten initials]

APPENDIX “N”

BCF AVOCATS
AGENTS DE BREVETS
ET DE MARQUES

Me Gilles Seguin
Ligne directe : (514) 397-5570
gilles.seguin@bcf.ca

PAR MESSAGER

Montréal, le 22 mars 2010

Abitibibowater (Abitibi)
800, boul. René-Lévesque ouest, Bureau 1900
Montréal (Québec)
H3B 1X9

À l'attention de Todd Caluori

RE : PROPOSITION NO 5 POUR L'ACHAT DES ACTIFS DES SITES DALHOUSIE, DONNACONA, BEAUPRÉ ET FORT WILLIAM, INCLUANT LES TERRAINS

Messieurs,

À la demande de notre cliente, Recyclage Arctic Béluga Inc., nous vous faisons parvenir cette proposition no 5 qui fait suite à la proposition no 4 qui avait été envoyée par notre cliente le 16 mars dernier.

Cette proposition vous est envoyée en assumant que le processus d'octroi se fera dans un contexte d'affaires normal et que cette proposition ne sera pas utilisée de façon à favoriser ou à bénéficier à un tiers.

Nous comprenons aussi que vous agirez avec toute l'indépendance et l'impartialité nécessaires liés à votre fonction, tel que prévu à la *Loi sur les arrangements avec les créanciers des compagnies* et la *Loi sur la faillite et l'insolvabilité.*

Nous sommes disponibles en tout temps pour discuter de toute question relative à cette proposition et à ce qui précède.

Agréez, Messieurs, nos salutations distinguées.

BCF s.e.n.c.r.l.

Gilles Seguin

GS/mf
Cc. René Fugère
Alain Gélinas
Luc Lachapelle
Gordon Cole

888, 7e Avenue Sud
Grand-Mère (Québec)
G9T 5W1
Tél. : (819) 538-0424
Fax. : (819) 729-1318
RBQ. : 5595-3699-01
caroline@recyclagearcticbeluga.com

RECYCLAGE Arctic Beluga INC.

Shawinigan le 22 mars 2010

Abitibibowater (Abitibi)
Attention : Todd Caluori, Vice President, Transaction Advisor Services
800 René Lévesque Blvd. W.
Suite 1900
Montréal, (Québec)
H3B 1X9

RE : Proposition # 5 pour l'achat des actifs des sites Dalhousie, Donnacona, Beaupré et Fort William, incluant les terrains.

Messieurs,

Cette proposition fait suite à notre proposition #4 que nous vous avons fait parvenir le 16 mars dernier.

De nouveaux développements récents nous permettent d'améliorer cette proposition.

Notre proposition pour l'obtention des sites Dalhousie, Donnacona, Beaupré et Fort William, incluant les terrains, se défini maintenant comme suit :

- **Option B** du 9 mars 2010 : Le montant que **RAB s'engage définitivement à payer à ABW** s'élève maintenant à **22 100 000,00$**

Ces montants que **RAB s'engage définitivement à payer à ABW** seront payés de la façon suivante :

1. Dix pour cent (10%) du montant, soit la somme de $2,210,000 pour l'option B sera déposée en fidéicommis chez Me Jean-Guy Diamond, notaire à Shawinigan, le jour même de l'acceptation de notre proposition d'achat;

2. Le solde, soit la somme de $19,890,000 pour l'option B sera payable à la signature du contrat de vente à intervenir entre RAB et ABW.

Afin de maximiser les revenus additionnels prévus au paragraphe précédent, la période de trois (3) mois prévue à la clause 12.1 de la page 17 du document intitulé « Form of Purchase and Sale Agreement February 23, 2010 » est modifiée à douze (12) mois.

Cette proposition est sujette aux conditions générales suivantes et vaut pour l'ensemble des sites des usines de Dalhousie, Donnacona, Beaupré et Fort Williams (Les sites):

1. Cette proposition englobe tous les terrains et bâtiments, toute la machinerie, les équipements et inventaire présentement situés sur les sites à être vendus ou se trouvant à l'extérieur des sites mais étant rattachés à ces sites, le tout « as is where is » actuellement.

2. Les actifs d'ABW seront vendus à RAB libres de tous liens, charges et servitudes.

3. ABW permettra à RAB l'utilisation des noms des usines dans la publicité reliée à la vente par encan des équipements.

4. RAB sera responsable, à ses frais, d'assurer la sécurité des visiteurs durant les périodes d'inspection et durant les encans et/ou vente d'équipement.

5. RAB n'achète pas les matières dangereuses présentes sur les propriétés et n'est pas responsable de leur disposition. On entend par matières dangereuses toutes matières ainsi définies par les autorités municipales, provinciales et/ou fédérale.

6. RAB se réserve le droit d'amender sa proposition d'achat dans l'éventualité ou, entre la date de cette offre et la ratification du contrat de vente final, survient un évènement de force majeure, lequel est n'importe quel évènement qui est hors du contrôle raisonnable de RAB, et inclus, entre autre, un *act of God*, un émeute, une guerre, un acte de terrorisme ou une insurrection.

7. RAB achètera d'ABW sur une base « as is where is », aux risques et périls de l'Acheteur, et sans représentations et garanties (légales ou conventionnelles), toute propriété de nature immobilière constituant les sites (incluant notamment tout terrain et tout bâtiment) (la « Propriété ») tous les actifs tangibles reliés à la production et l'exploitation des sites, incluant la machinerie, l'équipement et l'inventaire présentement situés sur les sites (collectivement les « Actifs Achetés »).

8. En lieu et place de la cédule 9.2(d) « INSURANCE COVERAGE », RAB s'engage à réaliser tous les travaux et démarches requis par les autorités gouvernementales en matière d'environnement dans le cadre de la cessation des activités d'ABW et du changement d'utilisation des terrains qu'effectuera RAB, ce dernier s'engage à prendre fait et cause pour, et à indemniser, ABW, de toute réclamation, indemnité, dommage, poursuite ou action qu'ABW pourraient subir ou encourir par suite de tout manquement ou défaut de RAB à l'engagement susmentionné.

9. Concernant les sites de Donnacona, Dalhousie et Fort Williams, nous vous informons que RAB a la ferme intention d'utiliser chacun des terrains de ces sites à des fins industrielles en s'associant à des partenaires stratégiques locaux. À cette fin, des pourparlers ont déjà été amorcés avec différents intervenants économiques de chacune des régions concernées afin d'évaluer le potentiel de chacun des projets envisagés.

10. Pour ce qui est du site de Beaupré, RAB a l'intention de favoriser le développement immobilier des terrains, compte tenu de l'emplacement du site par rapport au fleuve

St-Laurent et la proximité de nombreuses installations touristiques telle le Mont St-Anne et la Basilique Ste-Anne de Beaupré. À cette fin des pourparlers préliminaires ont été amorcés avec des promoteurs immobiliers locaux.

Espérant le tout à votre entière satisfaction, veuillez agréer, Messieurs, mes sincères salutations.

Alain Gélinas, président
Recyclage Arctic Béluga inc.

APPENDIX "O"

BCF AVOCATS
AGENTS DE BREVETS
ET DE MARQUES

M^e Serge Fournier
Ligne directe : (514) 397-6901
sf@bcf.ca

Montréal, le 26 mars 2010

<u>PAR COURRIEL ET</u>
<u>DE MAINS À MAINS</u>

<u>SOUS TOUTES RÉSERVES</u>

Todd Caluori
Ernst & Young
800 boul. René-Lévesque Ouest, bureau 1900
Montréal (Québec) H3B 1X9

Objet : AbitibiBowater Inc. - Offre d'achat
Sites situés à Dalhousie, Donnacona, Fort William et Beaupré
Notre dossier : 18814-1

Monsieur,

Nous avons été mandatés par Recyclage Arctic Beluga Inc. pour les fins des présentes.

La présente lettre fait suite à votre dernière conversation téléphonique de ce matin avec les représentants de notre cliente, messieurs René Fugère et Alain Gélinas, et auquel monsieur Luc Lachapelle a aussi pris part.

Tel que vous l'avez requis, notre cliente vous communiquera les informations financières et preuves pertinentes en ce qui a trait au paiement des modalités d'achat au plus tard jeudi le 1^er avril 2010.

Si vous souhaitiez discuter plus amplement de la présente, n'hésitez pas à communiquer avec le soussigné.

Nous vous prions d'agréer, Monsieur Caluori, l'expression de nos sentiments distingués.

BCF s.e.n.c.r.l.

[illegible] pour :

Serge Fournier, avocat

SF/mr

MONTRÉAL
1100, boulevard René-Lévesque Ouest, 25e étage
Montréal (Québec) H3B 5C9
T : 514 397-8500 F : 514 397-8515

QUÉBEC
800, place D'Youville, 19e étage
Québec (Québec) G1R 3P4
T : 418 266-4500 F : 418 266-4515

BCF s.e.n.c.r.l.

MERITAS
AVOCATS À TRAVERS LE MONDE

bcf.ca

APPENDIX "P"

BCF LAWYERS
PATENT & TRADE
MARK AGENTS

Me Gilles Seguin
Ligne directe : (514) 397-5570
N/dossier : 18814/1
gseguin@bcf.ca

DE MAINS À MAINS **SOUS TOUTES RÉSERVES**

Montréal, le 1er avril 2010

Monsieur Todd Caluori
Ernst & Young
800, boul. René-Lévesque ouest
Bureau 1900
Montréal (Québec) H3B 1X9

AbitibiBowater Inc. – Offre d'achat
Sites situés à Dalhousie, Donnacona, Fort Williams et Beaupré

Monsieur,

Nous avons été mandatés par Recyclage Arctic Beluga Inc. pour les fins des présentes.

La présente fait suite à la dernière lettre de mon confrère, Serge Fournier, en date du 26 mars 2010 ainsi qu'à votre dernière conversation téléphonique du même jour avec les représentants de notre cliente, messieurs René Fugère et Alain Gélinas et à laquelle monsieur Luc Lachapelle a également pris part.

Tel que demandé, nous vous communiquons par les présentes la preuve que notre cliente aura les fonds nécessaires pour procéder à l'acquisition des usines de pâte et papier mentionnées en titre, à savoir Dalhousie, Donnacona, Fort Williams et Beaupré.

Nous comprenons que notre cliente est le plus haut soumissionnaire relativement à l'acquisition des quatre usines. Nous comprenons aussi que la présente ainsi que la pièce qui y est jointe, demeurent entièrement confidentielles et leur contenu ne sera divulgué à aucun tiers et particulièrement, à aucun autre soumissionnaire. Le tout en respectant toute l'indépendance et l'impartialité nécessaires, liées à votre fonction, tel que prévu à la *Loi sur les arrangements avec les créanciers et les compagnies* et la *Loi sur la faillite et l'insolvabilité.*

Nous sommes disponibles en tout temps pour discuter de toute question relative à ce qui précède.

Veuillez communiquer avec le soussigné aussi rapidement que possible afin que nous puissions procéder à la préparation de la documentation requise.

Nous attendons aussi vos instructions quant au déboursé du dépôt.

Les représentants de Triple M Metal L.P. sont disponibles en tout temps pour discuter de leur capacité financière.

Veuillez agréer, Monsieur Caluori, nos salutations distinguées

BCF s.e.n.c.r.l.

Gilles Séguin

GS/mf
p. j.

c : René Fugère,
Alain Gélinas
Luc Lachapelle
Gordon Cole

AGREEMENT ENTERED AT SHAWINIGAN, QUEBEC, THIS 31ST DAY OF MARCH 2010

BY AND BETWEEN: **TRIPLE M METAL L.P.,** a limited partnership established pursuant to and under the laws of the province of Ontario having its principal place of business at 471 Intermodal Drive, Brampton, Ontario, L6T 5J4, hereinafter referred to as "**Triple M**", duly represented by Phil Kelly;

AND: **RECYCLAGE ARCTIC BELUGA INC.,** a corporation created under the laws of Canada, having its principal place of business at 888, 7e avenue Sud, Grand-Mère, Quebec, Canada, G9T 5W1, hereinafter referred to as "**Arctic Beluga**", duly represented by Alain Gélinas;

WHEREAS ARCTIC BELUGA is the owner of the Belgo Pulp and Paper Plant in Shawinigan, Quebec (the "**Belgo Plant**");

WHEREAS ARCTIC BELUGA has filed a proposal (the "**Proposal**") to acquire from AbitibiBowater Inc. ("**Abitibi**") the Dalhousie, Donnacona, Fort Williams and Beaupré Pulp and Paper Plant ("the **Abitibi Plants**") further to a Solicitation of offer to purchase, *inter alia,* to Arctic Beluga;

WHEREAS Triple M is Canada's leading metal recycling company employing more than 500 people, with sales in excess of $1 Billion Cdn, and handling more than 2.5 Million tons of metal scrap annually. Triple M wishes to acquire from Arctic Beluga who wishes to sell to Triple M scrap metals and iron from the Belgo Plant and eventually, the Abitibi Plants substantially on the terms and conditions hereinafter described;

NOW THEREFORE, the parties hereto have agreed as follows:

1- The preamble is true and exact and form an integral part hereof.

2- In the event that the Proposal is accepted by Abitibi and such acceptance is confirmed by the tribunal and consequently, Arctic Beluga becomes the owner of the Abitibi Plant, Triple M hereby agrees to purchase from Arctic Beluga which agrees to sell to Triple M scrap metals and iron generated from this project. The scrap value of the material is estimated at more than $30 MM. The price to be paid by Triple M to Arctic Beluga will be the market price of such scrap metals and iron less a net profit margin of 7 % for Triple M.

3- The scrap metals and iron that will be purchased by Triple M from Arctic Beluga would be the product of the dismantlement of the pulp and paper equipment and buildings and steel structures of the Belgo Plant and the Abitibi Plants.

4- The purchase price to be paid by Triple M to Arctic Beluga will be paid every Friday via wire transfer for the previous week's shipments on the assumption that

Arctic Beluga provides all necessary documentation to Triple M in a timely manner.

5- In terms of liquidity and capital resources, Triple M has the financial capability to fund the Proposal. Triple M Metal is committed to support Arctic Beluga through closing and beyond. This support will not be revoked, expire or cancelled nor its scope reduced prior to closing.

6- Each of the undersigned acknowledges having requested and being satisfied that this Agreement and its accessories be prepared in the English language. *Chacun des soussignés reconnaît avoir demandé que la présente entente et ses documents connexes soient rédigés en langue anglaise et s'en déclare satisfait.*

7- This Agreement shall be governed by and construed in accordance with, the laws of the Province of Quebec and the laws of Canada applicable therein.

8- This Agreement shall enure for the benefit of the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties as of the date first written above.

TRIPLE M METAL L.P.	**RECYCLAGE ARCTIC BELUGA INC.**
By: Phil Kelly	By: Alain Gélinas