

CANADA

PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

**SUPERIOR COURT  
Commercial Division**

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

Court No.: 500-11-048114-157

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

**BLOOM LAKE GENERAL PARTNER LIMITED**

**QUINTO MINING CORPORATION**

**8568391 CANADA LIMITED**

**CLIFFS QUÉBEC IRON MINING ULC**

Petitioners

-and-

**THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP**

-and-

**BLOOM LAKE RAILWAY COMPANY LIMITED**

Mises-en-Cause

-and-

**FTI CONSULTING CANADA INC.**

Monitor

-and-

**THE BANK OF NOVA SCOTIA**

Objector

**OBJECTION AND CONTESTATION TO  
PETITIONERS' MOTION FOR AN ORDER EXTENDING THE STAY PERIOD  
AND AMENDING THE INITIAL ORDER**

(Section 11 ff. of the *Companies' Creditors Arrangement Act*)

TO THE HONOURABLE JUSTICE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE OTHER HONOURABLE JUSTICES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE DISTRICT OF MONTREAL, OBJECTOR THE BANK OF NOVA SCOTIA (THE "Objector" OR "Scotia") HEREBY SUBMITS THE FOLLOWING:

1. Pursuant to Petitioners' "Motion for the Issuance of an Initial Order" herein dated January 26, 2015 (the "**Initial Motion**"), this Honourable Court (the "**Court**") issued an "Initial Order" on January 27, 2015 (the "**Initial Order**"). Such Initial Order granted a stay and protection to each of Petitioners and Mises-en-Cause in accordance with the relevant provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**").
2. The Initial Motion was presented before the Court and the Initial Order was issued on an *ex parte* basis. Scotia was never served with an Initial Motion and was given no opportunity to appear before the Court in respect of the Initial Motion.
3. The Initial Order created the therein described "Administration Charge" in the amount of \$2.5 Million to cover certain professional fees (the "**Administration Charge**") and the therein described "Directors' Charge" in the amount of \$3.5 Million to secure certain potential liabilities of Petitioners' directors (the "**Directors' Charge**" and together with the Administration Charge the "**CCAA Charges**").
4. The Initial Order ordered that the CCAA Charges would rank behind any and all other existing hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (the "**Encumbrances**") affecting Petitioners' and the Mises-en-Cause's properties, subject to Petitioners right to seek priority of the CCAA Charges over the Encumbrances at the therein defined "Comback Hearing".
5. Scotia is a significant secured lender of Petitioner Cliffs Quebec Iron Mining ULC ("**CQIM**") and Mises-en-Cause The Bloom Lake Iron Ore Mine Limited Partnership (as well as its General Partner, Petitioner Bloom Lake General Partner Limited) ("**Bloom Lake LP**"). Scotia is owed in excess of \$53 Million pursuant to four separate secured loans (two to CQIM and two to Bloom Lake LP) originally made by Key Equipment Finance ("**Key**") and subsequently assigned (together with the underlying hypothecs/security interests and guarantees) to Scotia pursuant to the "Master Loan and Security Agreement"

communicated as Petitioners' Exhibit R-14 in the Initial Motion (the "**Scotia Loans**").

6. As a result of the foregoing, the Scotia Loans are secured on various specific movable properties (mainly machinery and equipment) of CQIM and Bloom Lake LP.
7. Petitioners have now made a "Motion for an Order Extending the Stay Period and Amending the Initial Order" herein dated February 5, 2015 (the "**Current Motion**"). In their Current Motion, Petitioners seek that the CCAA Charges, created by the Initial Order henceforth rank ahead of all Encumbrances including the hypothecs/security interests securing the Scotia Loans (the "**Scotia Security**").
8. Scotia objects to and contests this request for the following reasons:
  - (a) the amounts of each of the CCAA Charges are unsubstantiated, unjustified and unreasonable;
  - (b) Petitioners present no real or convincing evidence to justify the CCAA Charges priming the Scotia Security.
9. Essentially, Petitioners now request that Scotia potentially fund the professional fees associated with Petitioners' CCAA filing and Petitioners' directors' liabilities. This is patently unfair to Scotia.
10. Under reserve of the foregoing, should this Court conclude that the CCAA Charges ought to prime the Scotia Security, it would be appropriate and fair, to Scotia (and indeed to all of the other secured creditors herein) that this Court order automatic rights of subrogation in the CCAA Charges in favour of Scotia (or any other secured creditor) in the event that proceeds of sale of the property covered by the Scotia Security (or any other secured creditor's security) are used to pay any of the CCAA Charges. Such was the approach taken by the Honourable Justice Clément Gascon (as he then was) in his "Second Amended Initial Order" issued on May 6, 2009 in the CCAA filing of AbitibiBowater Inc. et als. (in particular, paragraph 61.10 thereof), a copy of which is communicated herewith as **Exhibit S-1** and appended hereto.
11. The present objection and contestation is well founded in fact and in law.

**WHEREFORE** Objector The Bank of Nova Scotia prays for judgment of this Honourable Court:

- A. **DISMISSING** Petitioners' current Motion herein insofar as it seeks that the CCAA Charges prime the Scotia Security; or
  
- B. **ALTERNATIVELY** ordering automatic subrogation rights in favour of Objector The Bank of Nova Scotia in the CCAA Charges in the event that disposition proceeds of the Property covered by the Scotia Security are used to pay any of the CCAA Charges, in substance similar to that granted by this Court in the "Second Amended Initial Order" in the matter of AbitibiBowater Inc. et als. (Docket No. 500-11-036133-094 of this Court),

**THE WHOLE WITH COSTS.**

**MONTREAL, February 12, 2015**

(SGD.) Kugler Kandestin, L.L.P.

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**KUGLER KANDESTIN, L.L.P.**  
Attorneys for Objector The Bank of Nova  
Scotia

**TRUE COPY**

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KUGLER KANDESTIN, L.L.P.

**No. 500-11-048114-157**

**SUPERIOR COURT**

*(Commercial Division)*

**DISTRICT OF MONTREAL**

**IN THE MATTER OF THE PLAN OF COMPROMISE**

**OR ARRANGEMENT OF:**

BLOOM LAKE GENERAL PARTNER LIMITED,

QUINTO MINING CORPORATION,

8568391 CANADA LIMITED,

CLIFFS QUEBEC IRON MINING ULC

**PETITIONERS**

**and**

THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP

**-and-**

BLOOM LAKE RAILWAY COMPANY LIMITED

**MISES-EN-CAUSE**

**and**

FTI CONSULTING CANADA INC.

**and**

**MONITOR**

THE BANK OF NOVA SCOTIA

**OBJECTOR**

**OBJECTION AND CONTESTATION TO PETITIONERS'**

**MOTION FOR AN ORDER EXTENDING THE STAY**

**PERIOD AND AMENDING THE INITIAL ORDER**

*(Section 11 ff. of the Companies' Creditors*

*Arrangement Act)*

**COPY FOR: Service List**

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# **EXHIBIT S-1**

# SUPERIOR COURT

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: MAY 6, 2009

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

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

**ABITIBIBOWATER INC.**

And

**ABITIBI-CONSOLIDATED INC.**

And

**BOWATER CANADIAN HOLDINGS INC.**

And

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

And

**ERNST & YOUNG INC.**

Monitor

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## SECOND AMENDED INITIAL ORDER

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[1] **CONSIDERING** Petitioners' Motion for the Approval of a DIP Financing in Respect of the Abitibi Petitioners;

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

[3] **GIVEN** the provisions of the CCAA;

**FOR THE REASONS GIVEN ORALLY AND REGISTERED, THE COURT:**

[1] **GRANTS** the Petition.

[2] **ISSUES** an order pursuant to Sections 4, 5, 11 and 18.6 of the CCAA (the "**Order**"), divided under the following headings:

- a) Service
- b) Application of the CCAA
- c) Effective Time
- d) Plan of Arrangement
- e) Recognition of U.S. Proceedings
- f) Procedural Consolidation
- g) Stay of Proceedings against the Petitioners, the Partnerships, the Property, the Directors or others
- h) Possession of Property and Carrying on Business
- i) Securitization Program
- j) Restructuring
- k) Directors Indemnification and Charge
- l) BCFPI DIP Financing
- m) ACI DIP Financing
- n) Subrogation to ACI DIP Charge
- o) Inter-Company Advances
- p) Bowater Adequate Protection Charge
- q) Powers of the Monitor
- r) Appointment of Information Officer in Respect of U.S. Proceedings
- s) Approval and Appointment of Financial Advisor
- t) Priorities and General Provisions Relating to CCAA Charges
- u) General
- v) Effect, Recognition and Assistance



**Service**

[3] **EXEMPTS** AbitibiBowater Inc. ("**ABH**"), Abitibi-Consolidated Inc. ("**ACI**"), the Petitioners listed on Schedule "A" hereto (collectively with ACI, the "**Abitibi Petitioners**"), Bowater Canadian Holdings Inc. ("**BCHI**") and the Petitioners listed on Schedule "B" hereto (collectively with BCHI, the "**Bowater Petitioners**") from having to serve the Petition and from any notice of presentation.

**Application of the CCAA**

[4] **DECLARES** that the Abitibi Petitioners and the Bowater Petitioners (collectively the "**Petitioners**") are debtor companies to which the CCAA applies.

**Effective time**

[5] **DECLARES** that from immediately after midnight (Montréal time) on the day prior to this Order i.e. from the beginning of the day on April 17, 2009 (the "**Effective Time**") to the time of the granting of this Order, any act or action taken or notice given by any Person in respect of the Petitioners, the 18.6 Petitioners, the Directors or the Property (as those terms are defined hereinafter), are deemed not to have been taken or given, as the case may be, to the extent such act, action or notice would otherwise be stayed after the granting of this Order.

**Plan of Arrangement**

[6] **ORDERS** that the Petitioners shall file with this Court and submit to their creditors one or more plans of compromise or arrangement under the CCAA (collectively, the "**Plan**") between, among others, the Petitioners and one or more classes of their creditors as the Petitioners may deem appropriate, on or before the Stay Termination Date (as defined hereinafter) or such other time or times as may be allowed by this Court.

**Recognition of U.S. Proceedings**

[7] **ORDERS AND DECLARE** that the proceedings (the "**U.S. Proceedings**") commenced by ABH and the Petitioners listed on Schedule "C" hereto (collectively, the "**18.6 Petitioners**") under Chapter 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") be and are hereby recognized as foreign proceedings for purposes of Section 18.6 of the CCAA.

[8] **DECLARES** that the 18.6 Petitioners are debtor companies within the meaning of the CCAA and, as such, are entitled to relief under Section 18.6 of the CCAA.

**Procedural Consolidation**

[9] **ORDERS** that the consolidation of these CCAA proceedings in respect of the Abitibi Petitioners, the Bowater Petitioners and the 18.6 Petitioners shall be for administrative purposes only and shall not effect a consolidation of the assets and property of the Petitioners including, without limitation, for the purposes of any Plan or Plans that may be hereafter proposed.

**Stay of Proceedings against the Petitioners, the Partnerships, the Property, the Directors or others**

[10] **ORDERS** that, until and including May 14, 2009, or such later date as the Court may order (the "**Stay Termination Date**", the period from the date of this Order to the Stay Termination Date being referred to as the "**Stay Period**"), no right, legal or conventional, may be exercised and no proceeding, at law or under a contract, by reason of this Order or otherwise, however and wherever taken (collectively the "**Proceedings**") may be commenced or proceeded with by anyone, whether a person, firm, partnership, corporation, stock exchange, government, administration or entity exercising executive, legislative, judicial, regulatory or administrative functions (collectively, "**Persons**" and, individually, a "**Person**") against or in respect of the Petitioners, the 18.6 Petitioners and the entities listed on Schedule "D" hereto (the "**Partnerships**"), or any of the present or future property, assets, rights and undertakings of the Petitioners, the 18.6 Petitioners or the Partnerships, of any nature and in any location, whether held directly or indirectly by the Petitioners, the 18.6 Petitioners or the Partnerships, in any capacity whatsoever, or held by others for the Petitioners, the 18.6 Petitioners or the Partnerships (collectively, the "**Property**"), and all Proceedings already commenced against the Petitioners, the 18.6 Petitioners, the Partnerships or any of the Property, are stayed and suspended until the Court authorizes the continuation thereof, the whole subject to the provisions of the CCAA.

[11] **ORDERS** that, without limiting the generality of the foregoing, during the Stay Period, all Persons having agreements, contracts or arrangements with the Petitioners, the 18.6 Petitioners, the Partnerships or in connection with any of the Property, whether written or oral, for any subject or purpose:

- a) are restrained from accelerating, terminating, cancelling, suspending, refusing to modify or extend on reasonable terms such agreements, contracts or arrangements or the rights of the Petitioners, the 18.6 Petitioners, the Partnerships or any other Person thereunder;
- b) are restrained from modifying, suspending or otherwise interfering with the supply of any goods, services, or other benefits by or to such Person thereunder (including, without limitation, any directors' and officers' insurance, any telephone numbers, any form of telecommunications service, any oil, gas, electricity or other utility supply); and

- c) shall continue to perform and observe the terms and conditions contained in such agreements, contracts or arrangements, so long as the Petitioners, the 18.6 Petitioners or the Partnerships pay the prices or charges for such goods and services received after the date of this Order as such prices or charges become due in accordance with the law or as may be hereafter negotiated (other than deposits whether by way of cash, letter of credit or guarantee, stand-by fees or similar items which the Petitioners, the 18.6 Petitioners or the Partnerships shall not be required to pay or grant);

Unless the prior written consent of the Petitioners, the 18.6 Petitioners or the Partnerships, as well as that of the Monitor, is obtained or leave is granted by this Court.

[12] **ORDERS** that, without limiting the generality of the foregoing and subject to Section 18.1 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Petitioners, the 18.6 Petitioners or the Partnerships with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of this Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by the Petitioners, the 18.6 Petitioners or the Partnerships and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the Petitioners', the 18.6 Petitioners' or the Partnerships' account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

[13] **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, bond or guarantee (the "**Issuing Party**") at the request of the Petitioners, the 18.6 Petitioners or the Partnerships shall be required to continue honouring any and all such letters, bonds and guarantees, issued on or before the date of this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid therefore.

[14] **DECLARES** that, to the extent any rights, obligations, or time or limitation periods, including, without limitation, to file grievances, relating to the Petitioners, the 18.6 Petitioners or Partnerships or any of the Property may expire, other than the term of any lease of real property, the term of such rights or obligations, or time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Petitioners, the 18.6 Petitioners or the Partnerships become bankrupt or a receiver within the meaning of paragraph 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of the Petitioners, the 18.6 Petitioners or the Partnerships, the period between the date of this Order and the day on which the Stay Period ends shall not be calculated

in respect of the Petitioners, the 18.6 Petitioners or the Partnerships in determining the 30-day periods referred to in Sections 81.1 and 81.2 of the BIA.

[15] **ORDERS** that no Person may commence, proceed with or enforce any Proceedings against any former, present or future director or officer of the Petitioners, the 18.6 Petitioners, the Partnerships or any person that, by applicable legislation, is treated as a director of the Petitioners, the 18.6 Petitioners or the Partnerships, or that will manage in the future the business and affairs of the Petitioners, the 18.6 Petitioners or the Partnerships (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director that arose before this Order was issued and that relates to obligations of the Petitioners, the 18.6 Petitioners or the Partnerships for which such Director is or is alleged to be liable (as provided under Section 5.1 of the CCAA) until further order of this Court or until the Plan, if one is filed, is refused by the creditors or is not sanctioned by the Court.

[16] **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, officers, employees, legal counsel or financial advisers of the Petitioners, the 18.6 Petitioners, the Partnerships, the Monitor, the BI DIP Lenders (as defined hereinafter) or the legal counsel or financial advisers to the Monitor or to the BI DIP Lenders, for or in respect of the Restructuring (as defined hereinafter) or the formulation and implementation of the Plan without first obtaining leave of this Court, upon seven days written notice to the Petitioners' and the Partnerships' *ad litem* counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.

#### **Possession of Property and Carrying on Business**

[17] **ORDERS** that, subject to the terms of this Order, the Petitioners shall remain in possession of their Property until further order in these proceedings.

[18] **ORDERS** that the Petitioners and the Partnerships shall continue to carry on their business and financial affairs, including the business and affairs of any person, firm, joint venture or corporation owned by a Petitioner or in which a Petitioner owns an interest, in a manner consistent with the commercially reasonable preservation thereof.

[19] **ORDERS** that the Petitioners and Partnerships shall be authorized and empowered to continue to retain and employ the employees, consultants, individual self-employed contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

[20] **ORDERS** that the Petitioners and the Partnerships shall be entitled to continue to utilize the existing centralized cash management systems currently in place as described in this Petition or, subject to the terms of the BI DIP Documents (as defined hereinafter), replace them with other substantially similar central cash management

system(s) (together, the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioners or the Partnerships of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person other than the Petitioners and the Partnerships, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. The Monitor shall review and monitor the Cash Management System and report to this Court from time to time.

[21] **ORDERS** that the Petitioners and the Partnerships shall be entitled to pay the following expenses whether incurred prior to or after this Order:

- a) all outstanding and future wages, salaries, commissions, vacation pay, current pension contributions and other benefits, reimbursement of expenses (including, without limitation, amounts charged by employees to credit cards) and other amounts payable to former, current or future employees, officers or directors on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- b) all outstanding and future amounts owing to or in respect of individuals working as independent contractors in connection with the Petitioners' business;
- c) all outstanding amounts payable to third party customer brokers or agents on or after the date of this Order;
- d) all outstanding amounts payable on or after the date of this Order in respect of (i) customer programs including, *inter alia*, rebates, adjustments, performance and volume discounts and (ii) billing errors, including duplicative invoicing, improper invoicing, duplicative payment, mispricing and various other billing and payment errors;
- e) the fees and disbursements of any Assistants retained or employed by the Petitioners or the Partnerships in respect of these proceedings, at their standard rates and charges; and
- f) the interest, fees and expenses payable under the Canadian Credit Agreement (as defined hereinafter).

[22] **[Intentionally omitted]**

[23] **[Intentionally omitted]**

[24] [Intentionally omitted]

[25] **ORDERS** that, except as otherwise provided to the contrary herein, the Petitioners and the Partnerships shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the business in the ordinary course from and after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- a) all expenses and capital expenditures reasonably necessary for the preservation of their Property or the business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- b) payment for goods or services actually supplied to the Petitioners or the Partnerships following the date of this Order.

[26] **ORDERS** that, except as otherwise provided to the contrary herein, the Petitioners and the Partnerships shall remit, in accordance with legal requirements, or pay:

- a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Québec Pension Plan, and (iv) income taxes;
- b) amounts accruing and payable by a Petitioner or a Partnership in respect of employment insurance, Canada Pension Plan, workers compensation, employer health taxes and similar obligations of any jurisdiction with respect to employees;
- c) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioners or the Partnerships in connection with the sale of goods and services by the Petitioners or the Partnerships, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- d) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the business by the Petitioners or the Partnerships.

[27] **ORDERS** that, except as specifically permitted herein, the Petitioners and the Partnerships are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioners or Partnerships to any of their creditors as of this date unless such amounts have been approved by the Monitor; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the business.

[28] **ORDERS** that the Petitioners and the Partnerships are authorized to pay any pre-filing amounts outstanding and to complete any outstanding transactions and engage in new transactions with each other and with any of their respective affiliates and other entities, partnerships and joint ventures within and among the ABH Group (as defined hereinafter) in which they have a direct or indirect ownership interest (the Petitioners collectively with Abitibi-Bowater US Holding LLC, Bowater Newsprint South LLC and Bowater Incorporated and their respective subsidiaries are referred to herein as the "**ABH Group**") and the Petitioners and the Partnerships may, *inter alia*, continue on and after the date hereof to buy and sell goods and services and allocate, collect and pay costs, including without limitation head office expenses and shared goods and services, from and to each other and from and to the other members of the ABH Group in the ordinary course of business on terms consistent with existing arrangements or past practice (including without limitation, pursuant to the Securitization Program Agreements (as defined hereinafter) and sales of inventory by ACI to ACSC (as defined hereinafter)).

#### Securitization Program

[29] **ORDERS** that the execution and delivery by ACI of the "Omnibus Amendment No. 5 to Amended and Restated Receivables Purchase Agreement and Amendment No. 3 to Amended and Restated Purchase and Contribution Agreement and Waiver Agreement", **Exhibit R-19** in support of the Petition, (the "**Waiver Agreement**") to:

- a) a certain Amended and Restated Receivables Purchase Agreement, dated as of January 31, 2008 (as heretofore amended, the "**RPA**"), **Exhibit R-17** in support of the Petition, among Abitibi-Consolidated U.S. Funding Corp. ("**ACUSFC**" - a wholly-owned subsidiary of ACSC that is not a debtor in the U.S. Proceedings), Eureka Securitisation, plc ("**Eureka**"), Citibank, N.A. ("**Citibank**"), Citibank, N.A. London Branch (the "**Securitization Agent**"), ACI, in its capacity as Subservicer and an Originator, and Abitibi-Consolidated Sales Corporation ("**ACSC**", a debtor in the U.S. Proceedings), in its capacity as Servicer and an Originator; and
- b) a certain Amended and Restated Purchase and Contribution Agreement, dated as of January 31, 2008 (as heretofore amended, the "**PCA**"), **Exhibit R-16** in support of the Petition, among ACI and ACSC as Sellers and ACUSFC as Purchaser (the terms "**Receivables**" and "**Related Security**" shall have the meanings attributed thereto in the PCA),

as well as all related documents and instruments executed or to be executed and delivered in connection therewith (as amended by the Waiver Agreement, collectively referred to as the "**Receivables Agreements**") are hereby ratified and approved.

[30] **ORDERS** that ACI is hereby authorized and empowered to perform or continue to perform its obligations, including the sale and servicing of Receivables and all Related Security, under the Receivables Agreements and under the following agreements to which it is a party, **Exhibit R-18** in support of the Petition:

- a) the Undertaking Agreement (Servicer) dated as of October 27, 2005 by ACI in favour of Eureka, Citibank and the other Banks (as defined in the RPA) that are party to the RPA, as amended;
- b) the Undertaking Agreement (Originator) dated as of October 27, 2005 by ACI in favour of ACI Funding, as amended;
- c) the Deposit Account Control Agreement dated as of January 31, 2008 among ACUSFC, ACI, ACSC, Citibank and the Securitization Agent;
- d) the Blocked Accounts Agreement dated as of October 27, 2005 among ACI, ACSC, the Securitization Agent, Royal Bank of Canada and ACUSFC;
- e) the Agreement Re: Pledged Deposit Accounts dated as of October 27, 2005 among ACSC, ACI, ACUSFC, the Securitization Agent and LaSalle Bank National Association;
- f) the Second Amended and Restated Four Party Agreement for Sold Accounts (General) dated as of January 31, 2008 among Export Development Canada and Compagnie Française d'Assurance pour le Commerce Extérieur - Canada Branch, ACI, ACUSFC, the Securitization Agent and Citibank;
- g) the Intercompany Agreement dated as of December 20, 2007 between ACI and ACSC; and
- h) the Accounts Receivable Policy (Shipments) General Terms and Conditions, plus the Coverage Certificate effective September 1, 2008 (together with all schedules and endorsements thereto) issued by Export Development Canada and Compagnie Française d'Assurance pour le Commerce Extérieur - Canada Branch to ACI;

(collectively with the Receivables Agreements, and such non-material amendments and modifications thereto as may be agreed upon, from time to time, the "**Securitization Program Agreements**").



[31] **ORDERS** that ACI is hereby authorized and empowered to sell the relevant Receivables and Related Security to ACUSFC pursuant to and in accordance with the Securitization Program Agreements, and such sale shall be free and clear of any lien, claims, charges or encumbrances and other interests of any of ACI, ACSC, the Petitioners or their respective creditors, including any charges created pursuant to this Order.

[32] **DECLARES** that the transfers by ACI of its Receivables and Related Security to ACUSFC under the PCA shall constitute true sales under applicable non-bankruptcy law and are hereby deemed true sales and were or will be for fair consideration. Upon the transfer of the Receivables to ACUSFC, the Receivables and Related Security did (with respect to transfers occurring prior to the Effective Time as defined in the RPA) and will (with respect to transfers occurring on or after the date hereof) become the sole property of ACUSFC, and none of the Petitioners, nor any creditors of the Petitioners, shall retain any ownership rights, claims, liens or interests in or to the Receivables and Related Security, or any proceeds therefrom including, without limitation, pursuant to any theory of substantive consolidation or otherwise.

[33] **DECLARES** that each Securitization Program Agreement constitutes a valid and binding obligation of ACI, enforceable against ACI in accordance with its terms and that the terms and conditions of the Securitization Program Agreements have been negotiated in good faith and at arm's length and the transfers made or to be made and the obligations incurred or to be incurred shall be deemed to have been made for fair or reasonably equivalent value and in good faith.

[34] **DECLARES** that upon the transfer by ACI pursuant to the Securitization Program Agreements neither the Receivables nor the Related Security, nor the proceeds thereof, shall constitute property of the patrimonies of any of the Petitioners or their affiliates, including notwithstanding any intentional or inadvertent deposit of any proceeds of the Receivables in bank accounts owned or controlled by any of the Petitioners or their affiliates.

[35] **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein; (ii) any bankruptcy application or bankruptcy motion filed pursuant to the BIA in respect of the Petitioners and any bankruptcy order or any assignment in bankruptcy made or deemed to be made in respect of the Petitioners; (iii) proceedings taken by ACI under Chapter 15 of Title 11 of The United States Code ("**ACI's Chapter 15 Proceedings**"); or (iv) the provisions of any federal or provincial statute, the transfers of Receivables and Related Security made by ACI pursuant to the Securitization Program Agreements and this Order do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

[36] **DECLARES** that the performance by ACI, ACSC and ACUSFC of their respective obligations under the Securitization Program Agreements, and the

consummation of the transactions contemplated by the Securitization Program Agreements, and the conduct by ACI, ACSC and ACUSFC of their respective businesses, whether occurring prior to or subsequent to the Effective Time, do not, and shall not, provide a basis for a substantive consolidation of the assets and liabilities of ACI and ACSC, or any of them, with the assets and liabilities of ACUSFC or a finding that the separate corporate identities of ACI, ACSC and ACUSFC may be ignored. Notwithstanding any other provision of this Order, the Agent, Citibank, Eureka and the other parties thereto have agreed to enter into the Securitization Program Agreements in express reliance on ACUSFC being a separate and distinct legal entity, with assets and liabilities separate and distinct from those of any of the Petitioners.

[37] **DECLARES** that the transfers of Receivables and Related Security by ACI pursuant to the Securitization Program Agreements and this Order shall be valid and enforceable as against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioners, for all purposes.

[38] **DECLARES**, for greater certainty, that the Facility Termination Date and the Commitment Termination Date (as each is defined in the Receivables Agreements) have not occurred as a consequence of the commencement of these proceedings, the U.S. Proceedings, ACI's Chapter 15 Proceedings or the taking of corporate actions by ACI or ACSC to approve such proceedings, or the failure of ACI or ACSC to pay any debts that are otherwise stayed by any of the foregoing or the written admission by ACI or ACSC of its inability to pay such debts.

[39] **ORDERS AND DECLARES** that collections of Receivables and other funds which are subject to the Deposit Account Control Agreement dated as of January 31, 2008, the Agreement Re: Pledged Deposit Accounts dated as of October 27, 2005 and the Second Amended and Restated Four Party Agreement for Sold Accounts (General), dated as of January 31, 2008 referred to above, shall be processed and transferred pursuant to such deposit account agreements and each deposit bank party thereto is directed to comply therewith.

[40] **ORDERS** that ACI is hereby authorized and empowered to make, execute and deliver all instruments and documents and perform all other acts (including, without limitation, the perfection of ACUSFC's ownership interest in the Receivables) that may be required in connection with the Securitization Program Agreements and the transactions contemplated thereby; it being expressly contemplated that pursuant to the terms of the Securitization Program Agreements, ACI and ACSC shall be expressly authorized and empowered to service, administer and collect the Receivables on behalf of ACUSFC pursuant to the Securitization Program Agreements, and with respect to ACI, ACSC and ACUSFC, each shall be expressly authorized and empowered to make, execute and deliver all instruments and documents and perform all other acts that may be required in connection with the Securitization Program Agreements and the transactions contemplated thereby.

[41] **ORDERS** that ACI is hereby authorized and empowered to use the proceeds of the arrangements contemplated by the Securitization Program Agreements in the operation of the Petitioners' businesses, provided however, that the use of the proceeds are consistent with the terms of the Securitization Program Agreements, this Order or as may otherwise be agreed in writing by the Securitization Agent.

[42] **ORDERS AND DECLARES** that without limiting ACI's duty to comply with and fulfill any obligations under the Securitization Program Agreements, ACI shall perform and pay all indemnification and other obligations to the Securitization Agent, Eureka, Citibank and any other Indemnified Parties (as defined in the RPA) under the Securitization Program Agreements, all obligations to ACUFSC under the Securitization Program Agreements, and all of its obligations in respect of the Insurance Policy (as defined in the RPA).

[43] **ORDERS AND DECLARES** that, notwithstanding the terms of this Order, the parties to the Securitization Program Agreements other than ACI shall in that capacity be unaffected in these proceedings and by any plan of compromise or arrangement proposed by any of the Petitioners under the CCAA or by any proposal filed by any of the Petitioners under the BIA, and for greater certainty, paragraph 46(f) of this Order shall not apply to the Securitization Program Agreements.

[44] **DECLARES** that this Order shall not stay or otherwise apply to restrict in any way the exercise of any rights of any Person under any of the Securitization Program Agreements.

[45] **ORDERS AND DECLARES** that subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraph 28 hereof in respect of the Securitization Program, or inventory sales by ACI and the sale of inventory by ACI to ACSC and paragraphs 29 to 45 hereof or any other reference to the Securitization Program or the Securitization Program Agreements herein, unless either (a) notice of a motion for such order is served on the Securitization Agent and ACI by the moving party within seven (7) days after that party was provided with notice of this Order in accordance with paragraph 70(a) hereof or (b) the Securitization Agent and ACI apply for or consent to such order.

### **Restructuring**

[46] **DECLARES** that, to facilitate the orderly restructuring of their business and financial affairs (the "**Restructuring**"), the Petitioners and Partnerships shall have the right, subject to approval of the Monitor or further order of the Court and to:

- a) permanently or temporarily cease, downsize or shut down any of their operations or locations as they deem appropriate and make provisions for the consequences thereof in the Plan;

- b) pursue all avenues to market and sell, subject to subparagraph (c), their Property, in whole or part;
- c) convey, transfer, assign, lease, or in any other manner dispose of their Property, in whole or in part, provided that the price in each case does not exceed \$10 million or \$50 million in the aggregate, and provided that Petitioners or Partnerships apply any proceeds thereof in accordance with the Interim Financing Documents (as defined hereinafter) and the Securitization Program Agreements;
- d) terminate the employment of such of their employees or temporarily or permanently lay off such of their employees as they deem appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision for any consequences thereof in the Plan, as the Petitioners or Partnerships may determine;
- e) subject to paragraphs 48 and 49 hereof, vacate or abandon any leased real property or repudiate any lease and ancillary agreements related to any leased premises as they deem appropriate, provided that the Petitioners or Partnerships give the relevant landlord at least seven days prior written notice, on such terms as may be agreed between the Petitioners or Partnerships and such landlord, or failing such agreement, to make provision for any consequences thereof in the Plan; and
- f) repudiate such of their agreements, contracts or arrangements of any nature whatsoever, whether oral or written, as they deem appropriate, on such terms as may be agreed between the Petitioners or Partnerships and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan and to negotiate any amended or new agreements or arrangements.

[47] **DECLARES** that, in order to facilitate the Restructuring, the Petitioners and Partnerships may, subject to approval of the Monitor:

- a) settle claims of customers and suppliers that are in dispute; and
- b) subject to further orders from this Court, establish a plan for the retention of key employees and the making of retention payments or bonuses in connection therewith.

[48] **DECLARES** that, if leased premises are vacated or abandoned by the Petitioners or Partnerships pursuant to subparagraph 46(e), the landlord may take possession of any such leased premises without waiver of, or prejudice to, any claims or rights of the landlord against the Petitioners or Partnerships, provided the landlord

mitigates its damages, if any, and re-leases any such leased premises to third parties on such terms as any such landlord may determine.

[49] **ORDERS** that the Petitioners and Partnerships shall provide to any relevant landlord notice of the Petitioners' or Partnerships' intention to remove any fixtures or leasehold improvements at least seven days in advance. If the Petitioners or Partnerships have already vacated the leased premises, they shall not be considered to be in occupation of such location pending the resolution of any dispute.

[50] **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, the Petitioners and Partnerships are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Petitioners or Partnerships binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Petitioners or Partnerships or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation and implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioners or Partnerships.

#### **Directors' Indemnification and Charge**

[51] **ORDERS** that, in addition to any existing indemnities, the Petitioners shall indemnify each of the Directors from and against the following (collectively, "**D&O Claims**"):

- a) all costs (including, without limitation, full defence costs), charges, expenses, claims, liabilities and obligations, of any nature whatsoever, which may arise on or after the date of this Order (including, without limitation, an amount paid to settle an action or a judgment in a civil, criminal, administrative or investigative action or proceeding to which a Director may be made a party), provided that any such liability relates to such Director in that capacity, and, provided that such Director (i) acted honestly and in good faith in the best interests of the Petitioners and Partnerships and (ii) in the case of a criminal or administrative action or proceeding in which such Director would be liable to a monetary penalty, such Director had reasonable grounds for believing his or her conduct was

lawful, except if such Director has actively breached any fiduciary duties or has been grossly negligent or guilty of willful misconduct; and

- b) all costs, charges, expenses, claims, liabilities and obligations relating to the failure of the Petitioners or Partnerships to make any payments or to pay amounts in respect of employee or former employee entitlements to wages, vacation pay, termination pay, severance pay, pension or other benefits, or any other amount for services performed prior to or after the date of this Order and that such Directors sustain, by reason of their association with the Petitioners as a Director, except to the extent that they have actively breached any fiduciary duties or have been grossly negligent or guilty of willful misconduct.

The foregoing shall not constitute a contract of insurance or other valid and collectible insurance, as such term may be used in any existing policy of insurance issued in favour of the Petitioners, the Partnerships or any of the Directors.

[52] **DECLARES** that, as security for the obligation of the Abitibi Petitioners to indemnify the Directors of the Abitibi Petitioners pursuant to paragraph 51 hereof, the Directors of the Abitibi Petitioners are hereby granted a hypothec on, mortgage of, lien on and security interest in the Property of the Abitibi Petitioners (other than the Property subject to the Securitization Program Agreements) to the extent of the aggregate amount of \$75 million (the "**Abitibi D&O Charge**"), having the priority established by paragraphs 89 and 91 hereof. Such Abitibi D&O Charge shall not constitute or form a trust. Notwithstanding any language in any applicable policy of insurance to the contrary, (a) such Abitibi D&O Charge shall only apply to the extent that the Directors of the Abitibi Petitioners (collectively, the "**Abitibi Respondent Directors**") do not have coverage under any directors' and officers' insurance, which shall not be excess insurance to the Abitibi D&O Charge or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 51 of this Order and (b) no insurer shall be entitled to be subrogated to or claim the benefit of the Abitibi D&O Charge.

[53] **DECLARES** that, as security for the obligation of the Bowater Petitioners to indemnify the Directors of the Bowater Petitioners pursuant to paragraph 51 hereof, the Directors of the Bowater Petitioners are hereby granted a hypothec on, mortgage of, lien on and security interest in the Property of the Bowater Petitioners to the extent of the aggregate amount of \$25 million (the "**Bowater D&O Charge**"), having the priority established by paragraphs 90 and 91 hereof. Such Bowater D&O Charge shall not constitute or form a trust. Notwithstanding any language in any applicable policy of insurance to the contrary, (a) such Bowater D&O Charge shall only apply to the extent that the Directors of the Bowater Petitioners (collectively, the "**Bowater Respondent Directors**") do not have coverage under any directors' and officers' insurance, which shall not be excess insurance to the Bowater D&O Charge or to the extent that such

coverage is insufficient to pay amounts indemnified in accordance with paragraph 51 of this Order and (b) no insurer shall be entitled to be subrogated to or claim the benefit of the Bowater D&O Charge.

### **BCFPI DIP Financing**

[54] **ORDERS** that the Bowater Petitioners (which for the purposes only of paragraphs 54 to 60, 90, 91, 93, 94 and 97 of this Order shall include, in addition to the Bowater Petitioners, Bowater Pulp and Paper Canada Holdings Limited Partnership and Bowater Canada Finance Limited Partnership and Bowater Ventures Inc., in its capacity as the general partner of Bowater Pulp and Paper Canada Holdings Limited Partnership) are hereby authorized and empowered to enter into, obtain and borrow under credit facilities provided pursuant to a Senior Secured Superpriority Debtor in Possession Credit Agreement among Avenue Investments, L.P., as a lender, Fairfax Financial Holdings Limited ("**Fairfax**"), as a lender, the other lenders party thereto from time to time (collectively, the "**BI DIP Lenders**" and, Fairfax as Administrative Agent and Collateral Agent (the Administrative Agent and the Collateral Agent, as either such agent may be replaced from time to time in accordance with the BI DIP Documents, as hereinafter defined, collectively, the "**BI DIP Agent**") substantially in the form communicated as **Exhibit R-23** in support of the Petition (subject to such non-material amendments and modifications as the parties may agree with a copy thereof being provided in advance to the Monitor) (the "**BI DIP Credit Agreement**"), provided that borrowings under such credit facility shall not exceed the principal amount of US\$600 million unless permitted by further Order of this Court, and the BI DIP Credit Agreement is hereby approved.

[55] **ORDERS** that the Bowater Petitioners are hereby authorized and empowered to execute and deliver the BI DIP Credit Agreement and such commitment letters, fee letters, credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the BI DIP Credit Agreement, the "**BI DIP Documents**"), as are contemplated by the BI DIP Credit Agreement or as may be reasonably required by the BI DIP Lenders or the BI DIP Agent pursuant to the terms thereof, and the Bowater Petitioners are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the BI DIP Lenders and the BI DIP Agent under and pursuant to the BI DIP Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

[56] **ORDERS** that all of the Property of the Bowater Petitioners is hereby charged by a movable and immovable hypothec, mortgage, lien and security interest to the extent of the aggregate amount of CDN\$728,760,000 (such hypothec, mortgage, lien and security interest, together with any other hypothec, mortgage, lien or security interest created or contemplated by the DIP Documents, the "**BI DIP Lenders Charge**") in favour of the BI DIP Agent, in its capacity as Collateral Agent, for and on behalf of the Secured Parties (as defined in the BI DIP Credit Agreement) (collectively, the "**BI DIP Secured Parties**") as security for all obligations of the Bowater Petitioners to the BI DIP

Secured Parties with respect to all amounts owing, including principal, interest and the BI DIP Lenders Expenses (as defined hereinafter) and all obligations required to be performed under or in connection with the BI DIP Documents. The BI DIP Lenders Charge shall have the priority established by paragraphs 90 and 91 hereof.

[56.1] **ORDERS AND DIRECTS** all the Registrars of all the Land Registry Offices for all Registration Divisions where property, immovables, lands and premises of the Bowater Petitioners are located and to whom certified copies of this Order (and any and all documentation ancillary thereto, if presented to them) will be presented, to accept, upon payment of the prescribed fees and filing of the required applications, such certified copies for registration in their respective register, of a charge and hypothec in an amount of CDN\$728,760,000 on immovables, lands and premises of the Bowater Petitioners, in favour of the BI DIP Agent, in its capacity as Collateral Agent, for and on behalf of the Secured Parties (as defined in the BI DIP Credit Agreement).

[57] **ORDERS** that, notwithstanding any other provision of this Order, the Bowater Petitioners shall pay to the BI DIP Agent and the BI DIP Lenders when due all amounts owing (including principal, interest, fees and expenses, including without limitation, all fees and disbursements of counsel and all other advisers to or agents of the BI DIP Agent and the BI DIP Lenders on a full indemnity basis (the "**BI DIP Lenders Expenses**")) under the BI DIP Documents and shall perform all of their other obligations to the BI DIP Agent and to the BI DIP Lenders pursuant to the BI DIP Documents and this Order.

[58] **ORDERS** that the claims of the BI DIP Agent and the BI DIP Lenders pursuant to the BI DIP Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the BI DIP Agent and the BI DIP Lenders, in that capacity, shall be treated as unaffected creditors in these proceedings and in any Plan or any proposal filed by a Bowater Petitioner under the BIA.

[59] **ORDERS** that the BI DIP Agent and the BI DIP Lenders may:

- a) notwithstanding any other provision of this Order, take such steps from time to time as they may deem necessary or appropriate to register, record or perfect the BI DIP Lenders Charge and the BI DIP Documents in all jurisdictions where they deem it is appropriate; and
- b) notwithstanding the terms of paragraphs 10 and 11 hereof, upon the occurrence of an Event of Default (as defined in the BI DIP Documents), refuse to make any advance to the Bowater Petitioners and terminate, reduce or restrict any further commitment to the Bowater Petitioners to the extent any such commitment remains, set off or consolidate any amounts owing by the BI DIP Agent or by the BI DIP Lenders to the Bowater Petitioners against the obligations of the Bowater Petitioners to the BI DIP Agent and the BI DIP Lenders under the BI DIP Documents or the BI DIP Lenders Charge, make demand, accelerate payment or give other similar notices, and the foregoing rights and remedies of the BI DIP Lenders



under this paragraph shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Bowater Petitioners or the Property of the Bowater Petitioners, the whole in accordance with and to the extent provided in the BI DIP Documents.

[60] **ORDERS** that the BI DIP Lenders shall not take any enforcement steps under the BI DIP Documents or the BI DIP Lenders Charge without providing a five (5) business days (the "**Notice Period**") written enforcement notice of a default thereunder to the Bowater Petitioners, the Monitor and to creditors requesting a copy of such notice. Upon expiry of such Notice Period, and notwithstanding any stay of proceedings provided herein, the BI DIP Agent and the BI DIP Lenders shall be entitled to take any and all steps and exercise all rights and remedies provided for under the BI DIP Documents and the BI DIP Lenders Charge and otherwise permitted at law, the whole in accordance with applicable provincial laws, but without having to send any notices under Section 244 of the BIA.

[61] **ORDERS** that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 54 to 61 hereof, the approval of the BI DIP Documents or the BI DIP Lenders Charge unless either (a) notice of a motion for such order is served on the Petitioners, the Monitor, the BI DIP Agent and the BI DIP Lenders by the moving party and returnable within seven (7) days after that party was provided with notice of this Order in accordance with paragraph 70(a) hereof or (b) the BI DIP Agent and the BI DIP Lenders apply for or consent to such order.

#### **ACI DIP Financing**

[61.1] **ORDERS** that the Abitibi Petitioners are hereby authorized and empowered to enter into, obtain and borrow under a credit facility provided pursuant to a "Letter Loan Agreement US\$100,000,000 Super-priority, Senior Secured Debtor-in-Possession Credit Facility" among Abitibi and Donohue Corp., as borrowers, and the Bank of Montreal, as lender (the "**ACI DIP Lender**") (the "**ACI DIP Agreement**") and to enter into the offer of loan guarantee from Investissement Québec ("**IQ**") (the "**IQ Guarantee Offer**"), in each case substantially in the forms communicated as Exhibits R-1 and R-2 in support of the Motion for Approval of DIP Financing in Respect of the Abitibi Petitioners dated April 27, 2009 (subject to such non-material amendments and modifications as the parties may agree with a copy thereof being provided in advance to the Monitor), provided that borrowings under such credit facility shall not exceed the principal amount of US\$100 million, unless permitted by further Order of this Court, and the ACI DIP Agreement and the IQ Guarantee Offer are hereby approved, subject to the terms of this Order.

[61.2] **ORDERS** that the Abitibi Petitioners are hereby authorized and empowered to execute and deliver the ACI DIP Agreement and the IQ Guarantee Offer, as well as such commitment letters, fee letters, credit agreements, mortgages, charges, hypothecs and security documents, guarantees, mandate and other definitive documents

(collectively with the ACI DIP Agreement and the IQ Guarantee Offer, the "**ACI DIP Documents**"), as are contemplated by the ACI DIP Agreement or the IQ Guarantee Offer or as may be reasonably required by the ACI DIP Lender or IQ pursuant to the terms thereof, and the Abitibi Petitioners are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the ACI DIP Lender or IQ under and pursuant to the ACI DIP Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

[61.3] **ORDERS** that all of the Property of the Abitibi Petitioners (other than the Property subject to the Securitization Program Agreements and for greater certainty, but without limiting the generality of the foregoing, the ACI DIP Charge (as defined below) shall in no circumstances extend to any assets sold pursuant to the Securitization Program Agreements, any Replacement Securitization Facility or any assets of ACUSFC, the term "Replacement Securitization Facility" having the meaning ascribed to same in Schedule A of the ACI DIP Agreement) is hereby charged by a movable and immovable hypothec, mortgage, lien and security interest to the extent of the aggregate amount of CDN\$140 million (such hypothec, mortgage, lien and security interest, together with any other hypothec, mortgage, lien or security interest created or contemplated by the DIP Documents, the "**ACI DIP Charge**") in favour of the ACI DIP Lender and IQ as security for all obligations of the Abitibi Petitioners to the ACI DIP Lender and IQ with respect to all amounts owing, including principal, interest and the ACI DIP Expenses (as defined hereinafter) and all obligations required to be performed under or in connection with the ACI DIP Documents. The ACI DIP Charge shall have the priority established by paragraphs 89 and 91 hereof.

[61.4] **ORDERS** that, notwithstanding any other provision of this Order, the Abitibi Petitioners shall pay to the ACI DIP Lender when due all amounts owing (including principal, interest, fees and expenses, including without limitation, all fees and disbursements of counsel and all other advisers to or agents of the ACI DIP Lender and IQ on a full indemnity basis (the "**ACI DIP Expenses**") under the ACI DIP Documents and shall perform all of their other obligations to the ACI DIP Lender and IQ pursuant to the ACI DIP Documents and this Order.

[61.5] **ORDERS** that the claims of the ACI DIP Lender and IQ pursuant to the ACI DIP Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the ACI DIP Lender and IQ, in such capacities, shall be treated as an unaffected creditor in these proceedings and in any Plan or any proposal filed by any Abitibi Petitioner under the BIA.

[61.6] **ORDERS** that the ACI DIP Lender may:

- (a) notwithstanding any other provision of this Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the ACI DIP Charge and the ACI DIP Documents in all jurisdictions where it deems it to be appropriate; and

(b) notwithstanding the terms of paragraphs 10 and 11 hereof, upon the occurrence of a Specified Event of Default or a Termination Event (as each such term is defined in the ACI DIP Documents), refuse to make any advance to the Abitibi Petitioners and terminate, reduce or restrict any further commitment to the Abitibi Petitioners to the extent any such commitment remains, set off or consolidate any amounts owing by the ACI DIP Lender to the Abitibi Petitioners against any obligation of the Abitibi Petitioners to the ACI DIP Lender, make demand, accelerate payment or give other similar notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Abitibi Petitioners and for the appointment of a trustee in bankruptcy of the Abitibi Petitioners, and upon the occurrence of an event of default under the terms of the ACI DIP Documents, the ACI DIP Lender shall be entitled to seize and retain proceeds from the sale of any of the Property of the Abitibi Petitioners and the cash flow of the Abitibi Petitioners to repay amounts owing to the ACI DIP Lender in accordance with the ACI DIP Documents and the DIP Lender's Charge.

[61.7] **ORDERS** that the foregoing rights and remedies of the ACI DIP Lender under this paragraph shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Abitibi Petitioners or the Property of the Abitibi Petitioners, the whole in accordance with and to the extent provided in the ACI DIP Documents.

[61.8] **ORDERS** that the ACI DIP Lender shall not take any enforcement steps under the ACI DIP Documents or the ACI DIP Charge without providing a five (5) business days (the "**Notice Period**") written enforcement notice of a default thereunder to the Abitibi Petitioners and the Monitor. Upon expiry of such Notice Period, and notwithstanding any stay of proceedings provided herein, the ACI DIP Lender shall be entitled to take any and all steps and exercise all rights and remedies provided for under the ACI DIP Documents and the ACI DIP Charge and otherwise permitted at law, the whole in accordance with applicable provincial laws, but without having to send any notices under Section 244 of the BIA. For greater certainty, the ACI DIP Lender may issue a prior notice pursuant to Article 2757 CCQ concurrently with the written enforcement notice of a default mentioned above.

[61.9] **ORDERS** that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 61.1 to 61.9 hereof, the approval of the ACI DIP Documents or the ACI DIP Charge unless either (a) notice of a motion for such order is served on the Petitioners, the Monitor, the ACI DIP Lender and IQ by the moving party on or before June 5, 2009 or (b) the ACI DIP Lender applies for or consents to such order.

**Subrogation to ACI DIP Charge**

[61.10] **ORDERS** that the holders of Secured Notes, the Lenders under the Term Loan Facility (collectively, the "**Secured Creditors**") and McBurney Corporation, McBurney Power Limited and MBB Power Services Inc. (collectively, the "**Lien Holder**") that hold security over assets that are subject to the ACI DIP Charge and that, as of the Effective Time, was opposable to third parties (including a trustee in bankruptcy) in accordance with the law applicable to such security (an "**Impaired Secured Creditor**" and "**Existing Security**", respectively) shall be subrogated to the ACI DIP Charge to the extent of the lesser of (i) any net proceeds from the Existing Security including from the sale or other disposition of assets, resulting from the collection of accounts receivable or other claims (other than Property subject to the Securitization Program Agreements and for greater certainty, but without limiting the generality of the foregoing, the ACI DIP Charge shall in no circumstances extend to any assets sold pursuant to the Securitization Program Agreements, any Replacement Securitization Facility or any assets of ACUSFC, the term "Replacement Securitization Facility" having the meaning ascribed to same in Schedule A of the ACI DIP Agreement) and/or cash that is subject to the Existing Security of such Impaired Secured Creditor that is used directly to pay the ACI DIP Lender (including by any means of realization) on account of principal, interest or costs, in whole or in part as determined by the Monitor (subject to adjudication by the Court in the event of any dispute) and (ii) the unpaid amounts due and/or becoming due and/or owing to the Impaired Secured Creditor that are secured by its Existing Security. For this purpose "ACI DIP Lender" shall be read to include Bank of Montreal, IQ, and their successors and assigns, including any lender or lenders providing replacement DIP financing should same be approved by subsequent order of this Court. No Impaired Secured Creditor shall be able to enforce the right of subrogation to the ACI DIP Charge until all obligations to the ACI DIP Lender have been paid in full and providing that the right of subrogation hereunder shall be postponed to the right of subrogation of IQ under the IQ Guarantee Offer and for greater certainty, no subrogee shall have any rights over or in respect of the IQ Guarantee Offer. In the event that more than one Impaired Secured Creditor is subrogated to the ACI DIP Charge, such Impaired Secured Creditors shall rank *pari passu* as subrogees, rateably in accordance with the extent to which each of them is subrogated to the ACI DIP Charge. The allocation of the burden of the ACI DIP Charge amongst the assets and creditors shall be determined by subsequent application to the Court if necessary.

[61.11] **ORDERS** that, subject to the execution and delivery of non-disclosure agreements satisfactory to the Petitioners and the Monitor, (i) copies of any borrowing request given to the Lender and the Sponsor pursuant to the ACI DIP Agreement shall be provided concurrently to the Monitor, the Secured Creditors and their respective financial advisors and the Ad Hoc Committee of Unsecured Noteholders (collectively, the "**Notice Parties**"); and (ii) all financial information, documents and reports required to be provided to the Lender or the Sponsor pursuant to the ACI DIP Agreement shall be provided concurrently to the Monitor and the Notice Parties. The Monitor will advise the Notice Parties of the Monitor's understanding of the proposed timing of any

requested advance. All advances shall be subject to the prior approval of the Monitor and any Notice Party may apply to the Court to contest any Borrowing Request.

#### Inter-Company Advances

[62] **ORDERS** that any Abitibi Petitioner is authorized to borrow, repay and reborrow (such party being an "**ACI Inter-Company Borrower**") from any member of the ABH Group (such party being an "**ACI Inter-Company Lender**"), such amounts from time to time as it may consider necessary or desirable on a revolving basis (the "**ACI Inter-Company Advances**") pursuant to a promissory note issued in favour of the ACI Inter-Company Lender as evidence thereof, to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order.

[63] **ORDERS** that all of the Property of an ACI Inter-Company Borrower (other than the Property subject to the Securitization Program Agreements) is hereby charged by a lien, mortgage and security interest (the "**ACI Inter-Company Advances Charge**") in favour of the ACI Inter-Company Lender as security for the obligations of the ACI Inter-Company Borrower to the ACI Inter-Company Lender with respect to the ACI Inter-Company Advances made to it. The ACI Inter-Company Advances Charge shall have the priority established by paragraphs 89 and 91 hereof.

[64] **ORDERS** that the claims of the ACI Inter-Company Lender pursuant to the ACI Inter-Company Advances shall not be compromised or arranged pursuant to the Plan or these proceedings, but unless otherwise ordered, the exercise of any remedies by the ACI Inter-Company Lender in respect thereof under the ACI Inter-Company Advances Charge shall be subject to the stay provided for in this Order.

[65] **ORDERS** that, subject to the terms of the BI DIP Documents, any Bowater Petitioner is authorized to borrow, repay and reborrow (such party being a "**BI Inter-Company Borrower**") from any member of the ABH Group (such party being a "**BI Inter-Company Lender**"), such amounts from time to time as it may consider necessary or desirable on a revolving basis (the "**BI Inter-Company Advances**") pursuant to a promissory note issued in favour of the BI Inter-Company Lender as evidence thereof, to fund its ongoing expenditures and to pay such other amounts as are permitted by the terms of this Order.

[66] **ORDERS** that all of the Property of an BI Inter-Company Borrower is hereby charged by a lien, mortgage and security interest the ("**BI Inter-Company Advances Charge**") in favour of the BI Inter-Company Lender as security for the obligations of the BI Inter-Company Borrower to the BI Inter-Company Lender with respect to the BI Inter-Company Advances made to it. The BI Inter-Company Advances Charge shall have the priority established by paragraphs 90 and 91 hereof.

[67] **ORDERS** that the claims of the BI Inter-Company Lender pursuant to the BI Inter-Company Advances shall not be compromised or arranged pursuant to the Plan or these proceedings, but unless otherwise ordered, the exercise of any remedies by the

BI Inter-Company Lender in respect thereof under the BI Inter-Company Advances Charge shall be subject to the stay provided for in this Order.

**Bowater Adequate Protection Charge**

[68] **ORDERS** that all of the Property of the Bowater Petitioners is hereby charged by a lien, mortgage and security interest the ("**Bowater Adequate Protection Charge**") as security for the diminution in the value of the BI Bank Syndicate Security (as defined below), if any, subsequent to April 16, 2009 by sale, lease or use of the BI Bank Syndicate Security. The Bowater Adequate Protection Charge shall have the priority established by paragraphs 90 and 91 hereof.

[69] **ORDERS** that the obligations secured and the Property affected by the Bowater Adequate Protection Charge shall be subject to approval of such charge in the U.S. Proceedings and, in the event a lesser charge is approved or a lesser obligation is secured, the Bowater Adequate Protection Charge shall be reduced *pro tanto*. The exercise of any remedies under the Bowater Adequate Protection Charge shall be subject to the stay provided for in this Order.

**Powers of the Monitor**

[70] **ORDERS** that Ernst & Young Inc. is hereby appointed to monitor the business and financial affairs of the Petitioners and Partnerships as an officer of this Court and that the Monitor shall, in addition to the duties and functions referred to in Section 11.7 of the CCAA:

- a) give notice of this Order, within 10 days, to every known creditor of the Petitioners having a claim of more than \$5,000.00 against it, advising that such creditor may obtain a copy of this Order on the internet at the website of the Monitor (the "**Website**") or, failing that, from the Monitor and the Monitor shall, upon request, so provide it. Such notice shall be deemed sufficient in accordance with Subsection 11(5) of the CCAA;
- b) review and monitor the receipts and disbursements of the Petitioners and Partnerships including without limitation the intercompany transactions referred to in paragraphs 28 and 62 to 67 of this Order;
- c) assist the Petitioners, to the extent required by the Petitioners and Partnerships, in dealing with their creditors and other interested Persons during the Stay Period;
- d) assist the Petitioners, to the extent required by the Petitioners and Partnerships, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;

- e) advise and assist the Petitioners, to the extent required by the Petitioners and Partnerships, to review the Petitioners' and Partnerships' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- f) assist the Petitioners, to the extent required by the Petitioners and Partnerships, with the Restructuring and in their negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- g) report to the Court on the state of the business and financial affairs of the Petitioners and Partnerships or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- h) report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- i) retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- j) engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceedings, under this Order or under the CCAA;
- k) may act as a foreign representative of the Petitioners in any proceedings outside of Canada;
- l) may give any consents or approvals as are contemplated by this Order; and
- m) perform such other duties as are required by this Order, the CCAA or this Court from time to time.

The Monitor shall not otherwise interfere with the business and financial affairs carried on by the Petitioners and Partnerships, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Petitioners and Partnerships.

[71] **ORDERS** that the Petitioners and their directors, officers, employees and agents, accountants, auditors and all other Persons having notice of this Order shall forthwith

provide the Monitor with unrestricted access to all of the Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Petitioners and Partnerships in connection with the Monitor's duties and responsibilities hereunder.

[72] **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Petitioners with information in response to requests made by them in writing addressed to the Monitor and copied to the Petitioners' counsel. The Monitor shall not have any duties or liabilities in respect of such information disseminated by it pursuant to the provisions of this Order or the CCAA, other than as provided in paragraph 74 hereof. In the case of information that the Monitor has been advised by the Petitioners, the BI DIP Agent or the BI DIP Lenders is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Petitioners, the BI DIP Agent and the BI DIP Lenders unless otherwise directed by this Court.

[73] **DECLARES** that the Monitor shall not be, nor be deemed to be, an employer or a successor employer of the employees of the Petitioners and Partnerships or a related employer in respect of the Petitioners and Partnerships within the meaning of any federal, provincial or municipal legislation governing employment, labour relations, pay equity, employment equity, human rights, health and safety or pensions or any other statute, regulation or rule of law or equity for any similar purpose and, further, that the Monitor shall not be, nor be deemed to be, in occupation, possession, charge, management or control of the Property or business and financial affairs of the Petitioners pursuant to any federal, provincial or municipal legislation, statute, regulation or rule of law or equity which imposes liability on the basis of such status, including, without limitation, the *Environment Quality Act* (Québec), the *Canadian Environmental Protection Act, 1999* or the *Act Respecting Occupational Health and Safety* (Québec) or similar other federal or provincial legislation.

[74] **DECLARES** that, in addition to the rights and protections afforded to the Monitor by the CCAA, this Order or its status as an officer of the Court, the Monitor shall not incur any liability or obligation as a result of its appointment and the fulfilment of its duties or the provisions of this Order, save and except any liability or obligation arising from a breach of its duties to act honestly, in good faith and with due diligence, and no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days notice to the Monitor and its counsel.

[75] **ORDERS** that the Petitioners shall pay the fees and disbursements of the Monitor, the Monitor's legal counsel, the Petitioners' legal counsel and other advisers, incurred in connection with or with respect to the Restructuring, whether incurred before or after this Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.



[76] **DECLARES** that the Monitor, the Monitor's legal counsel, the Abitibi Petitioners' legal counsel and other advisers, as security for the professional fees and disbursements incurred both before and after the making of this Order by the Abitibi Petitioners in respect of these proceedings, the Plan and the Restructuring, in addition to the retainers referred to paragraph 75 hereof, be entitled to the benefit of and are hereby granted a hypothec on, mortgage of, lien on, and security interest in the Property of the Abitibi Petitioners (other than the Property subject to the Securitization Program Agreements) to the extent of the aggregate amount of \$6 million (the "**Abitibi Administration Charge**"), having the priority established by paragraphs 89 and 91 hereof.

[77] **DECLARES** that the Monitor, the Monitor's legal counsel, the Bowater Petitioners' legal counsel and other advisers, as security for the professional fees and disbursements incurred both before and after the making of this Order by the Bowater Petitioners in respect of these proceedings, the Plan and the Restructuring, in addition to the retainers referred to paragraph 75 hereof, be entitled to the benefit of and are hereby granted a hypothec on, mortgage of, lien on, and security interest in the Property of the Bowater Petitioners to the extent of the aggregate amount of \$2 million (the "**Bowater Administration Charge**"), having the priority established by paragraphs 90 and 91 hereof.

#### Appointment of Information Officer in Respect of U.S. Proceedings

[78] **ORDERS** that, in respect of the U.S. Proceedings of the 18.6 Petitioners, Ernst & Young Inc. is hereby appointed as an information officer with the powers and obligations set out herein (the "**Information Officer**").

[79] **ORDERS** that the Information Officer shall report to this Court at such times and intervals as the Information Officer deems appropriate and, in any event, shall deliver a report to this Court at least once every two months outlining the status of the U.S. Proceedings of the 18.6 Petitioners, and such other information as the Information Officer believes to be material with copies of such reports provided to the BI DIP Agent and the BI DIP Lenders and report to the BI DIP Lenders on such additional issues related thereto upon the request of the BI DIP Agent and the BI DIP Lenders or their counsel.

[80] **ORDERS** that, in addition to the rights and protections afforded to the Information Officer as an officer of this Court, the Information Officer shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except from a failure to act in good faith and to take reasonable care. Nothing in this Order shall derogate from the protections afforded to the Information Officer by the CCAA or any applicable legislation.

[81] **ORDERS** that the Information Officer shall provide any creditor of the 18.6 Petitioners located in Canada with information provided by the 18.6 Petitioners in response to reasonable requests for information made in writing by such creditor

addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the 18.6 Petitioners is confidential, the Information Officer shall not provide such information to creditors unless as otherwise directed by this Court or on such terms as the Information Officer and the 18.6 Petitioners may agree upon.

[82] **ORDERS** that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the business of the 18.6 Petitioners and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the business or Property of the 18.6 Petitioners, or any part thereof. For greater certainty, the Information Officer shall not employ any employee of the 18.6 Petitioners;

[83] **ORDERS** that nothing herein contained shall require the Information Officer to occupy or to take control, care, charge, possession or management of any of the Property of the 18.6 Petitioners that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Environment Quality Act* (Quebec), the *Canadian Environmental Protection Act*, 1999 or similar other federal or provincial legislation and regulations under such legislation (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Information Officer from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Information Officer shall not, as a result of this Order or anything done in pursuance of the Information Officer's duties and powers under this Order, be deemed to be in possession of any of the Property of the 18.6 Petitioners within the meaning of any Environmental Legislation, unless it is actually in possession of such property.

[84] **[Intentionally omitted]**

[85] **[Intentionally omitted]**

[86] **[Intentionally omitted]**

[87] **[Intentionally omitted]**

[88] **[Intentionally omitted]**

#### **Priorities and General Provisions Relating to CCAA Charges**

[89] **DECLARES** that the priorities of the Abitibi Administration Charge, Abitibi D&O Charge, ACI Inter-Company Advances Charge and the ACI DIP Charge (collectively,

the "**Abitibi CCAA Charges**"), as between them with respect to any Property of the Abitibi Petitioners to which they apply, shall be as follows:

- a) first, the Abitibi Administration Charge;
- b) second, the Abitibi D&O Charge, up to a maximum of \$22.5 million (the "**Abitibi D&O First Tranche**");
- c) third, the ACI DIP Charge;
- d) fourth, the ACI Inter-Company Advances Charge; and
- e) fifth, the Abitibi D&O Charge in respect of the balance of amounts, if any, secured thereby (the "**Abitibi D&O Second Tranche**").

[90] **DECLARES** that the priorities of the Bowater Administration Charge, Bowater D&O Charge, BI DIP Lenders Charge, Bowater Adequate Protection Charge and BI Inter-Company Advances Charge (collectively, the "**Bowater CCAA Charges**"), as between them with respect to any Property of the Bowater Petitioners to which they apply, shall be as follows:

- a) first, the Bowater Administration Charge;
- b) second, the Bowater D&O Charge, up to a maximum of \$7.5 million (the "**Bowater D&O First Tranche**");
- c) third, the BI DIP Lenders Charge;
- d) fourth, the Bowater Adequate Protection Charge;
- e) fifth, the BI Inter-Company Advances Charge; and
- f) sixth, the Bowater D&O Charge in respect of the balance of amounts, if any, secured thereby (the "**Bowater D&O Second Tranche**").

[91] **DECLARES** that the Abitibi CCAA Charges and the Bowater CCAA Charges (collectively, the "**CCAA Charges**") shall rank in priority to any and all other hypothecs, mortgagees, liens, trusts, security, priorities, conditional sale agreements, financial leases, charges, encumbrances or security of whatever nature or kind (collectively, "**Encumbrances**") affecting the Property of the Petitioners, other than:

- a) in the case of the BI DIP Lenders Charge, the Bowater Adequate Protection Charge, the BI Inter-Company Advances Charge and the Bowater D&O Second Tranche, valid and perfected Encumbrances in respect of principal and interest, affecting the Property of the Bowater Petitioners and currently held pursuant to the Credit Agreement dated as of May 31, 2006, as amended and restated (the "**Canadian Credit Agreement**") or supplemented, among BCFPI, as borrower, the lenders named thereto and the Bank of Nova Scotia, as administrative agent (the

"**BI Bank Syndicate Security**"), which BI Bank Syndicate Security shall rank in priority to the BI DIP Lenders Charge, the Bowater Adequate Protection Charge, the BI Inter-Company Advances Charge and the Bowater D&O Second Tranche; and

- b) in the case of the ACI Inter-Company Advances Charge and the Abitibi D&O Second Tranche above:
- a. valid and perfected Encumbrances in respect of principal and interest affecting the Property of the Abitibi Petitioners and currently held pursuant to the Credit and Guaranty Agreement dated as of April 1, 2008 among, *inter alia*, ACI, as borrower, Abitibi-Consolidated Company of Canada ("**ACCC**") as guarantor, the Lenders party thereto and Goldman Sachs Credit Partners L.P. as administrative agent (the "**ACI Bank Security**"); and
  - b. valid and perfected Encumbrances in respect of principal and interest, affecting the Property of the Abitibi Petitioners and currently held pursuant to the US\$413 million 13.75% Senior Secured Notes due April 1, 2011 (the "**Senior Notes Security**");

which ACI Bank Security and Senior Notes Security shall rank in priority to the ACI Inter-Company Advances Charge and the Abitibi D&O Second Tranche.

[92] **ORDERS** that nothing in this Order shall affect any determination of (i) the validity or perfection of the BI Bank Syndicate Security, the ACI Bank Security or the Senior Notes Security, (ii) whether such security is opposable to third parties, or (iii) whether such security is avoidable under applicable Canadian or United States laws.

[92.1] **DECLARES** that nothing in this Order, including the CCAA Charges, shall affect or charge in any manner whatsoever (i) any Perfected Encumbrances affecting and charging the cash deposits held to secure amounts owing or which in the future may be owing to CIBC by ACCC under the Facility Agreement dated as of April 1st, 2008, as it may be renewed or amended (the "**Facility Agreement**"); and (ii) set-off rights available to CIBC under the Facility Agreement or at law.

[92.2] **DECLARES** that nothing in this Order, including the CCAA Charges, shall affect or charge in any manner whatsoever any Perfected Encumbrances affecting and charging the cash deposits held to secure amounts owing or which in the future may be owing to Bank of Nova Scotia by ACCC with respect to that certain letter of credit bearing number S 51151-178519 in the face amount of \$1,075,824.97 issued by Bank of Nova Scotia to WSIB at the request of ACCC.

[93] **ORDERS** that, except as otherwise expressly provided for herein, the Petitioners shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Petitioners obtain the prior written consent of the Monitor and in the case of the Bowater Petitioners, the prior consent of the BI DIP Agent, the BI DIP Lenders and the prior approval of the Court.

[94] **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time of this Order, to all present and future Property of the Abitibi Petitioners (other than the Property subject to the Securitization Program Agreements) or the Bowater Petitioners, as the case may be, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

[95] **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any application for a bankruptcy order filed pursuant to the BIA in respect of the Petitioners or any bankruptcy order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioners; (iii) proceedings taken by any of the Petitioners under Chapter 11 of Title 11 of The United States Code; or (iv) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, or the granting of financial assistance between affiliated companies, contained in (y) any federal or provincial statute or (z) any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Petitioners (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

- a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach, by the Petitioners, of any Third Party Agreement to which they are a party; and
- b) any beneficiary of the CCAA Charges shall not be held liable against any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.

[96] **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a bankruptcy order filed pursuant to the BIA in respect of the Petitioners and any bankruptcy order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioners; (iii) proceedings taken by any of the Petitioners under Chapter 11 of Title 11 of The United States Code; or (iv) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Petitioners pursuant to this Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

[97] **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Abitibi Petitioners (other than the Property subject to the Securitization Program Agreements) or of the Bowater Petitioners as the case may be and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioners, for all purposes.

#### General

[98] **DECLARES** that this Order and any proceeding or affidavit leading to this Order, shall not, in and of themselves, constitute a default or failure to comply, by the Petitioners, under any statute, regulation, license, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

[99] **DECLARES** that, except as otherwise specified herein, the Petitioners are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Petitioners and that any such service shall be deemed to be received on the date of delivery (if by personal delivery or electronic transmission), on the following business day (if delivered by courier), or three business days after mailing (if by ordinary mail).

[100] **DECLARES** that the Petitioners may serve any Court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Petitioners shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.

[101] **DECLARES** that any party in these proceedings, other than the Petitioners, may serve any Court materials electronically, by emailing a PDF or other electronic copy of all materials to counsels' email addresses, provided that such party shall deliver both PDF or other electronic copies and "hard copies" of all materials to counsel to the Petitioners and the Monitor and to any other party requesting same.

[102] **DECLARES** that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the Petitioners and the Monitor and has filed such notice with this Court.

[103] **DECLARES** that the Petitioners or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of this Order on notice only to each other.

[104] **DECLARES** that any interested Person may apply to this Court to vary or rescind this Order or seek other relief upon seven days notice to the Petitioners, the Monitor,

the BI DIP Agent, the BI DIP Lenders and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

**Effect, Recognition and Assistance**

[105] **DECLARES** that this Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.

[106] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and any federal or State Court or administrative body in the United States of America including, without limitation, the U.S. Bankruptcy Court, and other nations and states to give effect to this Order and to assist the Petitioners, the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings. All Courts or administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to ACI and/or the Monitor in any foreign proceedings and to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings, including, without limitation, recognizing the Petitioners' CCAA proceedings as a foreign main proceeding under applicable law.

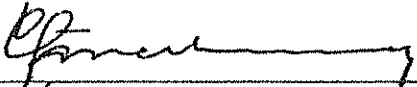
[107] **DECLARES** that each of the Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and any other Order granted by this Court including, without limitation, applications under Chapter 15 of the U.S. Bankruptcy Code in respect of ACI and ACCC, and to recognize or give effect to or otherwise further the Restructuring.

[108] **DECLARES** that for the purposes of seeking the aid and recognition of any court or any judicial, regulatory or administrative body outside of Canada and in particular in the U.S. Bankruptcy Court in respect of proceedings commenced under Chapter 15 of the U.S. Bankruptcy Code and any ancillary relief in respect thereto, ACI shall be appointed as and is hereby authorized and directed to act as the foreign representative of the Petitioners and to seek such aid and recognition.

[109] **DECLARES** that for the purposes of seeking the aid and recognition of any court or any judicial, regulatory or administrative body outside of Canada, the Petitioners' centre of main interest (COMI) is ACI's principal executive offices situated at 1155 Metcalfe Street, in the city and district of Montréal, Province of Québec.

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

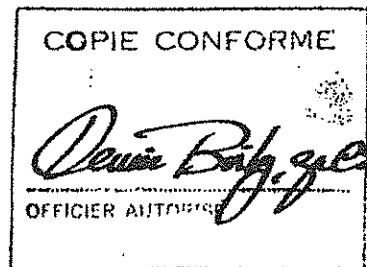
[111] THE WHOLE WITHOUT COSTS.

  
CLÉMENT GASCON, J.S.C. J. S. C.

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Me Michael B. Rotsztain  
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Me Nicolas Plourde  
HEENAN BLAIKIE  
Attorneys for Fairfax Financial Holdings Ltd.

Dates of hearing      May 1, 5 and 6, 2009

**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.

**SCHEDULE "B"**  
**BOWATER PETITIONERS**

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

**SCHEDULE "C"**

**18.6 CCAA PETITIONERS**

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

**SCHEDULE "D"**  
**PARTNERSHIPS**

1. BOWATER CANADA FINANCE LIMITED PARTNERSHIP
2. BOWATER PULP AND PAPER CANADA HOLDINGS LIMITED PARTNERSHIP
3. ABITIBI-CONSOLIDATED FINANCE LP

**No. 500-11-048114-157**

**SUPERIOR COURT**

*(Commercial Division)*

**DISTRICT OF MONTREAL**

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

BLOOM LAKE GENERAL PARTNER LIMITED,

QUINTO MINING CORPORATION,

8568391 CANADA LIMITED,

CLIFFS QUEBEC IRON MINING ULC

**PETITIONERS**

**and**

THE BLOOM LAKE IRON ORE MINE LIMITED  
PARTNERSHIP

**-and-**

BLOOM LAKE RAILWAY COMPANY LIMITED

**MISES-EN-CAUSE**

**and**

FTI CONSULTING CANADA INC.

**and**

**MONITOR**

THE BANK OF NOVA SCOTIA

**OBJECTOR**

**EXHIBIT S-1**

**"OBJECTION AND CONTESTATION TO PETITIONERS'  
MOTION FOR AN ORDER EXTENDING THE STAY  
PERIOD AND AMENDING THE INITIAL ORDER"**

*(Section 11 ff. of the Companies' Creditors*

*Arrangement Act)*

**COPY FOR: Service List**

**Me Gerald F. Kandestin**

**O/F: 1045-1771 GFK/dp**

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