



This is the 4<sup>th</sup> affidavit of  
B. Baarda in this case and was  
made on February 12, 2012

No. S-120712  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985,  
c. C-44

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION  
AND THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

#### AFFIDAVIT

I, Brian Baarda, businessperson, of 2<sup>nd</sup> Floor, 3600 Lysander Lane, Richmond, British Columbia, AFFIRM THAT:

1. I am the Vice President, Finance and Chief Financial Officer of Catalyst Paper Corporation ("CPC"), a Petitioner in this proceeding (along with the other Petitioners and Catalyst Paper General Partnership, the "**Company**"), and as such I have personal

knowledge of the matters deposed to in this Affidavit except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true.

2. All capitalized terms used and not defined below shall have the same meaning as that ascribed to them in my Affidavit #1 dated January 31, 2012 (the “**First Affidavit**”).

3. On January 31, 2012, this Court granted an Initial Order (the “**Initial Order**”) pursuant to the *Companies Creditors Arrangement Act* (“**CCAA**”). The initial stay of proceedings requested by, and granted to, the Petitioner Parties was for a period of only 14 days.

4. In the very short period of time since the Initial Order, the Company has, among other things:

- (a) Taken steps to stabilize the business after the CCAA filing;
- (b) Obtained various orders in the U.S. recognizing the CCAA proceedings and orders;
- (c) Engaged in numerous discussions with creditors and suppliers to ensure continued delivery of goods and services during the CCAA process;
- (d) Applied to Court for, and obtained, a Critical Supplier Order and Charge;
- (e) Worked with the Company’s DIP Lenders and the DIP Lenders’ advisors to ensure adequate funding of the business;
- (f) Received Court approval to obtain advances under the DIP Facility;
- (g) Negotiated and arrived at a consensual arrangement with the Superintendent of Pensions with respect to certain pension issues; and
- (h) Continued to engage in discussions with key stakeholders including the 2014 Noteholders, the 2016 Noteholders, and their respective advisors.

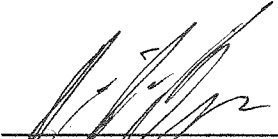
5. The Company continues to work with and maintain a good working relationship with the DIP Agent who is providing funding to the Company under the terms and conditions of the DIP Facility.


6. The Company continues to work with its financial advisor and the Monitor in furtherance of implementing strategies towards a restructuring of the business.

7. Since the date of the Initial Order, the Company has met its post-filing obligations to creditors and suppliers when due and has met its obligations to employees in the normal course. The Company has paid its statutory remittances for employee remittances and continues to pay its taxes.

8. After considering the operations of the Company, the expected costs of operations on a going-forward basis and on the basis of the cash flows as filed, it is my view that the Company has sufficient liquidity or, in the alternative, sufficient financing, to operate until the requested stay extension date of April 30, 2012.

AFFIRMED BEFORE ME at Vancouver,  
British Columbia on February 12, 2012.

  
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A Commissioner for taking Affidavits for  
British Columbia

  
\_\_\_\_\_  
Brian Baarda

Anthony Purgas  
*Barrister & Solicitor*  
Blake, Cassels & Graydon LLP  
Suite 2600, Three Bentall Centre  
595 Burrard St., P.O. Box 49314  
Vancouver, B.C. V7X 1L3  
(604) 631-4280

**SCHEDULE "A"**

**LIST OF ADDITIONAL PETITIONERS**

Catalyst Pulp Operations Limited  
Catalyst Pulp Sales Inc.  
Pacifica Poplars Ltd.  
Catalyst Pulp and Paper Sales Inc.  
Elk Falls Pulp and Paper Limited  
Catalyst Paper Energy Holdings Inc.  
0606890 B.C. Ltd.  
Catalyst Paper Recycling Inc.  
Catalyst Paper (Snowflake) Inc.  
Catalyst Paper Holdings Inc.  
Pacifica Papers U.S. Inc.  
Pacifica Poplars Inc.  
Pacifica Papers Sales Inc.  
Catalyst Paper (USA) Inc.  
The Apache Railway Company