

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

NOTICE OF APPLICATION

Names of applicants: Catalyst Paper Corporation and the other Petitioners listed in
Schedule "A" ("Catalyst")

To: The Service List

TAKE NOTICE that an application will be made by the applicants to the presiding judge at the
courthouse at 800 Smithe Street, Vancouver, British Columbia on February 23, 2012 at 9:45 a.m.
for the orders set out in Part 1 below.

Part 1: ORDERS AND DECLARATIONS SOUGHT

1. An Order substantially in the draft form attached as **Schedule "B"** hereto.

Part 2: FACTUAL BASIS

2. On January 31, 2012, the Court granted an Initial Order (the “**Initial Order**”) providing for a comeback hearing on February 14, 2012 and a stay of proceedings until that same date.
3. On February 3, 2012, the Court granted an Order amending and restating the Initial Order.
4. On February 14, 2012, the Court extended the charge in favour of the Directors and Officers to February 23, 2012.
5. The Directors and Officers require protection by way of a directors and officers charge to indemnify them against obligations and liabilities that they may incur as a directors or officers. The Directors and Officers require and are entitled to a degree of protection and certainty. The amount of the charge has been calculated with assistance of the Monitor and is appropriate in the circumstances.
6. In the circumstances, it is necessary for the charge protecting the Directors and Officers to continue until March 9, 2012, or such other time as the relief may be considered on a *de novo* basis.

Part 3: LEGAL BASIS

1. *Supreme Court Civil Rules*, Rule 8-1, 13-1;
2. *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended; and
3. The inherent and equitable jurisdiction of the Court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of B. Baarda, made 31/Jan/2012;
2. Affidavit #3 of B. Baarda, made 31/Jan/2012;
3. Affidavit #1 of R. Lindstrom, made 1/Feb/2012;
4. Affidavit #1 of J. Reddy, made 31/Jan/2012;
5. Affidavit #1 of A. Purgas, made 11/Feb/2012;
6. Affidavit #4 of B. Baarda, made 12/Feb/2012;
7. The pre and post filing reports of the Monitor; and
8. Such further and other materials as counsel may advise and the Court may permit.

The applicants estimate that the application will take 5 minutes.

This matter is within the jurisdiction of a master.

This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: 21/Feb/2012



Signature of
 applicant lawyer for applicants
Bill Kaplan, Q.C. / Peter Rubin

Schedule "B"

No. S120712
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

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
MR. JUSTICE SEWELL) 23/February/2012
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 23rd day of February, 2012; AND ON HEARING, Bill Kaplan, Q.C. and Peter Rubin, counsel for the Petitioners, John Grieve and Kibben Jackson, counsel for the Monitor PricewaterhouseCoopers Inc., and those other counsel listed in **Schedule "B"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

DIRECTORS' AND OFFICERS' CHARGE

1. The directors and officers of the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the "**D&O Charge**") on the Charged Property (as defined in the Amended and Restated Initial Order of the Court dated February 3, 2012 (the "**Amended Order**")), which charge shall not exceed the aggregate amount of \$31,000,000, as security for the indemnity provided in paragraph 28 of the Amended Order. The D&O Charge shall have the priority set out in paragraphs 51, 52, 54 and 55 of the Amended Order and all references in the Amended Order to the D&O Charge shall be a reference to the D&O Charge in this paragraph. Subject to further Order of the Court, the relief granted in this paragraph shall extend to and include March 9, 2012 at which time the relief sought shall be considered on a *de novo* basis.

APPROVAL

2. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of
 party lawyer for the Petitioner Parties
Bill Kaplan, Q.C. / Peter Rubin

BY THE COURT.

Registrar

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

