



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

NOTICE OF APPLICATION

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

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 April 2, 2012 at 10:00 a.m. for the orders set out in Part 1 below.

Part 1: ORDERS AND DECLARATIONS SOUGHT

1. An order approving the Stalking Horse Purchase Agreement substantially in the draft form attached as **Schedule "B"** hereto.

Part 2: FACTUAL BASIS

1. On March 22, 2012, the Court granted an Order in respect of a sale and investor solicitation process (the "**SISP Order**"). Upon a Plan Failure (as such term is defined in the SISP Order), the SISP Order authorizes and directs the Petitioner Parties to commence a sale and investor solicitation process (the "**SISP**") within two business days.
2. In connection with the SISP, the SISP Order authorizes and directs the Petitioner Parties to enter into a stalking horse purchase agreement for the sale of certain of the Petitioner Parties' assets in a form approved by this Court.

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 January 31, 2012;
2. Affidavit #3 of B. Baarda, made January 31, 2012;
3. Affidavit #1 of R. Lindstrom, made February 1, 2012;
4. Affidavit #1 of J. Reddy, made January 31, 2012;
5. Affidavit #1 of A. Purgas, made February 11, 2012;
6. Affidavit #4 of B. Baarda, made February 12, 2012;
7. Affidavit #1 of W. Dickson, made February 10, 2012;
8. Affidavit #5 of B. Baarda, made March 1, 2012;
9. Affidavit #2 of W. Dickson, made March 2, 2012;
10. Affidavit #6 of B. Baarda, made March 15, 2012;

11. Affidavit #1 of A. Crabtree, made March 16, 2012;
12. Affidavit #2 of A. Crabtree, made March 23, 2012;
13. The pleadings filed herein;
14. The pre and post filing reports of the Monitor; and
15. Such further and other materials as counsel may advise and the Court may permit.

The applicants estimate that the application will take 1 day.

☐ This matter is within the jurisdiction of a master.

☒ This matter is not within the jurisdiction of a master. This matter is to be heard before Mr. Justice Sewell.

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: March 27, 2012

A handwritten signature in black ink, consisting of two large, stylized, overlapping loops.

Signature of

☐ applicant ☒ lawyer for applicants
Bill Kaplan, Q.C. / Peter Rubin

for

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

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs of Part 1 of this notice of application

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

[Check the box(es) below for the application type(s) included in this application.]

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

SCHEDULE "B"

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ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
MR. JUSTICE SEWELL) April 2, 2012
)

ON THE APPLICATION of the Petitioner Parties coming on for hearing at New Westminster, British Columbia, on the 2nd day of April, 2012; AND ON HEARING, Bill Kaplan, Q.C., counsel for the Petitioner Parties, 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:

1. In connection with the SISP, the agreement substantially in the form attached as Exhibit A to the Affidavit #2 of Andrew Crabtree, affirmed March 23, 2012 (the “**Stalking Horse Purchase Agreement**”) is hereby approved and accepted.
2. The Petitioner Parties are also authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction set out in, and the performance of the Petitioner Parties’ obligations under, the Stalking Horse Purchase Agreement.
3. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any Federal or State Court or administrative body in the United States of America (including, without limitation, the United States Bankruptcy Court), to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to (i) make such orders and to provide such assistance to the Petitioners Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, (ii) grant representative status to any of the Petitioner Parties, and to CPC (as such term is defined in the Initial Order) on behalf of any or all of the Petitioner Parties, in any foreign proceeding, and (iii) assist the Petitioner Parties, CPC, the Monitor and the respective agents of each of the foregoing in carrying out the terms of this Order.

APPROVAL

4. 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 [X] lawyer for the Petitioner Parties
Bill Kaplan, Q.C.

BY THE COURT.

Registrar