



This is the 7<sup>th</sup> affidavit of  
B. Baarda in this case and was  
made on April 18, 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, made January 31, 2012 (the “**First Affidavit**”).

**Background**

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 14 days.

4. On February 12, 2012, I affirmed my fourth affidavit in this proceeding (the “**Fourth Affidavit**”) in support of the Company’s application to extend the stay of proceedings at that time. My Fourth Affidavit outlined the various steps the Company had taken, among other things, working with its creditors to emerge from the CCAA Proceeding as a going concern operation.

5. On February 14, 2012, the Court extended the stay of proceedings in the Initial Order to April 30, 2012.

6. Since the commencement of this proceeding, the Company has worked diligently to stabilize its business operations and work with its various creditors. In particular, the Company has negotiated a Restructuring Support Agreement and a related Plan of Arrangement and Compromise, which was filed with this Court on March 22, 2012 (the “**Plan**”). In connection with the Plan, the Company obtained an Order of this Court on March 22, 2012 that, among other things, established a procedure for the creditors of the Company affected by the Plan to vote on the Plan at two separate meetings (the “**Meetings**”).

7. The Meetings were originally scheduled for April 23, 2012. As a result of discussions among various parties including the Monitor and counsel for certain of the 2016 Noteholders, the Meetings have been rescheduled to May 2, 2012. The Court issued an Order on April 17, 2012, confirming the new date for the Meetings.

8. On March 22, 2012, the Company also obtained an Order from this Court approving a sale and investor solicitation process (“SISP”). The SISP would commence shortly after the Meetings if the voting creditors did not approve the Plan at the Meetings. The timelines in the SISP would result in a sales process continuing throughout the month of May and at least into early June if not later.

9. In light of the timelines discussed in the above paragraphs, the Company requires the continued protection the stay of proceedings established under the Initial Order.

10. 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.

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

12. The Company has continued to meet 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.

13. 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 June 30, 2012.

AFFIRMED BEFORE ME at Richmond,  
British Columbia on April 18, 2012.

  
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Brian Baarda

~~A Commissioner for taking Affidavits for  
British Columbia~~

DAVID L. ADDERLEY  
Barrister & Solicitor  
2nd Floor, 3600 Lysander Lane  
Richmond, B.C. V7B 1C3

**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