



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" (the "Company")**

**To: The Service List**

**TAKE NOTICE that an application will be made by the applicants to the Honourable Mr. Justice Sewell at 800 Smithe Street, Vancouver, BC, V6Z 2E1, on Friday the 25<sup>th</sup> day of May 2012 at 9:45 a.m. for the orders set out in Part 1 below.**

#### **Part 1: ORDERS AND DECLARATIONS SOUGHT**

1. The Order substantially in the draft form attached as **Schedule “B”** hereto.

#### **Part 2: FACTUAL BASIS**

2. On March 6, 2012, a group of individuals referred to as the Catalyst Salaried Employees and Pensioners Group (the “CSEP”) filed a Notice of Application for Leave to Appeal.

3. On March 30, 2012, the CSEP filed a second Amended Notice of Application for Leave to Appeal.

4. The CSEP sought leave to appeal the orders of Mr. Justice Sewell in the proceedings below, dated February 14, 2012 and March 9, 2012.

5. On April 5, 2012, the CSEP filed their Notice of Motion for Leave to Appeal and Motion Record for Leave to Appeal.

6. The Petitioners, supported by secured and unsecured creditors of the Petitioners, several of the Petitioners’ critical suppliers, and the Court-appointed Monitor, opposed the granting of leave to appeal.

7. On April 19, 2012, the Court of Appeal dismissed the CSEP’s Application for Leave to Appeal.

8. On April 24, 2012, the CSEP filed a Notice of Application to Vary an Order of a Justice.

9. On May 9, 2012, the CSEP filed a motion in the Court of Appeal to extend the time period to file their Motion Book.

10. After discussions with various parties, the Petitioners have agreed upon a proposed settlement with the CSEP, the principal terms of which include:

(a) The Petitioners will seek an Order from the Court as set out in Schedule “B”;

(b) The CSEP will abandon their appeal related proceedings.

11. The Court made an Order dated March 9, 2012 creating a KERP charge. As a result of a clerical error, paragraph 6 of that Order states the charge is “in the aggregate amount of \$8 million”. The following paragraph of that order refers to the charge “in the amount of \$8.262 million”. The evidence before the Court was that the amount of the letters of credit securing the KERP is \$8.262 million.

**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 #1 of W. Dickson, made February 10, 2012;
3. The pre and post filing reports of the Monitor; and
4. Such further and other materials as counsel may advise and the Court may permit.

The applicants estimate that the application will take 5 minutes.

[x] 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: May 18, 2012



Signature of

[ ] applicant  lawyer for applicants

Bill Kaplan, Q.C. / Peter L. Rubin / Anthony  
Purgas

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 "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

## 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 ) May 25, 2012  
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 25<sup>th</sup> day of May 2012; AND ON HEARING, Bill Kaplan, Q.C., Peter L. Rubin and Anthony Purgas, 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:

1. Paragraph 55 of the Amended and Restated Initial Order of the Court dated February 3, 2012, as amended by Order of the Court dated February 14, 2012, shall be amended by:
  - (a) adding the word "and" after "PBSA"; and

(b) deleting the words "and any future charges which may arise under Sections 81.5 and 81.6 of the BIA".

2. Paragraph 6 of the Order of the Court dated March 9, 2012 shall be amended by deleting the words "\$8 million" and substituting therefor the words "\$8.262 million".

3. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioners, 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

**Schedule "B"**

Name of Party	Counsel Name