

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

AUG 28 2012

ENTERED

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) August 28, 2012
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 28th day of August 2012; AND ON HEARING, Bill Kaplan, Q.C., Andrew Crabtree and Jeff Langlois, counsel for the Petitioners, 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 5 of the order of the Court dated March 21, 2012, in respect of the sale of certain assets at the Elk Falls mill site in Campbell River, B.C., is deleted in its entirety and replaced with the following:

5. To the extent the Partnership receives the Proceeds prior to the Effective Date (as such term is defined in the Second Amended and Restated Plan of Compromise and Arrangement, dated June 14, 2012), the Partnership is hereby ordered and directed to forthwith deposit the Proceeds, as and when received, into one or more deposit accounts or securities accounts established by and under the sole dominion and control of Computershare Trust Company of Canada, in its capacity as collateral trustee for itself and the holders of the certain notes issued under the Indentures dated as of March 19, 2010, and May 19, 2010, as among Catalyst Paper Corporation, Wilmington Trust FSB and Computershare Trust Corporation of Canada (in such capacity, the "**Collateral Trustee**"), until the Effective Date, at which time the Collateral Trustee is hereby ordered and directed to deliver the Proceeds to the Partnership. Notwithstanding anything to the contrary in the Amended and Restated Initial Order of this Court dated February 3, 2012, as amended (the "**Amended and Restated Initial Order**"), including paragraph 40 thereof, the deposit of the Proceeds into any account established by the Collateral Trustee shall be without prejudice to the right of any party to contest that the Proceeds constitute First Lien Notes Collateral and/or are subject to the First Lien Noteholders Security (as those terms are defined in the Amended and Restated Initial Order).

5A. To the extent the Partnership receives the Proceeds after the Effective Date, the Proceeds shall be deposited with the Partnership.

2. Paragraph 8 of the order of the Court dated May 10, 2012 in respect of the Powell River Property Tax Agreement is deleted in its entirety and replaced with the following:

8. In the event the Company receives the Proceeds prior to the Effective Date (as such term is defined in the Second Amended and Restated Plan of Compromise and Arrangement, dated June 14, 2012), the Company is hereby ordered and directed to

forthwith deposit the Proceeds, as and when received, into one or more deposit accounts or securities accounts established by and under the sole dominion and control of the Monitor until the Effective Date, at which time the Monitor is hereby ordered and directed to deliver the Proceeds to the Company.

8A. In the event the Company receives the Proceeds after the Effective Date, the Proceeds shall be deposited with the Company.

3. The Petitioner Parties are granted liberty to apply for further directions and relief as may be necessary to carry out this Order.

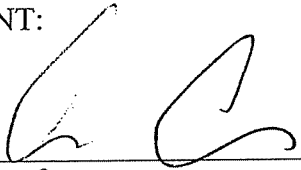
AID AND RECOGNITION OF THIS ORDER

4. THIS COURT REQUESTS the aid 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 this Court in approving the terms of the Transaction as set forth in the Sale Agreement 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 Petitioner Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to approve the Transaction, (ii) grant representative status to any of the Petitioners, and to Catalyst Paper Corporation ("CPC") 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 Transaction as set forth in the Sale Agreement.

APPROVAL

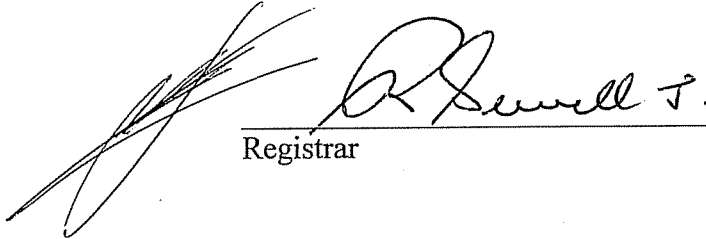
5. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

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./Andrew Crabtree

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"

APPEARANCE LIST – AUGUST 28, 2012

Party	Name of Party	Counsel Name
The Petitioners	Catalyst Paper Corporation and others	Bill Kaplan, Q.C. Peter Rubin Andrew Crabtree Jeff Langlois
The Monitor	PricewaterhouseCoopers Inc.	Kibben Jackson
Interested Parties	A Representative Group of 2014 Unsecured Noteholders and certain 2016 Noteholders	David Gruber Melanie Wagner (by telephone)
Interested Party	Wilmington Trust, National Association	Benjamin La Borie
Interested Parties	A Representative Group of 2016 Noteholders	John Sandrelli
Interested Party	Superintendent of Pensions	Sandra Wilkinson
Interested Parties	Catalyst TimberWest Retired Salaried Employees Association	Andrea Glen
Interested Parties	CEP Unions – Locals 1, 76 (Powell River), 592, 686 (Port Alberni), 1132 (Crofton), 630, 1123 (Campbell River)	Dan Rogers
Interested Parties	Powell River Energy Inc., Quadrant Investments Ltd., TimberWest Forest Corp., Western Forest Products and Edward C. Kress, Harry A. Goldgut and Richard Legault, Trustees of Powell River Energy Trust	Mary Buttery
Interested Parties	United Steelworkers International and USW Local 2688	Stefanie Quelch
Interested Party	Board of Directors of Catalyst	Patrick Riesterer (by telephone)
	<i>Province of British Columbia</i>	<i>Elizabeth Rowbotham</i>
	<i>JP Morgan Chase</i>	<i>Jennifer Cockburn</i>