

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

AUG 10 2012

ENTERED



IN THE SUPREME COURT OF BRITISH COLUMBIA

No. S-120712
Vancouver Registry

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 2, 2012
)

ON THE APPLICATION of the Petitioners and Catalyst Paper General Partnership (collectively, the "Petitioner Parties") coming on for hearing at Vancouver, British Columbia, on the 2nd day of August, 2012; AND ON HEARING, Peter Rubin, counsel for the Petitioner Parties, John Grieve (by telephone), 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. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Second Amended and Restated Plan of Compromise and Arrangement, dated June 14, 2012 (the "Plan").
2. In connection with the consummation of the Plan, the Petitioners are authorized and directed to pay all reasonable and documented fees and expenses of Wells Fargo Bank, National Association, as indenture trustee (the "Indenture Trustee") for the unsecured 7.375% senior notes due March 1, 2014 (the "Notes"), pursuant to an Indenture dated March 23, 2003 (the "Indenture"), including without limitation, the fees and expenses of U.S. counsel to the Indenture Trustee (the "U.S. Counsel") and Canadian counsel to the Indenture Trustee (the "Canadian Counsel" and, collectively with U.S. Counsel, the "Indenture Trustee Professionals"). Subject to the provisions of paragraphs 3 and 4 of this Order, the Petitioners shall pay (in cash) such fees and expenses on or before the Effective Date, as defined in the Plan, provided that the Indenture Trustee shall have delivered invoices for such amounts to the Petitioners consistent with the Indenture.
3. Notwithstanding the terms of the Plan and the Order of this Court dated June 28, 2012, the source of payment of the first one hundred thousand dollars (\$100,000) of reasonable fees and expenses for the Indenture Trustee shall be from the PREI Proceeds Pool to be distributed by the Monitor pursuant to the Plan to Affected Unsecured Creditors with Allowed Unsecured Claims who are Unsecured Noteholders (the "Proceeds"), and the Plan shall be deemed amended to provide for such payment. Upon receipt by the Indenture Trustee, the Proceeds amount shall be an immediate credit against any amounts owing as set out in paragraph 2 above. Notwithstanding the foregoing, in the event that payment is due to the Indenture Trustee before the Proceeds are available for distribution, the Petitioners shall satisfy the reasonable fees and expenses of the Indenture Trustee as provided in this Order and the Petitioners shall be entitled to be reimbursed from the Proceeds when they become available.
4. In the event that the parties cannot resolve the issue of "reasonable" legal fees and expenses rendered by Canadian Counsel, that dispute shall be referred to this Court. For the avoidance of doubt, notwithstanding anything to the contrary contained in this Order, nothing in

this Order shall be deemed to modify the terms and conditions of any agreement between the Indenture Trustee and the Indenture Trustee Professionals.

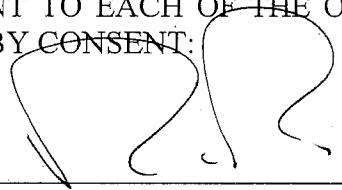
5. The Indenture Trustee shall not file any objections to or otherwise oppose any relief in Canada or the United States designed to assist with consummation of the Plan provided that any such relief shall not be inconsistent with the provisions contained in paragraphs 2, 3 and 4 of this Order or impose any obligations upon the Indenture Trustee in relation to the Plan, the Notes, the Indenture or otherwise. In the event the Petitioners do not consummate the Plan for any reason, or in the event that the Petitioners seek relief that is in any way inconsistent with the provisions of paragraphs 2, 3 and 4 of this Order or impose any obligations upon the Indenture Trustee in relation to the Plan, the Notes, the Indenture or otherwise, all rights of the Indenture Trustee under the Indenture and related documents, as well as to object to any relief inconsistent herewith, are expressly preserved.

6. Nothing in this Order shall limit the scope or effect of the Order entered in the United States Bankruptcy Court for the District of Delaware (Case No. 12-10221) on July 27, 2012 in connection with the Petitioners' Motion filed July 6, 2012.

APPROVAL

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

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS SANCTION 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
Peter Rubin

BY THE COURT.



Registrar

Schedule "A"

LIST OF ADDITIONAL PETITIONER PARTIES

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 Counsel | Party |
|---|---|
| J. Schultz | A Representative Group of 2016 Noteholders |
| S. Quelch | United Steelworkers International and USW Local 2688 |
| T. Louman-Gardner M. Wagner (by telephone) | A Representative Group of 2014 Unsecured Noteholders and certain 2016 Noteholders |
| A. Kaplan / A. Guindon (by telephone) | Catalyst Salaried Employees & Pensioner Committee |
| D. Rogers (by telephone) | CEP Unions – Locals 1, 76 (Powell River), 592, 686 (Port Alberni), 1132 (Crofton), 630, 1123 (Campbell River) |
| E. Cobb (by telephone) | Wells Fargo Bank NA |

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Peter Rubin
BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Suite 2600, Three Bentall Centre
595 Burrard Street, P.O. Box 49314
Vancouver, B.C. V7X 1L3
604.631.3300
Agent: Dye & Durham