



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) February 25, 2013
)

ON THE APPLICATION of the Petitioners coming on for hearing at New Westminster, British Columbia, on the 25th day of February 2013; AND ON HEARING, Peter L. Rubin and Andrew Crabtree, counsel for the Petitioners, and those other counsel listed in **Schedule "B"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the Notice of Application and the materials referred to therein be and is hereby abridged and the Notice of Application is properly returnable today.

2. The transaction (the "**Transaction**") contemplated by the agreement (the "**PREI Agreement**") among Catalyst Paper Corporation (the "**Company**"), Catalyst Paper Energy Holdings Inc. ("**CP Energy**") and Powell River Energy Trust ("**PR Energy Trust**"), dated February 13, 2013 and attached as Exhibit "A" to the Affidavit #9 of Robert Lindstrom, made February 18, 2013, and the PREI Agreement, are hereby approved.
3. CP Energy and the Company are authorized to execute any documents in furtherance of the Transaction as contemplated by the PREI Agreement, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction including, without limitation, the transfer of the Securities and other assets (as more particularly described in the PREI Agreement) (collectively, the "**Purchased Assets**") to PR Energy Trust.
4. Notwithstanding anything to the contrary contained in this Order or the PREI Agreement, the Company and CP Energy shall deliver to Wilmington Trust, National Association, as trustee (the "**Trustee**"), and Computershare Trust Company of Canada, as collateral trustee (the "**Collateral Trustee**"), such officers' certificates, opinions and other documents as required under the Indenture, dated as of September 13, 2012 (as amended and supplemented through the date hereof, the "**Indenture**"), among the Company, the guarantors party thereto, the Trustee and the Collateral Trustee, and the Collateral Documents (as defined in the Indenture) in connection with the Transaction.
5. The Company and CP Energy are hereby ordered and directed to deliver to the Monitor within three (3) business days following the closing of the Transaction, an amount equal to 50% of the net proceeds received on account of the Transaction less that amount as identified by the Monitor, determined in accordance with the Second Amended and Restated Plan of Compromise and Arrangement dated June 14, 2012 and approved by Order of the Court dated June 28, 2012 (the "**Plan**"), that is not required to be distributed to unsecured creditors (the "**Net Proceeds**").
6. The Monitor is hereby directed to distribute the Net Proceeds in accordance with the terms of the Plan.

7. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Petitioners and Catalyst Paper General Partnership (collectively, the “**Petitioner Parties**”) and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of any of the Petitioner Parties; and
- (d) any applications for an order now or hereafter issued pursuant to the *Winding-up and Restructuring Act* (Canada) in respect of any of the Petitioner Parties and any winding up order issued pursuant to any such application,

the transfer of the Purchased Assets shall be binding on any trustee in bankruptcy that may be appointed in respect of the Company and shall not be void or voidable by creditors of the Company, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. This Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may otherwise be enforceable.

9. The Company is granted liberty to apply for further directions and relief as may be necessary to carry out this Order.

AID AND RECOGNITION OF THIS ORDER

10. 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 PREI 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 Parties, and to the Company on behalf of any or all of the Petitioner Parties, in any foreign proceeding, and (iii) assist the Petitioners Parties, the Monitor and the respective agents of each of the foregoing in carrying out the Transaction as set forth in the PREI Agreement.

TERMINATION OF PROCEEDINGS

11. Other than:

- (a) the duties, obligations and responsibilities of the Monitor as set out in paragraphs 14, 40, 43 and 44 of the Order of the Court dated June 28, 2012; and
- (b) the duties, obligations and responsibilities of the Petitioner Parties related to PREI and the PREI Proceeds Pool (both as defined in the Plan),

the within proceedings are concluded and, accordingly, terminated and closed and the Petitioner Parties are discharged and released from these CCAA proceedings including any Orders made herein.

APPROVAL

12. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner Parties, 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
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
PULP PAPER & WOODWORKERS OF CANADA LOCAL 2	ANTHONY GRAVIN
CEP Locals	Donald Robert
Catalyst - TimberWest Retired Salaried Employees Association	Andrea Glen
Powell River Energy Inc.	Tijana Gavric
Monitor - Pricewaterhouse Coopers	John Grieve