

IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5 AS AMENDED

AND

IN THE MATTER OF FIBREK INC.

AND IN THE MATTER OF A DECISION
OF THE TORONTO STOCK EXCHANGE

APPLICATION FOR HEARING AND REVIEW
(section 21.7 of the *Securities Act*, R.S.O. 1990, C. S.5, as amended)

1. Fairfax Financial Holdings Corporation ("Fairfax") applies to the Ontario Securities Commission (the "Commission") pursuant to section 21.7 of the *Ontario Securities Act*, R.S.O. 1990 C.S.5, as amended (the "Act") for a hearing and review of the decision of the Toronto Stock Exchange (the "TSX"), made March 20, 2012, accepting notice of the private placement by Fibrek Inc. ("Fibrek") of 32,320,000 special warrants (the "Special Warrants") to Mercer International Inc. ("Mercer"), and conditionally approving the listing of the common shares issuable on conversion of the Special Warrants (the "Decision").
2. On the application, Fairfax seeks:
 - (a) an order pursuant to sections 8(3) and 21.7 of the Act setting aside the Decision;
 - (b) an order staying the Decision until such time as this application is heard and an order is made by the Commission; and
 - (c) such further relief as counsel for the applicant may advise.

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3. The grounds for this application are as follows:
- (a) By takeover bid circular dated December 15, 2011, AbitibiBowater Inc. (doing business as Resolute Forest Products), together with RFP Acquisition Inc., a wholly-owned subsidiary, made an offer to acquire all the common shares of Fibrek.
 - (b) Pursuant to a Support Agreement entered into between Mercer and Fibrek on February 10, 2012, Mercer made a competing offer to acquire all of Fibrek's common shares. Concurrently with the conclusion of the Support Agreement, Mercer and Fibrek entered into a Special Warrant Agreement, in which they agreed to a transaction whereby Mercer would purchase 32,320,000 special warrants of Fibrek on a private placement basis at a price of \$1.00 per Special Warrant. The Mercer offer expires on April 6, 2012.
 - (c) The *Bureau de decision et de revision* of Quebec issued a cease trade order with respect to the Special Warrants, but not the Mercer offer, on February 23, 2012, which order was appealed to the Court of Quebec (which granted the appeal on March 9, 2012) and further appealed to the Court of Appeal of Quebec (which has scheduled a hearing of the appeal for March 22, 2012). No Special Warrants have been issued.
 - (d) Fibrek announced the Decision in respect of the Special Warrants and the common shares of Fibrek into which the Special Warrants are convertible by way of press release on March 20, 2012.
 - (e) In making the Decision, the TSX: (i) proceeded on a wrong principle; (ii) erred in law; (iii) and overlooked material evidence. In addition, the Commission's perception of what is required by the public interest is inconsistent with the Decision.
 - (f) Fairfax is a shareholder of Fibrek, and is directly affected by the Decision.

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(g) Fairfax relies on sections 8(3) and 21.7 of the Act and Rules 2.2 and 14 of the Commission's Rules of Practice, and such further and other grounds as counsel may advise.

4. In support of this application, Fairfax intends to rely on (i) the Decision, (ii) the record of the TSX proceeding that the TSX is obliged to produce according to Rule 14.3 of the Commission's Rules of Procedure, and (iii) on such further evidence as counsel may advise.

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