

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 15
	:	Case No. 12-10221 (PJW)
CATALYST PAPER CORP., <u>et al.</u> ,	:	Jointly Administered
Debtors. ¹	:	Obj. Due: 4/10/12 at 4:00 p.m. (Eastern)
	:	Hrg. Date: 4/17/12 at 9:30 a.m. (Eastern)

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**NOTICE OF HEARING ON MOTION OF DEBTORS FOR ORDER (I) AUTHORIZING
AND APPROVING THE PRIVATE SALE OF CERTAIN PROPERTIES FREE AND
CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS; (II)
APPROVING THE PURCHASE AGREEMENT; (III) AUTHORIZING PAYMENT OF
BROKERAGE FEE IN CONNECTION WITH SALE; AND (IV)
GRANTING OTHER RELATED RELIEF**

PLEASE TAKE NOTICE that the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") filed today the attached **Motion Of Debtors For Order (I) Authorizing And Approving The Private Sale Of Certain Properties Free And Clear Of All Liens, Claims, Encumbrances And Other Interests; (II) Approving The Purchase Agreement; (III) Authorizing Payment Of Brokerage Fee In Connection With Sale; And (IV) Granting Other Related Relief** (the "Motion").

PLEASE TAKE FURTHER NOTICE that certain material provisions related to the sale transaction of which the Debtors are seeking approval are as follows:

¹ These jointly administered cases are those of the following Debtors: 0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd. (collectively, the "Canadian Debtors") in addition to Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc., and The Apache Railway Company (collectively, the "U.S. Debtors").



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Filed 3/27/12

- A. Property to be Conveyed: Seller² will sell and Buyer will purchase the Snohomish Property and the Everett Property, which together consist of approximately Eight Hundred Ninety-Nine and Twenty-Seven One-Hundredths (899.27) acres of land and which is more particularly described in Schedule A to the Purchase Agreement, together with any and all personal property, fixtures or other items remaining on the Properties when possession is transferred to the Buyer.
- B. Purchase Price: The total purchase price for the Properties will be Three Million Six Hundred Thousand Dollars and No/100ths (\$3,600,000.00) (the “Purchase Price”).
- C. Earnest Money Deposit: On April 20, 2012, the Buyer will deposit earnest money in the amount of Fifty Thousand Dollars and No/100ths (\$50,000.00) (the “Earnest Money Deposit”) to be held by Chicago Title Escrow (Everett) as closing agent. The Earnest Money Deposit will be non-refundable, unless otherwise provided in the Purchase Agreement. In the event the Seller is unable to obtain the approvals of the Monitor, the Canadian Court and this Court, the Purchase Agreement will be deemed null and void and the Earnest Money Deposit will be returned to the Buyer. In the event the Buyer discovers that materially inaccurate information has been given by Seller relating to the Properties, and Buyer further gives notice of such materially inaccurate information within 10 days of mutual acceptance, the Purchase Agreement will terminate and the Earnest Money Deposit will be returned to the Buyer. In the event the Buyer does not give notice to Seller on or before a date that is 20 days following mutual acceptance that the Properties are suited for the Buyer’s intended purpose, the Purchase Agreement will terminate and the Earnest Money Deposit will be returned to the Buyer. Finally, in the event Buyer reviews its preliminary commitment for title insurance and disapproves of exceptions contained in such preliminary commitment, and Seller does not give timely notice of its intent to clear all disapproved exceptions, Buyer may terminate the Purchase Agreement and the Earnest Money Deposit will be returned to the Buyer, less any unpaid costs described in the Purchase Agreement. At Closing, the Earnest Money Deposit will be applied to the Purchase Price.
- D. Brokerage Commissions: The Parties acknowledge that the Seller is represented by Snohomish Properties as both selling firm and listing firm. At the close of escrow, a Commission equal to Five percent (5%) of the Purchase Price will be paid out of escrow by the closing agent directly to Snohomish Properties.
- E. “As Is, Where Is” Transaction: The Buyer agrees that the Seller has not provided the Buyer with any warranties or representations as to, among other things, any conditions that may exist on the Properties, the condition of any improvements

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

located within the Properties, the availability of any water rights, the suitability of the Properties for the intended use of the Buyer, the exact amount of property included in the Purchase Agreement, or the precise location of any corners or boundaries of the Properties. The Buyer acknowledges that it has been advised to, among other things, investigate the Properties and obtain a survey of the same. Buyer acknowledges that it will verify certain of the above-noted items for which the Seller has not provided any warranties or representations, to Buyer's own satisfaction.

- F. Closing and Other Deadlines: The Sale is conditional on closing by April 20, 2012 assuming CPC can obtain approval by the and Monitor, the Canadian Court and this Court by such date. The Buyer will take possession on the closing date. This deadline is reasonable in light of the amount of time the Buyer requires to complete a feasibility study and obtain the appropriate title insurance.
- G. Approvals: The closing of the transaction contemplated by the Purchase Agreement will be conditioned on the Seller obtaining approval from the Monitor, the Canadian Court, and this Court.
- H. Private Sale: The Purchase Agreement assumes no auction or additional solicitation of competitive bidding.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Motion or the relief requested therein must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), 824 Market Street, Wilmington, Delaware 19801, and served so as to be received by the following parties no later than **April 10, 2012 at 4:00 p.m. (Eastern)**: (A) counsel for CPC as foreign representative: Skadden, Arps, Slate, Meagher & Flom LLP, 300 South Grand Avenue, Suite 3400, Los Angeles, CA 90071, Attn: Van C. Durrer, II, Esq.; (B) counsel for the Debtors: Blake, Cassels & Graydon LLP, 595 Burrard Street, P.O. Box 49314, Suite 2600, Three Bentall Centre, Vancouver, BC V7X 1L3, Canada, Attn: William C. Kaplan, Esq.; (C) counsel for certain 2016 Noteholders: Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036-6745, Attn: Stephen Kuhn, Esq., Meredith Lahaie, Esq., and Michael Stamer, Esq.; (D) counsel for certain 2014 Noteholders:

Goodmans LLP, Bay Adelaide Centre, 333 Bay Street, Suite 3400, Toronto, ON M5H 2S7, Canada, Attn: Robert Chadwick, Esq., and Melaney Wagner, Esq.; (E) JPMorgan Chase, as DIP Facility agent: (i) McMillan LLP, Brookfield Place, Suite 4400, 181 Bay Street, Toronto, ON M5J 2T3, Canada, Attn: R.D. Jeffrey Rogers, Esq., and Wael Rostom, Esq., (ii) Bryan Cave LLP, One Metropolitan Square, 211 North Broadway, Suite 3600, St. Louis, MO 63102, Attn: Gregory Willard, Esq., and Heather Boelens Rucker, Esq.; (F) counsel for PwC: Fasken Martineau DuMoulin LLP, 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3, Canada, Attn: John Grieve, Esq., and Kibben Jackson, Esq.; (G) PricewaterhouseCoopers, 250 Howe Street, Suite 700, Vancouver, British Columbia V6C 3S7; and (H) the Office of the United States Trustee, 844 North King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: David Buchbinder, Esq.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held on **April 17, 2012 at 9:30 a.m. (Eastern)** before the Honorable Peter J. Walsh, United States Bankruptcy Judge for the District of Delaware, in the United States Bankruptcy Court for the District of Delaware, 6th Floor, Courtroom 2, 824 North Market Street, Wilmington, Delaware 19801 ("Hearing"). Only objections made in writing and timely filed and received will be considered by the Court at the Hearing.

**PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO
THE MOTION ARE TIMELY FILED AND RECEIVED IN ACCORDANCE WITH THE
ABOVE PROCEDURES, THE RELIEF REQUESTED IN THE MOTION MAY BE
GRANTED WITHOUT FURTHER NOTICE OR A HEARING.**

Dated: Los Angeles, California
March 27, 2012

/s/ Van C. Durrer, II
Van C. Durrer, II (I.D. No. 3827)
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
300 South Grand Avenue
Los Angeles, California 90071
(213) 687-5000

Counsel for Catalyst Paper Corporation

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

CATALYST PAPER CORP., et al.

Debtors.¹

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: Chapter 15
: Case No. 12-10221 (PJW)
: Jointly Administered
: **Hearing Date: April 17, 2012 (9:30 am EST)**
: **Obj. Deadline: April 10, 2012 (4:00 pm EST)**
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**MOTION OF DEBTORS FOR ORDER (I) AUTHORIZING AND APPROVING THE
PRIVATE SALE OF CERTAIN PROPERTIES FREE AND CLEAR OF ALL LIENS,
CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (II) APPROVING THE
PURCHASE AGREEMENT; (III) AUTHORIZING PAYMENT OF BROKERAGE FEE
IN CONNECTION WITH SALE; AND (IV) GRANTING OTHER RELATED RELIEF**

Catalyst Paper Corporation (“CPC”), as the authorized foreign representative for itself and its above-captioned affiliates (collectively, the “Debtors” and, together with their non-debtor affiliates, the “Company”) in a proceeding (the “CCAA Proceeding”) under Canada’s Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-44, and Business Corporations Act, S.B.C. 2002, c. 57, before the Supreme Court of British Columbia (the “Canadian Court”), hereby moves (this “Motion”) this Court, pursuant to sections 105(a), 363, 1520, and 1521 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the

¹ These jointly administered cases are those of the following Debtors: 0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd. (collectively, the “Canadian Debtors”) in addition to Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc., and The Apache Railway Company (collectively, the “U.S. Debtors”).

District of Delaware (the “Local Rules”) for entry of an order substantially in the form attached hereto as Exhibit A (the “Proposed Order”): (a) authorizing the private sale (the “Sale”) of that certain real property located at 65XX Lowell River Road, Snohomish, WA 98290² (the “Snohomish Property”) and at 95XX Lowell-Larimer Road, Everett, WA 98208³ (the “Everett Property” and, together with the Snohomish Property, the “Properties”) on an “as is, where is” basis, free and clear of any and all liens, encumbrances, and other interests to U.S. Golden Eagle Farms LP (a Washington Limited Partnership) or an affiliate thereof (the “Buyer”), pursuant to the terms and conditions of that certain Vacant Land Purchase and Sale Agreement, dated as of March 9, 2012 (the “Purchase Agreement”), by and between Pacifica Poplars Inc. (“Pacifica Poplars” or the “Seller”) and the Buyer, a true and correct copy of which is attached as Exhibit B hereto; (b) authorizing and approving the terms of the Purchase Agreement; (c) authorizing the Company to pay the brokerage fee incurred in connection with the Sale; and (d) granting such other and further relief as the Court deems just and proper. In further support of the Motion, CPC relies on the *Fifth Declaration of Brian Baarda* filed concurrently herewith (the “Fifth Baarda Declaration”) and respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. These matters are core proceedings within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408, 1409 and 1410.

² The Snohomish County Tax Parcel Numbers for this address are: #280515-001-002-00, #280-515-003-001-00, #280515-003-002-00, #280515-003-010-00, #280515-003-009-00, and #280514-001-026-00.

³ The Snohomish County Tax Parcel Numbers for this address are: #280516-001-001-00, #280515-003-003-00, #005854-000-005-00, #280516-002-020-00, #280515-003-005-00, #280515-003-006-00, #280516-004-011-00, #280521-001-002-00, and #280522-002-005-00.

3. The statutory bases for the relief requested herein are sections 105(a), 363, 1520, and 1521 of the Bankruptcy Code, Rules 2002, 6004, and 9014 of the Bankruptcy Rules, and Rule 6004-1 of the Local Rules.

BACKGROUND

A. General Background

4. On January 17, 2012 (the “Chapter 15 Petition Date”), CPC filed and served notice of its motion for protection (the “CBCA Proceeding”) under Canada’s Canada Business Corporations Act, R.S.C. 1985, c. C-44 before the Canadian Court. On the Chapter 15 Petition Date, CPC also commenced the Debtors’ chapter 15 cases by filing petitions pursuant to sections 1504 and 1515 of the Bankruptcy Code (collectively, the “Chapter 15 Cases”).

5. CPC commenced the CBCA Proceeding in the Canadian Court, having reached a preliminary consensual agreement with certain representatives of holders of senior secured notes due December 15, 2016 (the “2016 Notes”) and unsecured senior notes due March 1, 2014 (the “2014 Notes”). CPC abandoned the CBCA Proceeding when the parties were unable to obtain the required support from other relevant stakeholders.

6. On January 31, 2012, CPC commenced the CCAA Proceeding, and the Canadian Court entered an initial order dated January 31, 2012, annexed to each of the amended chapter 15 petitions (the “Initial CCAA Order”), appointing the independent fiduciary PricewaterhouseCoopers Inc. as monitor (the “Monitor”) in the CCAA Proceeding and authorizing CPC to serve as foreign representative of the Debtors. See Initial CCAA Order, ¶¶ 29, 78. Following entry of the Initial CCAA order by the Canadian Court, CPC amended its previously-filed motion for recognition in order to convert its request for recognition of the CBCA Proceeding into a request for recognition of the CCAA Proceeding.

7. On March 5, 2012, this Court entered its *Order Granting Final Relief for Recognition of a Foreign Main Proceeding Pursuant to 11 U.S.C. §§ 105(a), 1517, 1519, 1520, and 1521* [Docket No. 89] (the “Recognition Order”) recognizing the CCAA Proceeding as a foreign main proceeding.

8. Additional general background regarding the Debtors’ operations and the events leading up to the restructuring are detailed in the *Second Declaration of Brian Baarda* [Docket No. 39].

B. The Properties

9. Pacifica Poplars, a wholly-owned subsidiary of CPC and one of the U.S. Debtors in these Chapter 15 Cases, owns approximately 1,800 acres of poplar farm plantation lands in Washington state (the “Poplar Lands”), which include the Properties that are the subject of the instant Motion. See Fifth Baarda Declaration at ¶ 4. Following its acquisition of Pacifica Poplars in 2001, CPC harvested a portion of the Poplar Lands for various uses, but the cost of poplar fiber was not economically viable for use at CPC’s various mills in British Columbia, Canada, and the fiber had low market value in Washington state. See id. at ¶ 5. As a result, CPC decided not to replant the Poplar Lands, but rather to divest them in an orderly way. See id.

10. In 2008, CPC retained the services of Snohomish Properties (the “Broker”) to act as a broker in connection with the projected divestiture. See id. at ¶ 6. The parties negotiated a Broker’s commission fee of 5% of the total sale price (the “Commission”), a significantly lower amount than the standard commission fee for sales of vacant rural land of 8% to 10%. See id. The Poplar Lands were listed on the Northwest Multiple Listing Service (the “MLS”), and have remained listed for well over three years. Id. at ¶ 7. Several smaller properties have been sold

over the years, and a number of offers have been made for the Properties; however, for various reasons described below, no sale for the Properties was ever consummated. Id. at ¶ 7, 12 – 13.

11. The Properties consist of 2 parcels totaling 899.27 acres in the aggregate, listed for a combined total asking price of \$5.29 million in mid to late 2008, and later dropped to \$4.6 million in late 2011. See id. at ¶ 8 – 9. Although certain portions of the Properties have been cleared and now constitute tillable land, other portions still contain standing trees, tree stumps, hog fuel piles, and wood debris, making these areas currently unusable for farming and other purposes. Indeed, these areas of the subject Properties are not usable without disking the land, cleaning it and allowing more time to pass for decomposition of certain wood debris. Id. at ¶ 9. As such, any buyer would need to invest considerable time and money into the land to make it available for other uses. Id. In addition, the Olympic Pipeline Company runs a pipeline corridor along the west side of one of the Properties, which has proven unattractive to prospective buyers. Id. at ¶ 10. Furthermore, the Properties are subject to certain federal and state use restrictions and requirements, further limiting their marketability. See id. at ¶ 11.

12. Since the Properties were listed, a total of five offers have been received for either one of the Properties, but none has resulted in a consummated transaction. See id. at ¶ 12. The condition of the land, as described above, and certain other factors, such as the generally low interest level in the Properties, the large size of the Properties, and the difficulty of securing adequate financing in the current economy, have contributed to the difficulty that Pacifica Poplars and CPC have faced in their attempts to sell. See id. at ¶ 9 – 10, 13. Therefore, CPC believes that the terms of this Sale, as set forth in the Purchase Agreement and described below, represent the highest and best value for the Debtors' estates and creditors under the circumstances.

C. The Sale Transaction

13. In early March 2012, the Buyer⁴ approached the Company with an offer of \$3.6 million in exchange for the Properties. See Fifth Baarda Declaration at ¶ 14. The Company countered with an offer of \$3.92 million, but after engaging in negotiations, the Buyer refused to raise its offer of \$3.6 million. See id. at ¶ 14 – 15. The Company ultimately agreed to accept, subject to approval by this Court and the Canadian Court. Id. The Company determined that, based on the circumstances described above, the Buyer’s bid represented the highest and best offer for the Properties. See id. at ¶ 19. Consequently, the Company engaged in good-faith negotiations with the Buyer on the terms of the sale, which negotiations resulted in the Purchase Agreement attached hereto as Exhibit B. Id. at ¶ 15. Pursuant to the terms of the Purchase Agreement, CPC intends to seek approval of the Sale by the Canadian Court, in addition to the approval sought herein from this Court. Id. at ¶ 16. The Monitor has already indicated its support of the proposed Sale. Id.

RELIEF REQUESTED

14. By this Motion, CPC seeks entry of an order (a) authorizing the Sale of the Properties on an “as is, where is” basis, free and clear of any and all liens, encumbrances and other interests to the Buyer, pursuant to the terms and conditions of that certain Purchase Agreement; (b) authorizing and approving the terms of that certain Purchase Agreement, by and between the Seller and the Buyer, a true and correct copy of which is attached as Exhibit B

⁴ The Buyer is a subsidiary of the Aquilini Investment Group, which is based in Vancouver and owns substantial holdings in British Columbia, Canada. Aquilini Investment Group had previously expressed an interest in purchasing, through the Buyer, the Poplar Lands. The Company, however, was unable to come to an agreement with Aquilini Investment Group regarding the terms of the potential sale transaction, and no agreement was ever reached.

hereto; (c) authorizing the Company to pay the brokerage fee incurred in connection with the Sale; and (d) granting such other and further relief as the Court deems just and proper.

Summary of Proposed Terms of the Sale⁵

15. The Purchase Agreement is dated as of March 9, 2012, and is executed by both the Buyer (as of March 9, 2012) and the Seller (as of March 12, 2012). Pursuant to the terms and conditions of the Purchase Agreement, and subject to certain approvals, including this Court's approval, CPC proposes to sell to the Buyer the Properties on an "as is, where is" basis, free and clear of all liens, claims, encumbrances and other interests. The following is a summary of the material terms and conditions of the Purchase Agreement:⁶

- A. Property to be Conveyed: Seller will sell and Buyer will purchase the Snohomish Property and the Everett Property, which together consist of approximately Eight Hundred Ninety-Nine and Twenty-Seven One-Hundredths (899.27) acres of land and which is more particularly described in Schedule A to the Purchase Agreement, together with any and all personal property, fixtures or other items remaining on the Properties when possession is transferred to the Buyer. Purchase Agreement, Addendum ¶ 5 – 6.
- B. Purchase Price: The total purchase price for the Properties will be Three Million Six Hundred Thousand Dollars and No/100ths (\$3,600,000.00) (the "Purchase Price"). Purchase Agreement at 1, ¶ 5.
- C. Earnest Money Deposit: On April 20, 2012, the Buyer will deposit earnest money in the amount of Fifty Thousand Dollars and No/100ths (\$50,000.00) (the "Earnest Money Deposit") to be held by Chicago Title Escrow (Everett) as closing agent. Purchase Agreement at 2, ¶ b; Purchase Agreement, Earnest Money Promissory Note. The Earnest Money Deposit will be non-refundable, unless otherwise provided in the Purchase Agreement. Purchase Agreement at 2, ¶ b. In the event the Seller is unable to obtain the approvals of the Monitor, the Canadian Court and this Court, the Purchase Agreement will be deemed null and

⁵ To the extent this summary differs in any way from the terms and conditions of the Purchase Agreement, the actual terms of the Purchase Agreement shall control. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

⁶ Pursuant to Local Rule 6004-1(b)(iv), a Sale Motion (as defined in the Local Rules) must highlight certain provisions. Accordingly, the relevant provisions implicating Local Rule 6004-1(b)(iv) are included in this summary.

void and the Earnest Money Deposit will be returned to the Buyer. Purchase Agreement, Optional Clauses Addendum ¶ 12. In the event the Buyer discovers that materially inaccurate information has been given by Seller relating to the Properties, and Buyer further gives notice of such materially inaccurate information within 10 days of mutual acceptance, the Purchase Agreement will terminate and the Earnest Money Deposit will be returned to the Buyer. Purchase Agreement at 5, ¶ x. In the event the Buyer does not give notice to Seller on or before a date that is 20 days following mutual acceptance that the Properties are suited for the Buyer's intended purpose, the Purchase Agreement will terminate and the Earnest Money Deposit will be returned to the Buyer. Id. Finally, in the event Buyer reviews its preliminary commitment for title insurance and disapproves of exceptions contained in such preliminary commitment, and Seller does not give timely notice of its intent to clear all disapproved exceptions, Buyer may terminate the Purchase Agreement and the Earnest Money Deposit will be returned to the Buyer, less any unpaid costs described in the Purchase Agreement. Purchase Agreement, Title Contingency Addendum ¶ 1. At Closing, the Earnest Money Deposit will be applied to the Purchase Price. Purchase Agreement at 2, ¶ b.

- D. Brokerage Commissions: The Parties acknowledge that the Seller is represented by Snohomish Properties as both selling firm and listing firm. Purchase Agreement at 1. At the close of escrow, a Commission equal to Five percent (5%) of the Purchase Price will be paid out of escrow by the closing agent directly to Snohomish Properties. Purchase Agreement at 4, ¶ u.
- E. “As Is, Where Is” Transaction: The Buyer agrees that the Seller has not provided the Buyer with any warranties or representations as to, among other things, any conditions that may exist on the Properties, the condition of any improvements located within the Properties, the availability of any water rights, the suitability of the Properties for the intended use of the Buyer, the exact amount of property included in the Purchase Agreement, or the precise location of any corners or boundaries of the Properties. Purchase Agreement, Addendum ¶ 3 – 4. The Buyer acknowledges that it has been advised to, among other things, investigate the Properties and obtain a survey of the same. Id. Buyer acknowledges that it will verify certain of the above-noted items for which the Seller has not provided any warranties or representations, to Buyer's own satisfaction. Purchase Agreement, Optional Clauses Addendum ¶ 1; Purchase Agreement, Addendum ¶ 3.
- F. Closing and Other Deadlines: The Sale is conditional on closing by April 20, 2012 assuming CPC can obtain approval by the and Monitor, the Canadian Court and this Court by such date. See Purchase Agreement at 1, ¶ 10; see also Addendum/Amendment to Purchase and Sale Agreement, attached hereto as Exhibit C. The Buyer will take possession on the closing date. Purchase Agreement at ¶ 11. This deadline is reasonable in light of the amount of time the Buyer requires to complete a feasibility study and obtain the appropriate title insurance.

G. Approvals: The closing of the transaction contemplated by the Purchase Agreement will be conditioned on the Seller obtaining approval from the Monitor, the Canadian Court, and this Court. Purchase Agreement, Optional Clauses Addendum ¶ 12.

H. Private Sale: The Purchase Agreement assumes no auction or additional solicitation of competitive bidding. Proposed Order, ¶ H, K. See infra, ¶ 27 – 29.

BASIS FOR RELIEF

16. CPC commenced these Chapter 15 Cases to obtain recognition of the CCAA Proceeding as a foreign proceeding. CPC's and the Debtors' ultimate goal is to ensure an orderly administration of the Debtors' financial affairs and the restructuring of the Debtors' capital structure, while also maximizing value for all of the Debtors' stakeholders by divesting certain of its assets as appropriate and with the support of the Monitor.

A. Section 363 of the Bankruptcy Code Applies to the Proposed Sale

17. The relief requested herein is authorized by sections 105(a), 363, 1520 and 1521 of the Bankruptcy Code.

18. Section 1520 of the Bankruptcy Code provides, in pertinent part, that “[u]pon recognition of a foreign proceeding that is a foreign main proceeding, [section 363 of the Bankruptcy Code applies] to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States.” 11 U.S.C. § 1520(a)(2). Section 363(b)(1) of the Bankruptcy Code, in turn, provides, in relevant part, that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” Id. at § 363(b)(1).

19. This Court has already recognized the CCAA Proceeding as a foreign main proceeding, pursuant to the Recognition Order. See Recognition Order at ¶ 2. Therefore, section 363 of the Bankruptcy Code applies to these Chapter 15 Cases.

B. The Proposed Sale Is a Product of the Debtors' Reasonable Business Judgment

20. As noted above, section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). In addition, section 105(a) of the Bankruptcy Code provides, in relevant part, that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

21. A proposed sale of assets of a debtor under section 363 of the Bankruptcy Code outside the ordinary course of business is appropriate if a court finds that the transaction represents a reasonable business judgment on the part of the debtor. See In re Abbotts Dairies of Pa., Inc., 788 F.2d 143 (3d Cir. 1986) (implicitly adopting a “sound business purpose” test and a good faith test); In re Delaware & Hudson Ry. Co., 124 B.R. 169 (D. Del. 1991) (concluding that the Third Circuit had adopted a “sound business purpose” test).

22. Generally, courts have applied four factors in connection with the “sound business purpose” test: (1) whether a sound business reason exists for the proposed transaction; (2) whether fair and reasonable notice has been provided to interested persons; (3) whether the debtor has obtained a fair and reasonable price; and (4) whether the transaction has been proposed and negotiated in good faith. Titusville Country Club v. Pennbank (In re Titusville Country Club), 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); Delaware & Hudson Ry., 124 B.R. at 176. The proposed Sale satisfies all four conditions, and therefore should be approved by this Court.

23. First, sound business purposes justify the Sale. CPC believes that the proposed Sale presents the best opportunity to realize the maximum value of the Properties. The Properties have been on the market for years and during that time only marginal interest has been

shown. Furthermore, the condition of the Properties has complicated sale efforts. In reality, there is a shortage of capable buyers willing and able to purchase the Properties in the current condition without further improvement. See Fifth Baarda Declaration at ¶ 9, 13. Here, however, the Buyer is willing to take the Properties “as is” and can provide an all “cash offer” eliminating potential financing complications.

24. Second, fair and reasonable notice has been provided to interested parties. Indeed, as the Properties have been marketed consistently for over three years and multiple parties have, in fact, submitted offers during that time, it is clear that all potential buyers have had notice of the opportunity to purchase the Properties. Further, proper notice of this Motion is being provided consistent with Bankruptcy Rule 2002(a)(2).

25. Third, CPC believes that the Purchase Price represents a fair and reasonable price for the Properties, particularly in light of their condition, the amount of work that would have to be completed in order to use the Properties, and the length of time the Properties have been on the market. The Company has analyzed other available options in connection with the disposition of the Properties, in the form of multiple alternative offers proffered over the last three years. In light of the weak market and the fact that the Buyer does not require financing to close this Sale transaction, the Company believes that the Purchase Price is fair and reasonable under the circumstances.

26. Finally, the marketing and negotiation process satisfies the good faith requirement. The Purchase Agreement is the product of good faith solicitation efforts and arm’s-length negotiations among Seller and Buyer with respect to the Purchase Price, the “as is, where is” provisions and other terms of the Purchase Agreement.

C. The Sale of the Properties Without a Formal Auction is Justified

27. Under Bankruptcy Rule 6004, a debtor may sell assets outside of the ordinary course of business by private sale or public auction. Fed. R. Bankr. P. 6004.

28. CPC believes that the sale of the Properties to the Buyer without an auction is the best way to maximize value for their estates. As described above, the Properties have remained on the market for over three years; in that time, a number of proposed bids have fallen through due to financing problems or concerns over the condition of the properties. CPC believes that the Buyer has demonstrated the ability to close the Sale transaction and offered the highest and best price for the Properties, under the circumstances. Accordingly, CPC has concluded that it is unlikely the Debtors would realize a higher purchase price for the Properties that would warrant the costs and delays associated with a further formal auction process.

29. Furthermore, it should be noted that relief similar to that requested herein has been granted section 363 of the Bankruptcy Code in cases in this district. In re Nortel Network Inc., et al., Case No. 09-10138 (Bankr. D. Del. Apr. 26, 2011) (authorizing the private sale of certain internet number assets free and clear of interests); In re Building Materials Holding Corp., et al., Case No. 09-12074 (Bankr. D. Del. Dec. 30, 2009) (authorizing the private sale of certain real property free and clear of interests on shortened notice); In re Birch Telecom, Inc., et al., Case No. 05-12237 (Bankr. D. Del. Mar. 22, 2006) (authorizing the private sale of certain real property free and clear of interests, and authorizing the payment of auctioneer's fee in connection with sale). The relief requested herein is therefore justified by existing precedent.

D. The Proposed Sale Satisfies the Requirements of Section 363(f) for a Sale Free and Clear of Claims

30. Under Bankruptcy Code section 363(f), a debtor may sell property free and clear of any interest in such property of an entity other than the estate only if, among other things:

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Since section 363(f) of the Bankruptcy Code is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the Properties “free and clear” of liens and interests. See Mich. Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.), 930 F.2d 1132 (6th Cir. 1991); In re Elliot, 94 B.R. 343 (E.D. Pa. 1988).

31. CPC seeks authority to transfer the Debtors’ right, interest and title in the Properties free and clear of all interests, except as set forth in the Purchase Agreement. With respect to any and all creditors that may assert an interest in the Properties, the Debtors submit that, at minimum, subsections (1), (2) and (5) of section 363(f) apply.

32. Notably, the Properties are not subject to the liens of holders of 2016 Notes; therefore, their consent is unnecessary. See Fifth Baarda Declaration at ¶ 17. Furthermore, the proposed Sale falls within a de minimis exception to the general asset sale restrictions contained in the indenture agreement for the 2014 Notes. Id. at ¶ 17. The Company is in the process of obtaining the consent of the debtor-in-possession financing lender, which has an interest in such Properties. Id. at ¶ 18. Therefore, with respect to all of the Debtors’ borrowed money constituencies, applicable nonbankruptcy law authorizes the sale of the Properties free of those constituencies’ interests.

33. Moreover, any other alleged lien holders could be compelled to accept a money satisfaction of their interests in an appropriate proceeding. In addition, any other lien and interest holders, to the extent known by the Debtors, which might claim an interest in the Properties will be adequately protected, because their liens and/or interests will attach to the net proceeds of the Sale, subject to any claims and defenses the Debtors may possess with respect thereto. Finally, a sale free and clear of liens and other interests is necessary to maximize the value of the Properties. Therefore, CPC submits that the proposed Sale should be approved free and clear of all liens and other interests pursuant to section 363(f) of the Bankruptcy Code.

E. The Buyers are Entitled to the Protections of Section 363(m)

34. CPC additionally requests that the Court apply the protections provided by section 363(m) of the Bankruptcy Code in connection with the Sale. Section 363(m) of the Bankruptcy Code provides, in relevant part:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. 363(m).

35. While the Bankruptcy Code does not define “good faith purchaser,” the Second Circuit has stated that “the phrase encompasses one who purchases in ‘good faith’ and for ‘value.’” In re Abbotts Diaries, 788 F.2d at 147. Courts have held that in order to demonstrate a lack of good faith, a party would have to show “fraud or collusion between the purchaser and [seller] or an attempt to take grossly unfairly advantage [of other potential purchasers].” Id.

(citing In re Rock Indus. Mach. Corp., 572 F.2d 1195, 1198 (7th Cir. 1978)); In re Colony Hill Assocs., 111 F.3d 269, 276 (2d Cir. 1997).

36. Both CPC and the Buyer have acted in good faith in negotiating the sale of the Properties. There is no evidence of fraud or collusion in the relevant facts or in the terms of the Purchase Agreement. The Buyer is not an insider of the Debtors as the term is defined in section 101(31) of the Bankruptcy Code, and all negotiations have been conducted on an arm's length, good faith basis. Accordingly, CPC requests that the Court make a finding that the Buyer will be purchasing the Properties in good faith within the meaning of Bankruptcy Code section 363(m) and, thus, is entitled to the protections of Bankruptcy Code section 363(m).

F. Payment of the Brokerage Fee is Warranted

37. It is normal and customary in transactions of this nature for the selling party to pay a brokerage fee or commission. The ability of a party to offer such a fee allows CPC to sell its property for the benefit of the Debtors' estates and their creditors.

38. Here, Snohomish Properties has assisted CPC in its lengthy marketing efforts with respect to the Properties by listing the properties and negotiating with interested parties for over 3 years. CPC believes that payment of the Commission in the amount of \$180,000.00, or 5% of the total Purchase Price, to Snohomish Properties is reasonable and warranted under the circumstances. Snohomish Properties has consistently represented CPC in connection with the sales of the Poplar Lands since 2008, and has assisted CPC in communicating and negotiating with a number of ultimately unsuccessful interested buyers to date. See Fifth Baarda Declaration at ¶ 7. Accordingly, CPC respectfully requests that the Court authorize the Seller to pay the Commission at closing from the proceeds of the Sale, pursuant to the terms of the Purchase Agreement.

G. Relief from the Fourteen-Day Waiting Period Under Bankruptcy Rule 6004(h) is Appropriate

39. Bankruptcy Rule 6004(h) provides, in relevant part, that an order “authorizing the sale, use or lease of property … is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Bankr. R. Fed. P. 6004(h). Pursuant to the terms of the Purchase Agreement, the parties plan to close the Sale on April 15, 2012. Consummating the Sale transaction in a timely manner is important to CPC’s efforts to maximize value for the Debtors’ estates. Accordingly, CPC requests that any order approving the Sale be effective immediately by providing that the 14-day stay under Bankruptcy Rule 6004(h) be waived in this instance.

NOTICE

40. CPC proposes to notify all Notice Parties of (a) the filing of this Motion, (b) the deadline to object to the Motion, and (c) the hearing date for this Motion in accordance with the proposed *Order Limiting Notice and Approving Form and Manner Thereof and Granting Related Relief* (as entered, the “Order Limiting Notice”) filed concurrently herewith, and this Court’s *Order (I) Specifying Form and Manner of Service of Notice of Filing of Petitions and Other Pleadings Pursuant to Chapter 15 of the Bankruptcy Code and (II) Scheduling a Hearing on Chapter 15 Petitions for Recognition* [Docket No. 23] (the “Notice Order”). In light of the nature of the relief requested herein, CPC submits that no other or further notice of this Motion is necessary or required.

CONCLUSION

WHEREFORE, CPC respectfully requests that this Court (i) grant this Motion and the relief requested herein; (ii) enter the Proposed Order substantially in the form attached hereto as Exhibit A; and (iii) grant such other and further relief as it deems just and proper.

Dated: Los Angeles, California
March 27, 2012

/s/ Van C. Durrer, II
Van C. Durrer, II (I.D. No. 3827)
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
300 South Grand Avenue
Los Angeles, California 90071
(213) 687-5000

Counsel for Catalyst Paper Corporation

EXHIBIT A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----- X
In re: : Chapter 15
: Case No. 12-10221 (PJW)
: Debtors.¹ : Jointly Administered
: : Related Docket Nos. :
----- X

**ORDER (I) AUTHORIZING AND APPROVING THE PRIVATE SALE OF CERTAIN
PROPERTIES FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND
OTHER INTERESTS; (II) APPROVING THE PURCHASE AGREEMENT; (III)
AUTHORIZING PAYMENT OF BROKERAGE FEE IN CONNECTION WITH SALE;
AND (IV) GRANTING OTHER RELATED RELIEF**

Upon the motion (the “Motion”)² of Catalyst Paper Corporation (“CPC”), as the authorized foreign representative for itself and its above-captioned affiliates (collectively, the “Debtors” and, together with their non-debtor affiliates, the “Company”) in a proceeding (the “CCAA Proceeding”) under Canada’s Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “CCAA”), pending before the Supreme Court of British Columbia (the “Canadian Court”) under sections 105(a), 363, 1520, and 1521 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 6004-1 of the Local Rules of

¹ These jointly administered cases are those of the following Debtors: 0606890 B.C. Ltd., Catalyst Paper Corporation, Catalyst Paper Energy Holdings Inc., Catalyst Paper General Partnership, Catalyst Pulp and Paper Sales Inc., Catalyst Pulp Operations Ltd., Catalyst Pulp Sales Inc., Elk Falls Pulp and Paper Ltd., and Pacifica Poplars Ltd. (collectively, the “Canadian Debtors”) in addition to Catalyst Paper Holdings Inc., Pacifica Papers U.S. Inc., Pacifica Poplars Inc., Pacifica Papers Sales Inc., Catalyst Paper (USA) Inc., Catalyst Paper (Recycling) Inc., Catalyst Paper (Snowflake) Inc. and The Apache Railway Company (collectively, the “U.S. Debtors”).

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) for an order (I) authorizing the Debtors to the Properties free and clear of all liens, claims, and encumbrances to U.S. Golden Eagle Farms LP (a Washington Limited Partnership) or an affiliate thereof (the “Buyer”), (II) authorizing and approving the terms of that certain Vacant Land Purchase and Sale Agreement, dated as of March 9, 2012 (the “Purchase Agreement”), by and between Pacifica Poplars Inc. (“Pacifica Poplars” or the “Seller”) and the Buyer, a true and correct copy of which is attached as Exhibit B to the Motion, (III) authorizing the Company to pay the brokerage fee incurred in connection with the Sale, and (IV) granting related relief; and the Court having reviewed the Motion and the *Fifth Declaration of Brian Baarda* [Docket No. __] submitted in support thereof; and the Court having determined that the relief requested in this Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice need be given; and upon consideration of the record and the hearing on the Motion held before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefore;

It is hereby **FOUND AND DETERMINED THAT:**³

A. **Jurisdiction and Venue.** This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408, 1409, and 1410.

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.

B. **Statutory Predicates.** The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), 363, 1520, and 1521, Bankruptcy Rules 2002, 6004, and 9014, and Local Rule 6004-1.

C. **Notice.** Good and sufficient notice of the Motion and the relief granted by this Order has been given and no other or further notice is required.

D. **Best Interest of Debtors and Appropriate Exercise of Power.**

Consummation of the Sale of the Properties, and the related relief granted in this Order, is in the best interests of the Debtors, their estates, their creditors, and other parties-in-interest and is an appropriate exercise of the Court's power under or in connection with the Bankruptcy Code, including, but not limited to section 105(a), 363, 1520, and 1521 thereof.

E. **Commission.** The proposed Commission is the product of arms-length negotiations between the Debtors and Snohomish Properties. Accordingly, payment of the Commission is reasonable and appropriate, in light of the size and nature of the proposed Sale and comparable transactions, the commitments that have been made, and the efforts that have been expended by Snohomish Properties as broker.

F. **Corporate Authority.** The Seller (i) has full corporate power and authority to execute the Purchase Agreement and all other documents contemplated thereby, and the Sale of the Properties by the Seller has been duly and validly authorized by all necessary corporate action, (ii) has all of the corporate power and authority necessary to consummate the transactions contemplated by the Purchase Agreement, (iii) has taken all corporate action necessary to authorize and approve the Purchase Agreement and the consummation of the transactions contemplated thereby, and (iv) no consents or approvals, other than those expressly

provided for in the Purchase Agreements, are required for the Seller to consummate such transactions.

G. **Opportunity to Object.** A reasonable opportunity to object and to be heard with respect to the Motion and the relief requested therein has been given, in light of the circumstances, to all interested persons and entities, including the following: (a) the Office of the United States Trustee for the District of Delaware; (b) the Securities and Exchange Commission; (c) the Internal Revenue Service; (d) the United States Attorney Office for District of Delaware; (e) counsel for certain 2016 Noteholders; (f) counsel for certain 2014 Noteholders; (g) counsel to the Administrative Agent of the debtor-in-possession financing facility; (h) all other known parties with liens of record on the Properties; (i) counsel to the Buyers; and (j) those persons filing notices of appearance or requests for notice under Bankruptcy Rule 2002 in these cases (collectively, the “Notice Parties”) in accordance with the Notice Order and the Order Limiting Notice.

H. **Business Justification.** The Debtors have demonstrated both (i) good, sufficient, and sound business purpose and justification and (ii) compelling circumstances for the Sale pursuant to Bankruptcy Code section 363(b) prior to, and outside of, a plan of reorganization in that, among other things, absent the Sale transaction, the value of the Properties will be harmed. The Debtors are not required to seek or solicit any additional competitive bids.

I. **Arm’s-Length Sale.** The Purchase Agreement and related documents were negotiated, proposed, and entered into by the Debtors and the Buyer without collusion, in good faith, and from arm’s-length bargaining positions. The Buyer is not an “insider” of any of the Debtors, as that term is defined in Bankruptcy Code section 101. None of the Debtors, nor the Buyer, have engaged in any conduct that would cause or permit the Purchase Agreement and

related documents to be avoided under Bankruptcy Code section 363(n). Specifically, the Debtors and the Buyer have not acted in a collusive manner with any person and the purchase price was not controlled by any agreement among bidders.

J. **Good Faith Purchaser.** The Buyer is a good faith purchaser under Bankruptcy Code section 363(m) and, as such, is entitled to all of the protections afforded thereby. The Buyer will be acting in good faith within the meaning of Bankruptcy Code section 363(m) in closing the transaction contemplated by the Purchase Agreement and related documents.

K. **Consideration.** The consideration provided by the Buyer for the Properties pursuant to the private Sale contemplated by the Purchase Agreement (i) is fair and reasonable, (ii) is the highest and best offer for the Properties, (iii) will provide a greater recovery for the Debtors' creditors than would be provided by any other practical available alternative, and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

L. **Free and Clear.** The Debtors are the sole and lawful owners of the Properties. The transfer of the Properties to the Buyer under the Purchase Agreement and related documents will be a legal, valid, and effective transfer of the Properties, and will vest the Buyer with all right, title, and interest of the Debtors to the Properties free and clear of all liens, claims (as defined in Section 101(5) of the Bankruptcy Code), encumbrances or interests of any kind or nature whatsoever, including, but not limited to, those (i) that purport to give to any party a right or option to effect any forfeiture, modification or termination of the Debtors' interests in the Properties, or any similar rights and (ii) relating to taxes arising under or out of, in connection

with, or in any way relating to the operation of the Debtors' business prior to the date of the closing (the "Closing Date") of the Sale (collectively, the "Interests"). With respect to each person or entity asserting an Interest in the Properties, one or more of the standards set forth in section 363(f) have been satisfied. All holders of Interests in the Properties who did not object to the Motion and the relief requested therein, or who withdrew any objections to the Motion and the relief requested therein, are deemed to have consented to the Transaction pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of Interests who did object fall within one or more of the other subsections of section 363(f), and all holders of liens are adequately protected by having their liens, if any, attach to the proceeds of the Sale with the same priority, validity, force and effect as they attached to such property immediately before the closing of the Sale relating to such Property.

M. **No Intentional Fraudulent Transfer.** The Purchase Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

N. **Buyers Not Insiders.** Immediately prior to the Closing Date, the Buyer was not an "insider" or "affiliate" of the Debtors, as those terms are defined in the Bankruptcy Code, and no common identity of incorporators, directors or stockholders existed between the Buyer and the Debtors. The Buyer is not purchasing all of the Debtors' assets, and Buyer is not holding itself out to the public as a continuation of the Debtors. The Sale does not amount to a consolidation, merger or de facto merger of Buyer and the Debtors and/or the Debtors' estate, there is not substantial continuity between Buyer and the Debtors, there is no continuity of enterprise between the Debtors and the Buyer, Buyer is not a mere continuation of the Debtors or

the Debtors' estates, and Buyer does not constitute a successor to the Debtor or the Debtors' estates to the extent allowed under state law.

O. **Legal, Valid Transfer.** The transfer of the Properties to Buyer will be a legal, valid, and effective transfer of the Properties, and will vest Buyers with all right, title, and interest of the Debtors to the Properties free and clear of all liens, claims and encumbrances, except as set forth in the Purchase Agreement.

NOW, THEREFORE, IT IS ORDERED THAT:

1. **Motion is Granted.** The Motion is GRANTED as provided herein as of the date hereof with respect to all parties.

2. **Objections Overruled.** Any objections to the entry of this Order or the relief granted herein and requested in the Motion that have not been withdrawn, waived, or settled, or not otherwise resolved pursuant to the terms hereof, if any, hereby are denied and overruled on the merits with prejudice.

3. **Approval.** The Purchase Agreement and related documents, and all of the terms and conditions thereof are hereby approved as of the date hereof with respect to all parties.

4. **Commission.** Payment of the Commission is approved on the terms set forth in the Purchase Agreement and any other applicable agreements between Snohomish Properties and the Debtors.

5. **Immediately Effective.** Notwithstanding any provision in the Bankruptcy Rules to the contrary, including without limitation, Bankruptcy Rule 6004(h): (i) this Order shall be effective immediately and enforceable upon its entry; (ii) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order, and (iii) the Debtors are authorized and empowered, and may in their discretion and without further delay,

take any action and perform any act necessary to implement and effectuate the terms of this Order.

6. **Free and Clear.** Except as expressly permitted or otherwise specifically provided for in the Purchase Agreement and related documents, or this Order, pursuant to Bankruptcy Code section 363(f), the Debtors' interests in the Properties shall be transferred to the Buyer pursuant to the Purchase Agreement and, as of the Closing Date, shall be free and clear of all Interests of any kind or nature whatsoever with all such Interests to attach to the net proceeds ultimately attributable to the property against or in which such Interests are asserted, subject to the terms of such Interests, with the same validity, force and effect, and in the same order of priority, which such Interests now have against the Properties or its proceeds, subject to any rights, claims and defenses of Debtors or their estates, as applicable, may possess with respect thereto.

7. **Good Faith.** The transactions contemplated by the Purchase Agreement and related documents are undertaken by the Buyer in good faith, as that term is used in Bankruptcy Code section 363(m) and, accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale with respect to the Buyer, unless such authorization is duly stayed pending such appeal.

8. **Additional Authorization.** The Debtors are authorized and empowered to take such actions as may be necessary to implement and effect the terms and requirements established under this Order.

9. **Binding Order.** This Order shall be binding on and inure to the benefit of the Buyer, their affiliates, successors and assigns, and the Debtors, including any fiduciary appointed for the estates of the Debtors.

10. **Findings of Fact and Conclusions of Law.** This Order shall constitute the findings of fact and conclusions of law and shall take immediate effect upon execution hereof.

11. **Retention of Jurisdiction.** This Court shall retain jurisdiction to enforce and implement the terms of the Purchase Agreement and related documents, all amendments thereto, and any waivers and consents thereunder, and each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Properties to the Buyer; (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors; (c) resolve any disputes arising under or related to the Purchase Agreement and related documents, except as otherwise provided therein; (d) interpret, implement, and enforce the provisions of this Order and the Purchase Agreement and related documents; and (e) protect the Buyer against any Interests in the Debtors or the Properties of any kind or nature whatsoever, attaching to the proceeds of the Sale.

12. **Reasonably Equivalent Value.** The consideration provided by the Buyer for the Properties under the Purchase Agreement shall be deemed to constitute reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

13. **No Avoidance.** The consideration provided by the Buyer for the Properties under the Purchase Agreement is fair and reasonable and may not be avoided under section 363(n) of the Bankruptcy Code.

14. **Government Action.** Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreements.

Dated: Wilmington, Delaware
April _____, 2012

HONORABLE PETER J. WALSH

EXHIBIT B

Vacant Land Purchase and Sale Agreement

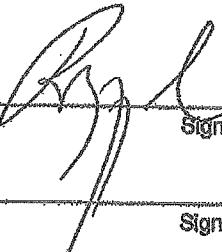
AGENCY DISCLOSURE

Washington State law requires real estate brokers to disclose to all parties to whom the broker renders real estate brokerage services whether the broker represents the seller (or lessor), the buyer (or lessee), both the seller/lessor and buyer/lessee, or neither.

This form is for use when the transaction forms do not otherwise contain an agency disclosure provision.

THE UNDERSIGNED BROKER REPRESENTS: Seller.

**THE UNDERSIGNED BUYER / LESSEE OR SELLER / LESSOR ACKNOWLEDGES RECEIPT
OF A COPY OF THE PAMPHLET ENTITLED "THE LAW OF REAL ESTATE AGENCY"**

Select 1 _____  DATE 03/09/2012 8
Signature

Select 1 _____ DATE 9
Signature

Select 1 _____ DATE 10
Signature

Select 1 _____ DATE 11
Signature

BROKER Arnold Hansen 12
Print/Type

BROKER'S SIGNATURE Arnold C Hansen 13

FIRM NAME AS LICENSED Snohomish Properties 14
Print/Type

FIRM'S ASSUMED NAME (if applicable) _____ 15
Print/Type

EARNEST MONEY PROMISSORY NOTE

\$ 50,000.00 Snohomish, Washington 1

FOR VALUE RECEIVED, US Golden Eagle Farms LP (A WA Lim. Partnership) ("Buyer") 2
agree(s) to pay to the order of Snohomish Properties (Selling Firm or Closing Agent) 3
the sum of Fifty Thousand and 00/100 Dollars Dollars 4
(\$ 50,000.00), as follows: 5
 within 3 days following mutual acceptance of the Purchase and Sale Agreement. 6
 *April 15, 2012 7

This Note is evidence of the obligation to pay Earnest Money under a real estate Purchase and 8
Sale Agreement between the Buyer and Pacifica Poplars Inc. (A Delaware Corp.) ("Seller") 9
dated March 09, 2012. Buyer's failure to pay the Earnest Money 10
strictly as above shall constitute default on said Purchase and Sale Agreement as well as on this Note. 11

If this Note shall be placed in the hands of an attorney for collection, or if suit shall be brought to collect 12
any of the balance due on this Note, the Buyer promises to pay reasonable attorneys' fees, and all 13
court and collection costs. 14

Date: 03/09/2012 15

BUYER



BUYER



* "On closing" or similar language is not recommended. Use a definite date.

16

**VACANT LAND PURCHASE AND SALE AGREEMENT
SPECIFIC TERMS**

1. Date: March 09, 2012 MLS No.: #28150076 & 28196923
2. Buyer: U.S. Golden Eagle Farms LP. (A Washington Limited Partnership) and/or Assigns
3. Seller: Pacifica Poplars Inc. (A Delaware Corporation)
4. Property: Tax Parcel No(s.): See Addendum Page #3 Item #5. (Snohomish County)
Street Address: See Page #3 Item #6. Washington
Legal Description: Attached as Exhibit A.
5. Purchase Price: \$ 3,600,000.00 Three Million Six Hundred Thousand and 00/100 Dollars
6. Earnest Money: (To be held by Selling Firm; Closing Agent)
Personal Check: \$ _____; Note: \$ 50,000.00; Other (_____): \$ _____
7. Default: (check only one) Forfeiture of Earnest Money; Seller's Election of Remedies
8. Title Insurance Company: Chicago Title Insurance Co. Order #5304440 & 5304151
9. Closing Agent: a qualified closing agent of Buyer's choice; Chicago Title Escrow (Everett)
10. Closing Date: 04/15/12 April 15, 2012
11. Possession Date: on Closing; Other _____
12. Offer Expiration Date: 03/12/12
13. Services of Closing Agent for Payment of Utilities: Requested (attach NWMLS Form 22K); Waived
14. Charges and Assessments Due After Closing: assumed by Buyer; prepaid in full by Seller at Closing
15. Subdivision: The Property: must be subdivided before _____; is not required to be subdivided.
16. Feasibility Contingency Expiration Date: 20 days after mutual acceptance; Other _____
17. Agency Disclosure: Selling Broker represents: Buyer; Seller; both parties; neither party
Listing Broker represents: Seller; both parties
18. Addenda: Agency Form 542 22D(Title Cont.) 22D(Obt. Clauses) 22G(Sno Farm Dsc)

Buyer's Signature 03/09/2012 Date

Form #34 Pages #6, 7, & 8, Addendum A

PACIFICA POPLARS INC.

03/12/2012 Date

Buyer's Signature 03/09/2012 Date

Seller's Signature

Date

Standard Bldg., Suite #200, 510 W. Hastings

2nd Floor, 3600 Lysander Lane

Vancouver B.C. V6B1L8

Richmond, B.C. V7B1C3

City, State, Zip

City, State, Zip

604-687-8813 #117 or #0

604-682-6183

Phone No.

Fax No.

luigi@aquilini.com

Phone No.

250-724-2537

Buyer's E-mail Address

dean.adderley@catalystpaper.com

Fax No.

Snohomish Properties

7570

Selling Firm

MLS Office No.

Snohomish Properties

7570

Listing Firm

MLS Office No.

Selling Firm's Assumed Name (if applicable)

Listing Firm's Assumed Name (if applicable)

Arnold Hansen

5077

Selling Broker (Print)

MLS LAG No.

5077

360-568-0808

360-568-2866

MLS LAG No.

Phone No.

Firm Fax No.

360-568-2866

snohomishproperties@frontier.com

Phone No.

Firm Fax No.

Selling Broker's E-mail Address

snohomishproperties@frontier.com

Listing Broker's E-mail Address

**VACANT LAND PURCHASE AND SALE AGREEMENT
GENERAL TERMS**

©Copyright 2011
Northwest Multiple Listing Service
ALL RIGHTS RESERVED

a. **Purchase Price.** Buyer shall pay to Seller the Purchase Price, including the Earnest Money, in cash at Closing, unless otherwise specified in this Agreement. Buyer represents that Buyer has sufficient funds to close this sale in accordance with this Agreement and is not relying on any contingent source of funds, including funds from loans, the sale of other property, gifts, retirement, or future earnings, except to the extent otherwise specified in this Agreement. 1
2
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b. **Earnest Money.** Buyer shall deliver the Earnest Money within 2 days after mutual acceptance of this Agreement to the Selling Broker who will deposit any check to be held by Selling Firm, or deliver any Earnest Money to be held by Closing Agent, within 3 days of receipt or mutual acceptance, whichever occurs later. If the Earnest Money is held by Selling Firm and is over \$10,000.00 it shall be deposited into an interest-bearing trust account in Selling Firm's name provided that Buyer completes an IRS Form W-9. Interest, if any, after deduction of bank charges and fees, will be paid to Buyer. Buyer shall reimburse Selling Firm for bank charges and fees in excess of the interest earned, if any. If the Earnest Money held by Selling Firm is over \$10,000.00 Buyer has the option to require Selling Firm to deposit the Earnest Money into the Housing Trust Fund Account with the interest paid to the State Treasurer, if both Seller and Buyer so agree in writing. If the Buyer does not complete an IRS Form W-9 before Selling Firm must deposit the Earnest Money or the Earnest Money is \$10,000.00 or less, the Earnest Money shall be deposited into the Housing Trust Fund Account. Selling Firm may transfer the Earnest Money to Closing Agent at Closing. If all or part of the Earnest Money is to be refunded to Buyer and any such costs remain unpaid, the Selling Firm or Closing Agent may deduct and pay them therefrom. The parties instruct Closing Agent to provide written verification of receipt of the Earnest Money and notice of dishonor of any check to the parties and Brokers at the addresses and/or fax numbers provided herein. 5
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Upon termination of this Agreement, a party or the Closing Agent may deliver a form authorizing the release of Earnest Money to the other party or the parties. The party(s) shall execute such form and deliver the same to the Closing Agent. If either party fails to execute the release form, the other party may make a written demand to the Closing Agent for the Earnest Money. If only one party makes such a demand, Closing Agent shall promptly deliver notice of the demand to the other party. If the other party does not object to the demand within 10 days of Closing Agent's notice, Closing Agent shall disburse the Earnest Money to the party making the demand. If Closing Agent complies with the preceding process, each party shall be deemed to have released Closing Agent from any and all claims or liability related to the disbursement of the Earnest Money. The parties are advised that, notwithstanding the foregoing, Closing Agent may require the parties to execute a separate agreement before disbursing the Earnest Money. If either party fails to authorize the release of the Earnest Money to the other party when required to do so under this Agreement, that party shall be in breach of this Agreement. Upon either party's request, the party holding the Earnest Money shall commence an interpleader action in the county in which the Property is located. For the purposes of this paragraph, the term Closing Agent includes a Selling Firm holding the Earnest Money. The parties authorize the party commanding an interpleader action to deduct up to \$500.00 for the costs thereof. 19
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c. **Condition of Title.** Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. The following shall not cause the title to be unmarketable: rights, reservations, covenants, conditions and restrictions, presently of record and general to the area; easements and encroachments, not materially affecting the value of or unduly interfering with Buyer's reasonable use of the Property; and reserved oil and/or mining rights. Monetary encumbrances or liens not assumed by Buyer, shall be paid or discharged by Seller on or before Closing. Title shall be conveyed by a Statutory Warranty Deed. If this Agreement is for conveyance of a buyer's interest in a Real Estate Contract, the Statutory Warranty Deed shall include a buyer's assignment of the contract sufficient to convey after acquired title. If the Property has been short platted, the Short Plat number is in the Legal Description. 33
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d. **Title Insurance.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for the then-current ALTA form of standard form owner's policy of title insurance from the Title Insurance Company. If Seller previously received a preliminary commitment from a Title Insurance Company that Buyer declines to use, Buyer shall pay any cancellation fees owing to the original Title Insurance Company. Otherwise, the party applying for title insurance shall pay any title cancellation fee, in the event such a fee is assessed. The Title Insurance Company shall send a copy of the preliminary commitment to Seller, Listing Broker, Buyer and Selling Broker. The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in said standard form and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior to the Closing Date, then as Buyer's sole and exclusive remedy, the Earnest Money shall, unless Buyer elects to waive such defective encumbrances, be refunded to the Buyer, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Buyer shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title. 41
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e. **Closing and Possession.** This sale shall be closed by the Closing Agent on the Closing Date. "Closing" means the date on which all documents are recorded and the sale proceeds are available to Seller. If the Closing Date falls on a Saturday, Sunday, legal holiday as defined in RCM 116.050, or day when the county recording office is closed, the Closing Agent shall close the transaction on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. Buyer shall be entitled to possession at 9:00 p.m. on the Possession Date. Seller shall maintain the Property in its present condition, normal wear and tear excepted, until the Buyer is entitled to possession. 53
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Initials: BUYER: BB
BUYER: _____

Date: 03/09/2012 SELLER: DR
SELLER: _____

Date: 03/12/2012
Date: _____

VACANT LAND PURCHASE AND SALE AGREEMENT
GENERAL TERMS

Continued

f. **Section 1031 Like-Kind Exchange.** If either Buyer or Seller intends for this transaction to be a part of a Section 1031 like-kind exchange, then the other party shall cooperate in the completion of the like-kind exchange so long as the cooperating party incurs no additional liability in doing so, and so long as any expenses (including attorneys' fees and costs) incurred by the cooperating party that are related only to the exchange are paid or reimbursed to the cooperating party at or prior to Closing. Notwithstanding the Assignment paragraph of this Agreement, any party completing a Section 1031 like-kind exchange may assign this Agreement to its qualified intermediary or any entity set up for the purposes of completing a reverse exchange. 59
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g. **Closing Costs and Prorations and Charges and Assessments.** Seller and Buyer shall each pay one-half of the escrow fee unless otherwise required by applicable FHA or VA regulations. Taxes for the current year, rent, interest, and lienable homeowner's association dues shall be prorated as of Closing. Buyer shall pay Buyer's loan costs, including credit report, appraisal charge and lender's title insurance, unless provided otherwise in this Agreement. If any payments are delinquent on encumbrances which will remain after Closing, Closing Agent is instructed to pay such delinquencies at Closing from money due, or to be paid by, Seller. Buyer shall pay for remaining fuel in the fuel tank if, prior to Closing, Seller obtains a written statement as to the quantity and current price from the supplier. Seller shall pay all utility charges, including unbilled charges. Unless waived in Specific Term No. 13, Seller and Buyer request the services of Closing Agent in disbursing funds necessary to satisfy unpaid utility charges in accordance with RCW 60.80 and Seller shall provide the names and addresses of all utilities providing service to the Property and having lien rights (attach NWMLS Form 22K Identification of Utilities or equivalent). 66
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Buyer is advised to verify the existence and amount of any local improvement district, capacity or impact charges or other assessments that may be charged against the Property before or after Closing. Seller will pay such charges that are encumbrances at the time of Closing, or that are or become due on or before Closing. Charges levied before Closing, but becoming due after Closing shall be paid as agreed in Specific Term No. 14. 77
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h. **Sale Information.** Listing Broker and Selling Broker are authorized to report this Agreement (including price and all terms) to the Multiple Listing Service that published it and to its members, financing institutions, appraisers, and anyone else related to this sale. Buyer and Seller expressly authorize all Closing Agents, appraisers, title insurance companies, and others related to this Sale, to furnish the Listing Broker and/or Selling Broker, on request, any and all information and copies of documents concerning this sale. 81
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i. **FIRPTA - Tax Withholding at Closing.** The Closing Agent is instructed to prepare a certification (NWMLS Form 22E or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act. Seller shall sign this certification. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service. 86
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j. **Notices.** In consideration of the license to use this and NWMLS's companion forms and for the benefit of the Listing Broker and the Selling Broker as well as the orderly administration of the offer, counteroffer or this agreement, the parties irrevocably agree that unless otherwise specified in this Agreement, any notice required or permitted in, or related to, this Agreement (including revocations of offers or counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and shall be deemed given only when the notice is received by Seller, by Listing Broker or at the licensed office of Listing Broker. Notices to Buyer must be signed by at least one Seller and shall be deemed given only when the notice is received by Buyer, by Selling Broker or at the licensed office of Selling Broker. Receipt by Selling Broker of a Form 17 or 17C (whichever is applicable), Public Offering Statement or Resale Certificate, homeowners' association documents provided pursuant to NWMLS Form 22D, or a preliminary commitment for title insurance provided pursuant to NWMLS Form 22T shall be deemed receipt by Buyer. Selling Broker and Listing Broker have no responsibility to advise of receipt of a notice beyond either phoning the party or causing a copy of the notice to be delivered to the party's address shown on this Agreement. Buyer and Seller must keep Selling Broker and Listing Broker advised of their whereabouts in order to receive prompt notification of receipt of a notice. 90
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k. **Computation of Time.** Unless otherwise specified in this Agreement, any period of time measured in days and stated in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified period of time. Except for the Possession Date, if the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of 5 days or less shall not include Saturdays, Sundays or legal holidays. If the parties agree that an event will occur on a specific calendar date, the event shall occur on that date, except for the Closing Date, which, if it falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, shall occur on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. If the parties agree upon and attach a legal description after this Agreement is signed by the offeree and delivered to the offeror, then for the purposes of computing time, mutual acceptance shall be deemed to be on the date of delivery of an accepted offer or counteroffer to the offeror, rather than on the date the legal description is attached. Time is of the essence of this Agreement. 103
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Initials: BUYER: BB
BUYER: _____

Date: 03/09/2012
Date: _____

SELLER: TM
SELLER: _____

Date: 03/11/2012
Date: _____

**VACANT LAND PURCHASE AND SALE AGREEMENT
GENERAL TERMS**

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Continued

- I. Facsimile or E-mail Transmission.** Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing an original document. E-mail transmission of any document or notice shall not be effective unless the parties to this Agreement otherwise agree in writing. 115
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- m. Integration and Electronic Signatures.** This Agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings and representations. No modification of this Agreement shall be effective unless agreed in writing and signed by Buyer and Seller. The parties acknowledge that a signature in electronic form has the same legal effect and validity as a handwritten signature. 119
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- n. Assignment.** Buyer may not assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless the parties indicate that assignment is permitted by the addition of "and/or assigns" on the line identifying the Buyer on the first page of this Agreement. 123
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- o. Default.** In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then the following provision, as identified in Specific Term No. 7, shall apply:
 - i. Forfeiture of Earnest Money.** That portion of the Earnest Money that does not exceed five percent (5%) of the Purchase Price shall be forfeited to the Seller as the sole and exclusive remedy available to Seller for such failure. 128
 - ii. Seller's Election of Remedies.** Seller may, at Seller's option, (a) keep the Earnest Money as liquidated damages as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity. 130
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- p. Professional Advice and Attorneys' Fees.** Buyer and Seller are advised to seek the counsel of an attorney and a certified public accountant to review the terms of this Agreement. Buyer and Seller agree to pay their own fees incurred for such review. However, if Buyer or Seller institutes suit against the other concerning this Agreement the prevailing party is entitled to reasonable attorneys' fees and expenses. 134
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- q. Offer.** Buyer shall purchase the Property under the terms and conditions of this Agreement. Seller shall have until 9:00 p.m. on the Offer Expiration Date to accept this offer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is received by Buyer, by Selling Broker or at the licensed office of Selling Broker. If this offer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 138
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- r. Counteroffer.** Any change in the terms presented in an offer or counteroffer, other than the insertion of the Seller's name, shall be considered a counteroffer. If a party makes a counteroffer, then the other party shall have until 9:00 p.m. on the counteroffer expiration date to accept that counteroffer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is received by Seller, by Listing Broker or at the licensed office of Listing Broker. If the counteroffer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 142
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- s. Offer and Counteroffer Expiration Date.** If no expiration date is specified for a offer/counteroffer, the offer/counteroffer shall expire 2 days after the offer/counteroffer is delivered by the party making the offer/counteroffer, unless sooner withdrawn. 148
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- t. Agency Disclosure.** Selling Firm, Selling Firm's Designated Broker, Selling Broker's Branch Manager (if any) and Selling Broker's Managing Broker (if any) represent the same party that Selling Broker represents. Listing Firm, Listing Firm's Designated Broker, Listing Broker's Branch Manager (if any), and Listing Broker's Managing Broker (if any) represent the same party that the Listing Broker represents. If Selling Broker and Listing Broker are different persons affiliated with the same Firm, then both Buyer and Seller confirm their consent to Designated Broker, Branch Manager (if any), and Managing Broker (if any) representing both parties as dual agents. If Selling Broker and Listing Broker are the same person representing both parties then both Buyer and Seller confirm their consent to that person and his/her Designated Broker, Branch Manager (if any), and Managing Broker (if any) representing both parties as dual agents. All parties acknowledge receipt of the pamphlet entitled "The Law of Real Estate Agency." 150
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- u. Commission.** Seller and Buyer agree to pay a commission in accordance with any listing or commission agreement to which they are a party. The Listing Firm's commission shall be apportioned between Listing Firm and Selling Firm as specified in the listing. Seller and Buyer hereby consent to Listing Firm or Selling Firm receiving compensation from more than one party. Seller and Buyer hereby assign to Listing Firm and Selling Firm, as applicable, a portion of their funds in escrow equal to such commission(s) and irrevocably instruct the Closing Agent to disburse the commission(s) directly to the Firm(s). In any action by Listing or Selling Firm to enforce this paragraph, the prevailing party is entitled to court costs and reasonable attorneys' fees. Seller and Buyer agree that the Firms are intended third party beneficiaries under this Agreement. 159
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- v. Feasibility Contingency.** It is the Buyer's responsibility to verify before the Feasibility Contingency Expiration Date identified in Specific Term No. 16 whether or not the Property can be platted, developed and/or built on (now or in the future) and what it will cost to do this. BUYER SHOULD NOT RELY ON ANY ORAL STATEMENTS concerning this made by the Seller, Listing Broker or Selling Broker. Buyer should inquire at the city or county, and water, sewer or other special districts in which the Property is 168
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Initials: BUYER: B Date: 03/09/2012 SELLER: DR Date: 03/12/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

**VACANT LAND PURCHASE AND SALE AGREEMENT
GENERAL TERMS**

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Continued

located. Buyer's inquiry should include, but not be limited to: building or development moratoriums applicable to or being considered for the Property; any special building requirements, including setbacks, height limits or restrictions on where buildings may be constructed on the Property; whether the Property is affected by a flood zone, wetlands, shorelands or other environmentally sensitive area; road, school, fire and any other growth mitigation or impact fees that must be paid; the procedure and length of time necessary to obtain plat approval and/or a building permit; sufficient water, sewer and utility and any service connection charges; and all other charges that must be paid. Buyer and Buyer's agents, representatives, consultants, architects and engineers shall have the right, from time to time during the feasibility contingency, to enter onto the Property and to conduct any tests or studies that Buyer may need to ascertain the condition and suitability of the Property for Buyer's intended purpose. Buyer shall restore the Property and all improvements on the Property to the same condition they were in prior to the inspection. Buyer shall be responsible for all damages resulting from any inspection of the Property performed on Buyer's behalf. If the Buyer does not give notice to the contrary on or before the Feasibility Contingency Expiration Date identified in Specific Term No. 16, it shall be conclusively deemed that Buyer is satisfied as to development and/or construction feasibility and cost. If Buyer gives notice this Agreement shall terminate and the Earnest Money shall be refunded to Buyer, less any unpaid costs.

w. **Subdivision.** If the Property must be subdivided, Seller represents that there has been preliminary plat approval for the Property and this Agreement is conditioned on the recording of the final plat containing the Property on or before the date specified in Specific Term 15. If the final plat is not recorded by such date, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer.

x. **Information Verification Period and Property Condition Disclaimer.** Buyer shall have 10 days after mutual acceptance to verify all information provided from Seller or Listing Firm related to the Property. This contingency shall be deemed satisfied unless Buyer gives notice identifying the materially inaccurate information within 10 days of mutual acceptance. If Buyer gives timely notice under this section, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. Buyer and Seller agree, that except as provided in this Agreement, all representations and information regarding the Property and the transaction are solely from the Seller or Buyer, and not from any Broker. The parties acknowledge that the Brokers are not responsible for assuring that the parties perform their obligations under this Agreement and that none of the Brokers has agreed to independently investigate or confirm any matter related to this transaction except as stated in this Agreement, or in a separate writing signed by such Broker. In addition, Brokers do not guarantee the value, quality or condition of the Property and some properties may contain building materials, including siding, roofing, ceiling, insulation, electrical, and plumbing, that have been the subject of lawsuits and/or governmental inquiry because of possible defects or health hazards. Some properties may have other defects arising after construction, such as drainage, leakage, pest, rot and mold problems. Brokers do not have the expertise to identify or assess defective products, materials, or conditions. Buyer is urged to use due diligence to inspect the Property to Buyer's satisfaction and to retain Inspectors qualified to identify the presence of defective materials and evaluate the condition of the Property as there may be defects that may only be revealed by careful inspection. Brokers may assist the parties with locating and selecting third party service providers, such as inspectors or contractors, but Brokers cannot guarantee or be responsible for the services provided by those third parties. The parties agree to exercise their own judgment and due diligence regarding third-party service providers.

Initials: BUYER: BB Date: 03/09/2012 SELLER: 03/12/2012 Date:
BUYER: _____ Date: _____ SELLER: _____ Date: _____

**TITLE CONTINGENCY ADDENDUM TO
PURCHASE & SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated March 09, 2012 1
between US Golden Eagle Farms LP (A Washington Limited Partnership) and/or Assigns 2
and Pacifica Poplars Inc. (A Delaware Corporation) 3
concerning Northwest Multiple Listings #28150076 & #28196923 4
(the "Property").

1. **Title Contingency.** This Agreement is subject to Buyer's review of a preliminary commitment for title insurance, 5
together with easements, covenants, conditions and restrictions of record, which are to be obtained by Buyer, to 6
determine that they are consistent with Buyer's intended use of the Property. Buyer shall have 10 7
(5 days if not filled in) from mutual acceptance of this Agreement or 10 from the date of Buyer's receipt of the 8
preliminary commitment for title insurance (from mutual acceptance, if neither box checked) to give written 9
notice of Buyer's disapproval and the reasons therefore. Buyer may only disapprove exceptions that are 10
contained in the preliminary commitment and may not object to matters not contained therein. 11
Seller shall have _____ days (5 days if not filled in) after receipt of Buyer's notice of disapproval to give 12
Buyer written notice that Seller will clear all disapproved exceptions. Seller shall have until the Closing Date to 13
cure all disapproved exceptions. If Seller does not give timely notice that Seller will clear all disapproved 14
exceptions, Buyer may terminate this Agreement within 3 days after the deadline for Seller's notice. In the event 15
Buyer elects to terminate the Agreement, the Earnest Money shall be returned to Buyer, less any unpaid costs 16
described in the Agreement. Buyer shall have no right to specific performance or damages as a consequence of 17
Seller's inability to provide insurable title. If Buyer does not terminate the Agreement, Buyer shall be deemed to 18
have waived all objections to title, which Seller did not agree to clear. 19
2. **Supplemental Title Reports.** If Buyer receives supplemental title reports that disclose new exception(s) to the 20
title commitment, then the time periods and procedures for notice, correction, and termination above shall apply 21
to the date of Buyer's receipt of the supplemental title report. 22
3. **Marketable Title.** This Addendum does not relieve Seller of the obligation to provide marketable title at closing 23
as provided in the Agreement. 24

Initials: BUYER: BB Date: 03/09/2012 SELLER: D Date: 03/12/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 09, 2012 1
between US Golden Eagle Farms LP (A Washington Limited Partnership) and/or Assigns ("Buyer") 2
and Pacifica Poplars Inc. (A Delaware Corporation) ("Seller") 3
concerning Northwest Multiple Listing #5304151 & #28196923 (the "Property"). 4

CHECK IF INCLUDED:

1. **Square Footage/Lot Size/Encroachments.** The Listing Broker and Selling Broker make no representations concerning: (a) the lot size or the accuracy of any information provided by the Seller; (b) the square footage of any improvements on the Property; (c) whether there are any encroachments (fences, rockeries, buildings) on the Property, or by the Property on adjacent properties. Buyer is advised to verify lot size, square footage and encroachments to Buyer's own satisfaction within the inspection contingency period. 5
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2. **Standard Form Owner's Policy of Title Insurance.** Notwithstanding the "Title Insurance" clause in the Agreement that provides for the then-current ALTA form of Homeowner's Policy of Title Insurance, Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for the then-current ALTA form of Owner's Policy of Title Insurance, together with homeowner's additional protection and inflation protection endorsements if available at no additional cost, from the Title Insurance Company rather than the Homeowner's Policy of Title Insurance. 11
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3. **Extended Coverage Title Insurance.** Notwithstanding the "Title Insurance" clause in this Agreement that provides for the then-current ALTA form of Homeowner's Policy of Title Insurance, Buyer's lender or Closing Agent is directed to apply for an ALTA or comparable extended coverage policy of title insurance, rather than the policy provided for in the purchase and sale agreement. Buyer shall pay the increased costs associated with the extended coverage policy including excess premium over that charged for the policy provided for in the purchase and sale agreement and the cost of any survey required by the title insurer. 17
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4. **Property And Grounds Maintained.** Until possession is transferred to Buyer, Seller agrees to maintain the Property in the same condition as when initially viewed by Buyer. The term "Property" includes the building(s); grounds; plumbing, heat, electrical and other systems; and all included items. Should an appliance or system become inoperative or malfunction prior to transfer of possession, Seller agrees to either repair, or replace the same with an appliance or system of at least equal quality. Buyer reserves the right to reinspect the Property within 5 days prior to transfer of possession to verify the foregoing. Buyer and Seller understand and agree that the Listing Broker and Selling Broker shall not, under any circumstances, be liable for the foregoing or Seller's breach of this clause. 23
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5. **Items Left by Seller.** Any personal property, fixtures or other items remaining on the Property when possession is transferred to Buyer shall thereupon become the property of the Buyer, and may be retained or disposed of as Buyer determines. However, Seller agrees to clean the interiors of any structures and remove all trash, debris and rubbish on the Property prior to Buyer taking possession. 31
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6. **Utilities.** To the best of Seller's knowledge, Seller represents that the Property is connected to a: 35
 public water main; public sewer main; septic tank; well (specify type) _____; natural gas; telephone; 36
 irrigation water (specify provider) _____; cable; electricity; other _____; 37
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Initials: BUYER:  Date: 03/09/2012 SELLER: 03/12/2012 Date: 
BUYER: _____ Date: _____ SELLER: _____ Date: _____

OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT

Continued

7. **Insulation - New Construction.** If this is new construction, Federal Trade Commission Regulations require the following to be filled in. If insulation has not yet been selected, FTC regulations require Seller to furnish Buyer the information below in writing as soon as available: 39
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WALL INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE: _____ 41
CEILING INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE: _____ 42
OTHER INSULATION DATA: _____ 43

8. **Leased Property.** Buyer hereby acknowledges that Seller leases the following items of personal property, possession of which shall pass to Buyer on Closing: 44
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Buyer shall assume the lease for the items selected, perform all of the obligations of the lease, and hold Seller harmless from and against any further obligation, liability, or claim arising from the lease. 48
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9. **Homeowners' Association Review Period.** If the Property is subject to a homeowners' association or any other association, then Seller shall provide Buyer a copy of the following documents (if available from the Association) within _____ days (10 days if not filled in) of mutual acceptance: 50
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1. Association rules and regulations, including, but not limited to architectural guidelines; 52
2. Association meeting minutes from the prior two (2) years; 53
3. Association Board of Directors meeting minutes from the prior six (6) months; and 54
4. Association financial statements from the prior two (2) years. 55
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If Buyer, in Buyer's sole discretion, does not give notice of disapproval within _____ days (5 days if not filled in) of receipt of the above documents or the date that the above documents are due, then this homeowners' association review period shall conclusively be deemed satisfied (waived). If Buyer gives timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 57
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10. **Excluded Item(s).** The following item(s), that would otherwise be included in the sale of the Property, is excluded from the sale ("Excluded Item(s)"). Seller shall repair any damage to the Property caused by the removal of the Excluded Item(s). Excluded Item(s): 60
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11. **E-mail Transmission.** E-mail transmission of any signed original document, and retransmission of any signed e-mail transmission, shall be the same as delivery of an original, provided that the document is sent to both Selling Broker and Selling Firm or both Listing Broker and Listing Firm at the e-mail addresses below. At the request of either party, or the Closing Agent, the parties will confirm e-mail transmitted signatures by signing an original document. 65
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snohomishproperties@frontier.com _____ snohomishproperties@frontier.com _____
Selling Broker E-mail Address Listing Broker E-mail Address

snohomishproperties@frontier.com _____ snohomishproperties@frontier.com _____
Selling Firm Authorized E-mail Address Listing Firm Authorized E-mail Address

12. **Other.**
This Purchase and Sale Agreement is subject to the Financial Monitor (PWC) and the British Columbia Supreme Court ^{and F.S.C. (B.C.)} approvals. If the Seller is unable to obtain the above stated approvals then this Purchase and Sale shall be deemed null and void and any and all earnest money shall be refunded to the Purchaser. 73
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Initials: BUYER: AB Date: 03/09/2012 SELLER: D Date: 03/12/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

Initials To Form Only
3 Pages
Initial First Page Only

Name _____ Initial _____ Date _____
Address _____
City, State, Zip _____  

Document Title(s): SNOHOMISH COUNTY "RIGHT TO FARM" DISCLOSURE STATEMENT

Reference Number(s) of Related Documents: _____

Additional reference numbers on page _____ of document(s).

Grantor(s): 1. _____
(Transferor) 2. _____
3. _____

Additional names on page _____ of document(s)

Grantee(s): 1. _____
(Transferee) 2. _____
3. _____

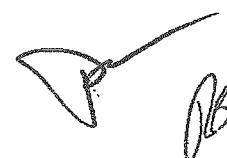
Additional names on page _____ of document(s)

Legal Description (Abbreviated):

1. Abbreviated:

2. Additional legal on page _____ of document(s)

Assessor's Property Tax Parcel/Account Number: _____



SNOHOMISH COUNTY "RIGHT TO FARM" DISCLOSURE STATEMENT

Name of Transferor:	1
Name of Transferee:	2
Legal Description of Property (Attach an addendum if additional space is needed):	3
	4
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	6
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A. INSTRUCTIONS:

1. This Disclosure Statement must be provided to the Transferee whenever there is a transfer of 9
(1) real property designated as farmland or (2) real property adjacent to or within 1300 feet of 10
designated farmland. This Disclosure Statement applies to transfers by sale, exchange, gift, 11
real estate contract, lease with option to purchase, any other option to purchase, or any other 12
means of transfer (except transfers made by testamentary provisions or the laws of descent). 13
2. The Transferor must provide the Transferee a copy of this Disclosure Statement prior to 14
closing. 15
3. The Transferor must record a copy of this Disclosure Statement, showing an 16
acknowledgment of receipt executed by the Transferee, with the Snohomish County Auditor 17
prior to closing. 18
4. Fill in the names of the Transferor (Seller) and Transferee (Buyer) prior to recording this form. 19

B. DISCLOSURE: Your real property is within, adjacent to, or within 1300 feet of designated 20
farmland; therefore, you may be subject to inconveniences or discomforts arising from agricultural 21
activities, INCLUDING BUT NOT LIMITED TO NOISE, ODORS, FUMES, DUST, SMOKE, THE 22
OPERATION OF MACHINERY OF ANY KIND (INCLUDING AIRCRAFT), THE STORAGE AND 23
DISPOSAL OF MANURE, THE APPLICATION BY SPRAYING OR OTHERWISE OF CHEMICAL 24
OR ORGANIC FERTILIZERS, SOIL AMENDMENT, HERBICIDES AND PESTICIDES, HOURS 25
OF OPERATION, AND OTHER AGRICULTURAL ACTIVITIES. Snohomish County has adopted 26
an Agricultural Lands Regulation (chapter 30.32B SCC) which may affect you and your land. You 27
may obtain a copy of chapter 30.32B from Snohomish County. 28

A provision of Chapter 30.32B SCC provides, "Agricultural activities conducted on designated 29
farmlands in compliance with acceptable agriculture practices and established prior to 30
surrounding non-agricultural activities are presumed to be reasonable and shall not be found to 31
constitute a nuisance unless the activities have a substantial adverse effect on the public health 32
and safety." 33

This disclosure applies to the real property upon any development or building permit approval; or, 34
in the case of real property transfers, the disclosure applies to the subject property as of the date 35
of the transfer. This disclosure may not be applicable thereafter if areas designated farmland are 36
changed from the farmland designation. 37

Nothing in Chapter 30.32B SCC shall affect or impair any right to sue for damages. 38

Initials: TRANSFEROR: _____ TRANSFEROR: _____ TRANSFEE: _____ TRANSFEE: _____



SNOHOMISH COUNTY "RIGHT TO FARM" DISCLOSURE STATEMENT

C. NOTE TO CLOSING AGENT: Transferee and Transferor authorize and direct Closing Agent to 39
record this Disclosure Statement with the Snohomish County Auditor before closing. The copy to 40
be recorded must bear (1) an acknowledgement of receipt executed by the Transferee and (2) 41
the signature of a witness. 42

_____ (Transferor)	_____ (Transferee)	43 44
RECEIPT, ACKNOWLEDGMENT AND WITNESS SIGNATURE 45		
_____ ("Transferee") acknowledges receipt of this Snohomish County 46 Right to Farm Disclosure Statement from _____ ("Transferor"). 47		
Dated this _____ day of _____		48
_____ Signature of Transferee 49 50		
_____ Print Name of Transferee 51 52		
_____ By 53 54		
_____ Its 55 56		
Witnessed by:	_____ Signature of Witness 57 58	
_____ Print Name of Witness 59 60		
_____ Address 61 62		
_____ Date 63 64		

NOTE: The above "Witness" section must be completed for this Disclosure to be legally valid. 65
A real estate agent or licensee who is involved in the transaction may act as a witness and is 66
permitted to complete the above "Witness" section. 67

fb *DN*

FEASIBILITY CONTINGENCY ADDENDUM

The following is part of the Purchase and Sale Agreement dated 03/09/2012 1
between U.S. Golden Eagle Farms L.P. (A Washington Limited Partnership) and/or Assigns ("Buyer") 2
and Pacifica Poplars Inc. (A Delaware Corporation) ("Seller") 3
concerning Northwest Multiple Listing #28150076 & #28196923 (the "Property"). 4

Feasibility Contingency. Buyer shall verify within 20 days (10 days if not filled in) after mutual acceptance 5
(the "Feasibility Contingency Expiration Date") the suitability of the Property for Buyer's intended purpose including, 6
but not limited to, whether the Property can be platted, developed and/or built on (now or in the future) and what it will 7
cost to do this. This Feasibility Contingency SHALL CONCLUSIVELY BE DEEMED WAIVED unless Buyer gives 8
notice of disapproval on or before the Feasibility Contingency Expiration Date. If Buyer gives a timely notice of 9
disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. Buyer should not 10
rely on any oral statements concerning feasibility made by the Seller, Listing Broker or Selling Broker. Buyer should 11
inquire at the city or county, and water, sewer or other special districts in which the Property is located. Buyer's inquiry 12
shall include, but not be limited to: building or development moratoria applicable to or being considered for the 13
Property; any special building requirements, including setbacks, height limits or restrictions on where buildings may be 14
constructed on the Property; whether the Property is affected by a flood zone, wetlands, shorelands or other 15
environmentally sensitive area; road, school, fire and any other growth mitigation or impact fees that must be paid; the 16
procedure and length of time necessary to obtain plat approval and/or a building permit; sufficient water, sewer and 17
utility and any services connection charges; and all other charges that must be paid. 18

Buyer and Buyer's agents, representatives, consultants, architects and engineers shall have the right, from time to 19
time during the feasibility contingency, to enter onto the Property and to conduct any tests or studies that Buyer may 20
need to ascertain the condition and suitability of the Property for Buyer's intended purpose. Buyer shall restore the 21
Property and all improvements on the Property to the same condition they were in prior to the inspection. Buyer shall 22
be responsible for all damages resulting from any inspection of the Property performed on Buyer's behalf. 23

AGREEMENT TERMINATED IF NOTICE OF SATISFACTION NOT TIMELY PROVIDED. If checked, this 24
Agreement shall terminate and Buyer shall receive a refund of the Earnest Money unless Buyer gives notice to Seller 25
on or before the Feasibility Contingency Expiration Date that the Property is suitable for Buyer's intended purpose. 26

Initials: BUYER: b Date: 03/09/2012 SELLER: TJ Date: 03/14/12
BUYER: _____ Date: _____ SELLER: _____ Date: _____

Page 6
ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 09, 2012 1
between US Golden Eagle Farms LP (A Washington Limited Partnership) ("Buyer") 2
and Pacifica Poplars Inc. (A Delaware Corporation) ("Seller") 3
concerning Northwest Multiple Listing #28150076 & #28196923 (the "Property"). 4

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS:

1. The Seller hereby discloses and the Purchaser hereby acknowledges that the subject properties are classified as "Commercial Agricultural Open Space" for real estate tax purposes and are subject to the provisions of R.C.W. 84.34 which requires the continuation of the restricted use in order to continue the present assessment rate. A change in the use can cause an increased assessment rate for present and past years. A notice of intent is required to be filed by the Purchaser with each county assessor of the respective county that each property is located. The Purchaser shall be responsible for investigating the "Commercial Agricultural Open Space Classification" and for all past taxes, all penalties, and all interest associated with the removal of the subject property from the "Commercial Agricultural Open Space Classification" if the Purchaser elects removal. The Purchaser hereby agrees to sign a "Continuance Application" for the "Commercial Agricultural Open Space Classification" with the Snohomish County Assessor within 10 days of agreement. 5 6 7 8 9 10 11 12 13 14 15 16 17
2. The Seller hereby discloses and the Purchaser hereby acknowledges that the subject property lies within the Agricultural Zones of Snohomish County. All of the property is also located in the Fema "100 year flood plain" and the Fema "Density Fringe Flood Plain Designation". These designations have unique use requirements and the Purchaser is hereby advised to investigate these unique use requirements with Snohomish County and all other pertinent governmental agencies. Furthermore all of the subject properties are subject to complete inundation during flood events. The Purchaser hereby acknowledges these facts. The Purchaser is hereby advised to investigate the severity, scope, and frequency of flooding on each property that is the subject of this Purchase and Sale with any and all governmental agencies. The Purchaser should only rely upon their own investigations. 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

AGENT (COMPANY) Snohomish Properties

BY: Russell Hansen

Initials: BUYER: (b) Date: 03/09/2012 SELLER: D Date: 03/12/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 09, 2012 1
between U.S. Golden Eagle Farms L.P. (A Washington Limited Partnership) and/or Assigns 2
and Pacifica Poplars Inc. (A Delaware Corporation) 3
concerning Northwest Multiple Listing #28150076 & #28196923 4
(the "Property").

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS:

3. The Seller is selling and the Purchaser is purchasing the subject properties "as is" with no 5
warranties as to the condition of any of the improvements located within the subject properties. 6
Also the Seller is selling and the Purchaser is purchasing the the subject properties "as is" with 7
regard to the existence of any wood debris, existing trees (Hybrid Poplar Trees), the condition of 8
the soil and drainage, and any other conditions that may exist on the subject properties. During 9
the feasibility period the Purchaser should inspect the subject property to determine whether the 10
conditions that exist on the subject property are acceptable to the Purchaser. The Seller and 11
Selling/Listing Agent hereby make no warranties and/or representations to the Purchaser 12
regarding the Purchaser's intended or proposed use of the subject property or whether the 13
Purchaser's intended or proposed use would comply with any and all governmental code 14
requirements, use limitations, or zoning restrictions. The Purchaser should only rely upon their 15
own investigations. The Seller and Selling/Listing Agent makes no representations to the Purchaser 16
regarding any possible water rights that may or may not be available. The Purchaser shall make 17
his own determinations regarding the availability of water for any of the subject properties. 18
4. The subject property has not been surveyed. The Seller hereby recommends to the Purchaser 19
to obtain a certified survey at Purchaser's expense from a licensed surveyor for the subject 20
property to determine the exact amount of property in this Purchase and Sale as well as the location 21
of the corners and boundaries of the subject property. The Seller and the Selling/Listing Agent 22
hereby make no representations or warranties to the Purchaser as to the exact amount of property 23
included in this Purchase and Sale Agreement or the precise location of any corners or boundaries 24
of the subject property. 25
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ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

AGENT (COMPANY) Sinclair Properties

BY: Arnold Manser

Initials: BUYER: AM Date: 03/09/2012 SELLER: AM Date: 03/12/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

Page 8
ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 09, 2012 1
between US Golden Eagle Farms L.P. (A Washington Limited Partnership) and/or Assigns ("Buyer") 2
and Pacific Poplars Inc. (A Delaware Corporation) ("Seller") 3
concerning Northwest Multiple listing #28150076 & 28196923 (the "Property"). 4

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS:

5. The address in Northwest Multiple Listing #28150076 is 65XX Lowell River Road Snohomish Wa 98290 5
and the address in Northwest Multiple Listing #28196923 is 95XX Lowell-Larimer Road, Everett Wa, 6
98208. 7
8.
6. The Snohomish County Tax Parcel Numbers for NWMLS #28150076 are as follows, 8
#280515-001-002-00, #280515-003-001-00, #280515-003-002-00, #280515-003-010-00, #280515-003-009-00, 9
and #280514-001-026-00. 10
11.
The Snohomish County Tax parcel Numbers for NWMLS #28196923 are as follows, 12
#280516-001-001-00, #280515-003-003-00, #005854-000-005-00, #280516-002-020-00, #280515-003-005-00, 13
#280515-003-006-00, #280516-004-011-00, #280521-001-002-00, and #280522-002-005-00. 14
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ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

Initials: BUYER: BB Date: 03/09/2012 SELLER: TD Date: 03/12/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

Addendum A
ADDENDUM TO
PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 9, 2012 between U.S. Golden Eagle Farms L.P. (A Washington Limited Partnership ("Buyer")) and Pacifica Poplars Inc. (A Delaware Corporation), ("Seller") concerning Northwest Multiple Listing Nos. #28150076 and #28196923 ("the Property")

It is agreed between the Seller and Buyer as follows:

Seller and Selling Agent make no representations or warranties regarding the boundaries, location of the property lines, the locations of the corners, or the quantity of the Property which is the subject of this purchase and sale. Seller does not warrant the accuracy of any survey map relative to the subject Property, if any.

Purchaser acknowledges that Purchaser has been advised to investigate the Property and to obtain a survey of the Property to determine the boundaries, corners, encroachment and the amount of Property.

Purchaser shall assume all risk and liability regarding the location and quantity of land, the boundaries, location of the property lines, and the locations of the corners of the property. Purchaser shall assume all risk of loss of title due to claims of adverse possession and/or prescriptive easements and/or encroachments. Purchaser accepts all risks and liability with respect to those matters, including the possibility that portions of the Property could be lost by claim of adverse possession and/or prescriptive easements and/or encroachments.

Seller's deed will not warrant against claims by adverse possession and/or prescriptive easements and/or encroachments, boundaries, location of the property lines, the locations of the corners, or the quantity of land of the Property. Seller shall convey title to Purchaser by Statutory Warranty Deed at closing, subject to: the exceptions noted in paragraph a., General Terms; standard exceptions in the title policy; special exceptions not rejected; waived and/or approved pursuant to the Title Contingency Addendum; any liens or encumbrances created by Purchaser; and subject to the following provision, which shall be included in the deed from Seller to Purchaser:

Seller's warranty under this deed expressly excludes any warranty as to location of any boundary line or ownership in the vicinity of any boundary line, claims by adverse possession and/or prescriptive easements and/or encroachments, the locations of the corners, or the quantity of land conveyed. Any warranty, express or implied, in the purchase and sale agreement concerning any boundary line is merged into this deed and does not survive the giving of this deed, which constitutes the full agreement between the parties.

The terms of this Addendum shall not merge into the deed, and shall survive the giving of the deed and closing.

Initial

Date

5/01/07



Exhibit A
Listing Number #28196923
Page 1 of 4

CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304440
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

PARCEL A:

THOSE PORTIONS OF SECTION 16, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., DESCRIBED AS FOLLOWS:

THE NORTH HALF OF THE FOLLOWING DESCRIBED TRACT;

BEGINNING AT A POINT ON THE EAST LINE OF SAID SECTION 16, WHICH POINT IS 4525.8 FEET SOUTH OF THE NORTHEAST CORNER OF SAID SECTION; THENCE SOUTH $89^{\circ}7'40''$ WEST TO A POINT ON THE LINE RUNNING NORTH AND SOUTH THROUGH THE CENTER OF SAID SECTION; THENCE SOUTHERLY ALONG THE CENTERLINE OF SAID SECTION TO THE QUARTER CORNER ON THE SOUTH SIDE THEREOF; THENCE EASTERLY ALONG THE SECTION LINE TO THE SOUTHEAST CORNER OF SAID SECTION; THENCE NORtherly ALONG THE EAST LINE OF SAID SECTION TO THE POINT OF BEGINNING;

EXCEPT ALL THAT PORTION THEREOF LYING WESTERLY OF THE EAST LINE OF THE OLYMPIC PIPE LINE COMPANY EASEMENT.

TOGETHER WITH THAT PORTION OF THE EAST HALF OF SAID SECTION 16, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION; THENCE RUNNING SOUTH $0^{\circ}11'10''$ EAST ALONG THE EAST BOUNDARY LINE OF SAID SECTION 4525.8 FEET; THENCE RUNNING SOUTH $89^{\circ}7'40''$ WEST 2521.71 FEET TO THE NORTHEASTERLY LINE OF THE COUNTY ROAD; THENCE RUNNING NORTH $42^{\circ}42'40''$ WEST ALONG THE NORTHEASTERLY BOUNDARY LINE OF SAID COUNTY ROAD 241.88 FEET TO THE LINE RUNNING NORTH AND SOUTH THROUGH THE CENTER OF SAID SECTION 16; THENCE NORTH $0^{\circ}8'20''$ EAST ALONG THE CENTERLINE OF SAID SECTION 4430.5 FEET TO THE QUARTER CORNER ON THE NORTH LINE OF SAID SECTION; THENCE SOUTH $89^{\circ}3'00''$ EAST ALONG THE NORTH LINE OF SAID SECTION 2660.5 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

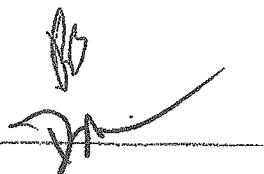
EXCEPT ALL THAT PORTION THEREOF LYING SOUTHERLY OF THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION AND LYING WESTERLY OF THE EAST LINE OF THE OLYMPIC PIPE LINE COMPANY EASEMENT.

Initial 1st Page of 4 only

Initial

Date

CETACMAG/RDA/0999



Mar 9/12

Mar 12/12

Page 2 of 4

CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304440
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

PARCEL B:

THAT PORTION OF THE NORTH 30 ACRES OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING SOUTHWESTERLY OF THE CENTERLINE OF THE MARSHLAND FLOOD CONTROL DISTRICT FLOODWAY CHANNEL.

PARCEL C:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING SOUTHWESTERLY OF THE CENTERLINE OF THE MARSHLAND FLOOD CONTROL DISTRICT FLOODWAY CHANNEL, EXCEPT THAT PORTION THEREIN LYING WITHIN THE NORTH 30 ACRES OF SAID NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF.

PARCEL D:

LOT 5, STECHER ACRE TRACTS, AS PER PLAT RECORDED IN VOLUME 11 OF PLATS, PAGE 27, RECORDS OF SNOHOMISH COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

PARCEL E-1:

THE EAST 943 FEET OF THE SOUTH 208 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M.

PARCEL E-2:

THE EAST 843.00 FEET OF THE NORTH 759.00 FEET OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING EASTERLY OF COUNTY ROAD;

ALSO LOT 1, STECHER ACRE TRACTS, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME IN VOLUME 11 OF PLATS, PAGE 27, RECORDS OF SNOHOMISH COUNTY, WASHINGTON;

EXCEPT THE NORTH 1.00 FOOT OF SAID LOT 1 LYING WEST OF THE WEST LINE OF THE

Page 3 of 4

CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304440
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

EAST 843.00 FEET THEREOF.

(ALSO KNOWN AS LOT 2 OF BOUNDARY LINE ADJUSTMENT 95233, RECORDED UNDER
AUDITOR'S FILE NUMBER 9603040720).

SITuate IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

PARCEL F:

THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER, SECTION 15, TOWNSHIP 28
NORTH, RANGE 5 EAST, W.M., SNOHOMISH COUNTY WASHINGTON.

PARCEL G:

THAT PORTION OF THE WEST 3/4 OF THE SOUTHEAST QUARTER OF THE SOUTHWEST
QUARTER IN SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., SNOHOMISH
COUNTY WASHINGTON, LYING SOUTHWESTERLY OF THE CENTERLINE OF THE MARSHLAND
FLOOD CONTROL DISTRICT FLOODWAY CHANNEL

PARCEL H:

THE SOUTH HALF OF THE FOLLOWING DESCRIBED TRACT:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 28 NORTH, RANGE
5 EAST, W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID SECTION 16 WHICH IS 4525.8 FEET
SOUTH OF THE NORTHEAST CORNER THEREOF;
THENCE SOUTH 89°07'40" WEST TO THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID
SECTION 16;
THENCE SOUTH ALONG THE WEST LINE OF SAID SOUTHEAST QUARTER TO THE SOUTHWEST
CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 16;
THENCE EAST ALONG THE SOUTH LINE OF SAID SOUTHEAST QUARTER TO THE SOUTHEAST
CORNER THEREOF;
THENCE NORTH ALONG THE EAST LINE OF SAID SOUTHEAST QUARTER TO THE POINT OF
BEGINNING.

EXCEPT THAT PORTION THEREOF LYING SOUTHERLY OF THE NORTH 60 FEET AND WESTERLY

Page 4 of 4

CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304440
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

OF THE Easterly LINE OF EASEMENT RECORDED UNDER AUDITOR'S FILE NUMBER
9512220271; AND
EXCEPT THAT PORTION LYING WESTERLY OF THE Easterly LINE OF LOWELL LARIMER
ROAD.

PARCEL I:

THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST
QUARTER OF SECTION 21, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., SNOHOMISH
COUNTY WASHINGTON.

TOGETHER WITH THAT PORTION OF THE NORTHWEST QUARTER OF SAID NORTHEAST QUARTER
LYING EASTERLY OF THE Easterly LINE OF EASEMENT RECORDED UNDER AUDITOR'S FILE
NUMBER 9512220271.

PARCEL J:

THE NORTH HALF OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST
QUARTER OF SECTION 22, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., SNOHOMISH
COUNTY WASHINGTON.

ALL SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

Exhibit A
Listing Number #28150070

Page 1 of 8

CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304151
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

PARCEL A:

THOSE PORTIONS OF GOVERNMENT LOTS 6 AND 7 OF SECTION 13; THE NORTHWEST QUARTER, GOVERNMENT LOTS 3 AND 4 AND THE NORTH HALF OF THE SOUTH HALF OF SECTION 14; THE EAST HALF OF SECTION 15; AND GOVERNMENT LOT 7 OF SECTION 10, ALL IN TOWNSHIP 28 NORTH, RANGE 5 EAST, N.M., SNOHOMISH COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 15;
THENCE NORTHERLY ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION 15 TO THE NORTH QUARTER CORNER OF SAID SECTION 15;
THENCE EASTERLY ALONG THE NORTH LINE OF SAID SECTION 15 TO THE INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND DISTANT 12.0 FEET EASTERLY OF, AS MEASURED AT RIGHT ANGLES TO, THE NORTH-SOUTH CENTERLINE OF SAID SECTION 10;
THENCE NORTHERLY ALONG SAID PARALLEL LINE TO THE POINT OF INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND DISTANT 50.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO, BURLINGTON NORTHERN RAILROAD COMPANY'S HEREINAFTER DESCRIBED MAIN TRACK CENTERLINE;
THENCE SOUTHEASTERLY ALONG SAID PARALLEL LINE TO THE POINT OF INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND DISTANCE 660.0 FEET EASTERLY OF, AS MEASURED AT RIGHT ANGLES TO, THE WEST LINE OF SAID GOVERNMENT LOT 7 OF SECTION 13;
THENCE SOUTHERLY PARALLEL WITH SAID WEST LINE TO THE POINT OF INTERSECTION WITH THE SOUTH LINE OF SAID GOVERNMENT LOT 7;
THENCE WESTERLY ALONG SAID SOUTH LINE, THE SOUTH LINE OF SAID GOVERNMENT LOT 6 OF SECTION 13 AND THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 14 TO THE POINT OF INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND DISTANT 1,550.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO, SAID MAIN TRACK CENTERLINE;
THENCE NORTHWESTERLY ALONG SAID PARALLEL LINE TO THE POINT OF INTERSECTION WITH THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 14;
THENCE SOUTHERLY ALONG SAID EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER TO THE SOUTHEAST CORNER THEREOF;
THENCE WESTERLY ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 14 TO THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER;
THENCE NORTHERLY ALONG THE WEST LINE OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER TO THE POINT OF INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND DISTANT 1,550.0 FEET SOUTHWESTERLY OF AS MEASURED AT RIGHT ANGLES

Initial 1st Page of 8 only

Initial
DR
BS

Date
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CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304151
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

TO, SAID MAIN TRACK CENTERLINE;
THENCE NORTHEASTERLY ALONG SAID PARALLEL LINE TO THE POINT OF INTERSECTION
WITH THE EAST LINE OF SAID SECTION 15;
THENCE SOUTHERLY ALONG SAID EAST LINE OF SECTION 15 TO THE SOUTHEAST CORNER
THEREOF;
THENCE WESTERLY ALONG THE SOUTH LINE OF SAID SECTION 15 TO THE SOUTHWEST
CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 15;
THENCE NORTHERLY ALONG THE WEST LINE OF SAID SOUTHEAST QUARTER OF THE
SOUTHEAST QUARTER TO THE NORTHWEST CORNER THEREOF (ALSO BEING THE SOUTHEAST
CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 15);
THENCE WESTERLY ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER OF THE
SOUTHEAST QUARTER TO THE POINT OF BEGINNING;

EXCEPTING ANY PORTION THEREOF LYING NORTHEASTERLY OF THE SOUTHWESTERLY MARGIN
OF THE LAND CONVEYED TO PUGET SOUND TRACTION AND POWER COMPANY BY DEEDS
RECORDED UNDER RECORDING NOS 105934, 105979, AND 107679;

ALSO EXCEPT THE FOLLOWING DESCRIBED PROPERTY:
THOSE PORTIONS OF GOVERNMENT LOTS 6 AND 7 OF SECTION 13; THE NORTHWEST
QUARTER, GOVERNMENT LOTS 3 AND 4, AND THE NORTH HALF OF THE SOUTH HALF OF
SECTION 14, TOWNSHIP 28 NORTH, RANGE 5 EAST W.M., SNOHOMISH COUNTY,
WASHINGTON, DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST
QUARTER OF SAID SECTION 14;
THENCE NORTHERLY ALONG THE WEST LINE OF SAID NORTHEAST QUARTER OF THE
SOUTHWEST QUARTER TO THE POINT OF INTERSECTION WITH A LINE DRAWN PARALLEL
WITH AND DISTANT 50 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO
SAID MAIN TRACK CENTERLINE;
THENCE SOUTHEASTERLY ALONG SAID PARALLEL LINE TO THE POINT OF INTERSECTION
WITH A LINE DRAWN PARALLEL WITH AND DISTANT 660.0 FEET EASTERLY OF, AS
MEASURED AT RIGHT ANGLES TO, THE WEST LINE OF SAID GOVERNMENT LOT 7 OF
SECTION 13;
THENCE SOUTHERLY PARALLEL WITH SAID WEST LINE TO THE POINT OF INTERSECTION
WITH THE SOUTH LINE OF SAID GOVERNMENT LOT 7;
THENCE WESTERLY ALONG SAID SOUTH LINE THE SOUTH LINE OF SAID GOVERNMENT LOT 6
OF SECTION 13 AND THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHEAST
QUARTER OF SAID SECTION 14 TO THE POINT OF INTERSECTION WITH A LINE DRAWN
PARALLEL WITH AND DISTANT 1,550.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT
ANGLES TO, SAID MAIN TRACK CENTERLINE;
THENCE NORTHEASTERLY ALONG SAID PARALLEL LINE TO THE POINT OF INTERSECTION
WITH THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID

CHICAGO TITLE COMPANY

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CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304151
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

SECTION 14;

THENCE SOUTHERLY ALONG SAID EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER TO THE SOUTHEAST CORNER THEREOF,
THENCE WESTERLY ALONG THE SOUTH LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 14 TO THE POINT OF BEGINNING;

AND EXCEPT THAT PORTION OF SECTION 14, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., SNOHOMISH COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF A LINE DRAWN PARALLEL WITH AND DISTANT 50.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO, BURLINGTON NORTHERN RAILROAD COMPANY'S HERINAFTER DESCRIBED MAIN TRACK CENTERLINE, AND THE CENTER OF A NORTH-SOUTH DITCHLINE, SAID DITCHLINE BEING PARALLEL WITH AND 750 FEET EASTERLY, MORE OR LESS, FROM THE WEST LINE OF SAID SECTION 14;

THENCE SOUTHERLY, ALONG THE CENTER OF SAID DITCHLINE TO AN ANGLE POINT, SAID ANGLE POINT BEING ON A LINE PARALLEL WITH AND 1250 FEET, MORE OR LESS, SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO, SAID MAIN TRACK CENTERLINE;

THENCE SOUTHEASTERLY, ALONG SAID PARALLEL LINE WHICH COINCIDES WITH THE CENTER OF SAID DITCH TO THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 14;

THENCE NORtherly LEAVING SAID DITCH ALONG SAID EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER TO INTERSECT A LINE DRAWN PARALLEL WITH AND DISTANT 50.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO, SAID MAIN TRACK CENTERLINE;

THENCE NORTHWESTERLY ALONG SAID PARALLEL LINE TO THE POINT OF BEGINNING.

PARCEL A1:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS AS GRANTED UNDER AUDITOR'S FILE NUMBER 9410270190 AND 9410270192;

PARCEL A2:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER, UNDER, UPON AND ACROSS THE FOLLOWING DESCRIBED PORTION OF SECTION 14, TOWNSHIP 28 NORTH, RANGE 5 EAST W.M.;

BEGINNING AT THE INTERSECTION OF A LINE DRAWN PARALLEL WITH AND DISTANT 100.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO BURLINGTON NORTHERN

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CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304151
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LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

RAILROAD COMPANY'S HEREINAFTER DESCRIBED MAIN TRACK CENTERLINE, AND THE CENTERLINE OF THAT DITCH AS DESCRIBED IN THE WARRANTY DEED RECORDED UNDER AUDITOR'S FILE NUMBER 174061;
THENCE SOUTHEASTERLY PARALLEL WITH SAID MAIN TRACT CENTERLINE FOR A DISTANCE OF 500 FEET;
THENCE SOUTHWESTERLY, AS MEASURED AT RIGHT ANGLES TO SAID MAIN TRACT CENTERLINE FOR A DISTANCE OF 20 FEET;
THENCE NORTHWESTERLY, PARALLEL WITH AND 120.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO SAID MAIN TRACT CENTERLINE FOR A DISTANCE OF 500 FEET, MORE OR LESS TO INTERSECT CENTERLINE OF SAID DITCH;
THENCE NORtherLY ALONG SAID DITCH CENTERLINE TO THE POINT OF BEGINNING, EXCEPT THAT PORTION THEREOF CONVEYED TO DRAINAGE DISTRICT NO. 1, OF SNOHOMISH COUNTY BY DEED RECORDED UNDER AUDITOR'S FILE NUMBER 174061.

MAIN TRACK CENTERLINE DESCRIPTION

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., SNOHOMISH COUNTY, WASHINGTON;
THENCE EASTERLY ALONG THE NORTH LINE OF SAID SECTION 5 A DISTANCE OF 432.5 FEET TO THE TRUE POINT OF BEGINNING OF THE MAIN TRACK CENTERLINE TO BE DESCRIBED;
THENCE SOUTHEASTERLY, DEFLECTING $64^{\circ}22'$ TO THE RIGHT, A DISTANCE OF 607.4 FEET TO A POINT OF SPIRAL;
THENCE SOUTHEASTERLY ALONG A 180.0 FOOT SPIRAL (DELTA EQUALS $02^{\circ}19'30''$) CONCAVE TO THE NORTHEAST TO A POINT OF CURVATURE;
THENCE SOUTHEASTERLY ALONG A $02^{\circ}35'$ CURVE (DELTA EQUALS $07^{\circ}19'$) CONCAVE TO THE NORTHEAST A DISTANCE OF 283.2 FEET;
THENCE SOUTHEASTERLY ALONG A 180.0 FOOT SPIRAL (DELTA EQUALS $02^{\circ}19'30''$) CONCAVE TO THE NORTHEAST TO A POINT OF TANGENCY;
THENCE SOUTHEASTERLY ALONG A TANGENT LINE A DISTANCE OF 8,737.5 FEET TO A POINT OF CURVATURE;
THENCE SOUTHEASTERLY ALONG A $02^{\circ}30'$ CURVE (DELTA EQUALS $30^{\circ}58'$) CONCAVE TO THE NORTHEAST A DISTANCE OF 1,238.6 FEET;
THENCE SOUTHEASTERLY ALONG A TANGENT LINE A DISTANCE OF 12,858.8 FEET TO A POINT OF CURVATURE;
THENCE SOUTHEASTERLY ALONG A $01^{\circ}00'$ CURVE (DELTA EQUALS $03^{\circ}44'$) CONCAVE TO THE NORTHEAST A DISTANCE OF 373.3 FEET;
THENCE SOUTHEASTERLY ALONG A TANGENT LINE A DISTANCE OF 1,641.0 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH THE NORTH-SOUTH CENTERLINE OF SECTION 13, SAID TOWNSHIP AND RANGE, AND THERE TERMINATING.

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CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304151
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

PARCEL B1:

THE EAST THREE-FOURTHS OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER;
AND THE EAST HALF OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST
QUARTER, ALL IN SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF
SNOHOMISH COUNTY, WASHINGTON;

EXCEPT THAT PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE
SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, LYING SOUTH OF MARSHLAND FLOOD
CONTROL DISTRICT FLOODWAY CHANNEL.

PARCEL B2:

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 28
NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON.

PARCEL C:

THE WEST HALF OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST
QUARTER;
ALL IN SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF
SNOHOMISH COUNTY, WASHINGTON.

PARCEL D1:

THAT PORTION OF THE NORTH 30 ACRES OF THE NORTHWEST QUARTER OF THE SOUTHWEST
QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF
SNOHOMISH COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE CENTERLINE OF THE
MARSHLAND FLOOD CONTROL DISTRICT FLOODWAY CHANNEL.

PARCEL D2:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15,
TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY,
WASHINGTON, LYING NORTHEASTERLY OF THE CENTERLINE OF THE MARSHLAND FLOOD
CONTROL DISTRICT FLOODWAY CHANNEL, EXCEPT THAT PORTION LYING WITHIN THE NORTH

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CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: S304151
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LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

30 ACRES OF SAID OF SAID NORTHWEST QUARTER OF THE SOUTHWEST QUARTER.

PARCEL E:

THAT PORTION OF THE WEST 3/4 OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE CENTERLINE OF THE MARSHLAND FLOOD CONTROL DISTRICT FLOODWAY CHANNEL.

PARCEL F:

THAT PORTION OF SECTION 14, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE LINE DRAWN PARALLEL WITH AND DISTANT 100.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES TO BURLINGTON NORTHERN RAILROAD COMPANY'S HEREAFTER DESCRIBED MAIN TRACK CENTERLINE, AND THE CENTERLINE OF A NORTH-SOUTH DITCH LINE, SAID DITCH LINE BEING PARALLEL WITH AND DISTANT 750.0 FEET EASTERLY MORE OR LESS, FROM THE WEST LINE OF SAID SECTION 14;

THENCE SOUTHEASTERLY, PARALLEL WITH SAID MAIN TRACK CENTERLINE, FOR A DISTANCE OF 2700 FEET, MORE OR LESS, TO THE CENTERLINE OF THAT DITCH AS DESCRIBED IN WARRANTY DEED RECORDED UNDER AUDITOR'S FILE NUMBER 174061; THENCE SOUTHWESTERLY ALONG SAID DITCH LINE TO INTERSECT A LINE DRAWN PARALLEL WITH AND 120 FEET SOUTHWESTERLY FROM, AS MEASURED AT RIGHT ANGLES TO, SAID MAIN TRACK CENTERLINE;

THENCE NORTHWESTERLY, ALONG SAID PARALLEL LINE, 2700 FEET, MORE OR LESS, TO INTERSECT SAID NORTH-SOUTH DITCH LINE, SAID DITCH LINE, BEING PARALLEL WITH AND 750.0 FEET EASTERLY, MORE OR LESS, FROM THE WEST LINE OF SAID SECTION 14;

THENCE NORtherly ALONG SAID DITCH LINE TO THE POINT OF BEGINNING; EXCEPT THAT PORTION THEREOF CONVEYED TO DRAINAGE DISTRICT NO. 1 OF SNOHOMISH COUNTY, BY DEED RECORDED UNDER AUDITOR'S FILE NUMBER 174061.

MAIN TRACK CENTERLINE DESCRIPTION

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., SNOHOMISH COUNTY, WASHINGTON; THENCE EASTERLY ALONG THE NORTH LINE OF SAID SECTION 5 A DISTANCE OF 432.5 FEET TO THE TRUE POINT OF BEGINNING OF THE MAIN TRACK CENTERLINE TO BE

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CHICAGO TITLE COMPANY
A.L.T.A. COMMITMENT
SCHEDULE A
(Continued)

Order No.: 5304151
Your No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT
(Paragraph 4 of Schedule A continuation)

DESCRIBED;
THENCE SOUTHEASTERLY, DEFLECTING $64^{\circ}22'$ TO THE RIGHT, A DISTANCE OF 607.4 FEET TO A POINT OF SPIRAL;
THENCE SOUTHEASTERLY ALONG A 180.0 FOOT SPIRAL (DELTA EQUALS $02^{\circ}19'30''$) CONCAVE TO THE NORTHEAST TO A POINT OF CURVATURE;
THENCE SOUTHEASTERLY ALONG A $02^{\circ}35'$ CURVE (DELTA EQUALS $07^{\circ}19'$) CONCAVE TO THE NORTHEAST A DISTANCE OF 283.2 FEET;
THENCE SOUTHEASTERLY ALONG A 180.0 FOOT SPIRAL (DELTA EQUALS $02^{\circ}19'30''$) CONCAVE TO THE NORTHEAST TO A POINT OF TANGENCY;
THENCE SOUTHEASTERLY ALONG A TANGENT LINE A DISTANCE OF 8,737.5 FEET TO A POINT OF CURVATURE;
THENCE SOUTHEASTERLY ALONG A $02^{\circ}30'$ CURVE (DELTA EQUALS $30^{\circ}58'$) CONCAVE TO THE NORTHEAST A DISTANCE OF 1,238.6 FEET;
THENCE SOUTHEASTERLY ALONG A TANGENT LINE A DISTANCE OF 12,858.8 FEET TO A POINT OF CURVATURE;
THENCE SOUTHEASTERLY ALONG A $01^{\circ}00'$ CURVE (DELTA EQUALS $03^{\circ}44'$) CONCAVE TO THE NORTHEAST A DISTANCE OF 373.3 FEET;
THENCE SOUTHEASTERLY ALONG A TANGENT LINE A DISTANCE OF 3,641.0 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH THE NORTH-SOUTH CENTERLINE OF SECTION 13, SAID TOWNSHIP AND RANGE, AND THERE TERMINATING.

PARCEL F1:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS AS GRANTED BY EASEMENTS RECORDED UNDER AUDITOR'S FILE NUMBERS 9410270190 AND 9410270192.

PARCEL G:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., LYING NORTHEASTERLY OF A CENTERLINE DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SECTION 25, TOWNSHIP 28 NORTH, RANGE 5 EAST, W.M., WHICH IS SOUTH $01^{\circ}21'25''$ WEST 961.13 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 25;
THENCE NORTH $71^{\circ}06'35''$ WEST FOR 2,813.09 FEET;
THENCE NORTH $72^{\circ}18'32''$ WEST FOR 2,415 FEET;
THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 1,432.50 FEET FOR 610.31 FEET;
THENCE NORTH $47^{\circ}53'48''$ WEST FOR 6,640 FEET;
THENCE ANGLE RIGHT ON A 2° CURVE FOR 184.9 FEET;
THENCE NORTH $44^{\circ}11'55''$ WEST FOR 11,410 FEET.

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CHICAGO TITLE COMPANY

A.L.T.A. COMMITMENT

SCHEDULE A

(Continued)

Order No.: 5304151

Yor No.: PACIFICA POPLARS

LEGAL DESCRIPTION EXHIBIT

(Paragraph 4 of Schedule A continuation)

ALL SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

EXHIBIT C

Addendum/Amendment to Purchase and Sale Agreement

ADDENDUM / AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated March 09, 2012 1
between US Golden Eagle Farms LP (A Washington Limited Partnership) and/or Assigns 2 ("Buyer")
and Pacifica Poplars Inc. (A Delaware Corporation) 3 ("Seller")
concerning Northwest Multiple listing #28150076 & 28196923 4 (the "Property").

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS:

Both the Purchaser and the Seller hereby agree to extend the closing of this Purchase and Sale to on or 8
before April 20, 2012. Also the due date for the Earnest Money Promissory Note shall be extended to April 9
20, 2012. All other terms of this Purchase and Sale shall remain the same as agreed. 10

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged. 31

Initials: BUYER: HC Date: 03/18/2012 SELLER: Mark Date: 03/19/2012
BUYER: _____ Date: _____ SELLER: _____ Date: _____

File a Motion:12-10221-PJW Catalyst Paper Corporation

Type: bk

Chapter: 15 v

Office: 1 (Delaware)

Assets: y

Judge: PJW

Case Flag: CLAIMS, MEGA,
LEAD**U.S. Bankruptcy Court****District of Delaware**

Notice of Electronic Filing

The following transaction was received from Van C. Durrer entered on 3/27/2012 at 7:33 PM EDT and filed on 3/27/2012

Case Name: Catalyst Paper Corporation**Case Number:** 12-10221-PJW**Document Number:** 96**Docket Text:**

Motion to Approve Sale *Motion Of Debtors For Order (I) Authorizing And Approving The Private Sale Of Certain Properties Free And Clear Of All Liens, Claims, Encumbrances And Other Interests; (II) Approving The Purchase Agreement; (III) Authorizing Payment Of Brokerage Fee In Connection With Sale; And (IV) Granting Other Related Relief* Filed by Catalyst Paper Corporation. Hearing scheduled for 4/17/2012 at 09:30 AM at US Bankruptcy Court, 824 Market St., 6th Fl., Courtroom #2, Wilmington, Delaware. Objections due by 4/10/2012. (Attachments: # (1) Notice # (2) Exhibit A - Proposed Order# (3) Exhibit B Part 1# (4) Exhibit B Part 2# (5) Exhibit C) (Durrer, Van)

The following document(s) are associated with this transaction:

Document description: Main Document**Original filename:** H:\temp\convert\1 POPLAR MOTION.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=3/27/2012] [FileNumber=10664202-0
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Document description: Notice**Original filename:** 2 NOTICE OF MOTION.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=3/27/2012] [FileNumber=10664202-1
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Document description: Exhibit A - Proposed Order**Original filename:** 3 EX A - ORDER.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=3/27/2012] [FileNumber=10664202-2
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Document description: Exhibit B Part 1**Original filename:** 4A EX B PART 1.pdf