

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

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In re:	:	Chapter 15
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CATALYST PAPER CORP., <u>et al.</u> ,	:	Case No. 12-10221 (PJW)
	:	
Debtors. <sup>1</sup>	:	Jointly Administered
	:	
	X	

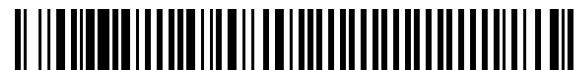
**NINTH DECLARATION OF BRIAN BAARDA**

I, Brian Baarda, hereby declare as follows:

1. I am the Vice President, Finance and Chief Financial Officer of Catalyst Paper Corporation (“CPC”), the authorized foreign representative of the above-captioned debtors (collectively, the “Debtors” and, together with the Debtors’ non-Debtor affiliates, the “Company”). I have held these positions since November 2009. I joined the Company in 1989 and have worked in several locations and held a number of senior accounting and analysis positions until moving to the operations side of the Company in 2001 as the pulp mill manager at the former Elk Falls Division until 2003. From 2003 to 2005, I held the position of Vice President, Supply Chain. From 2005 to April 2008, I was the Vice President of the Powell River Division of CPC. From April 2008 to November 2009, I was the Vice President of Operations.

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<sup>1</sup> 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. I am authorized by the Debtors to make this declaration (the “Ninth Declaration”). I submit this Ninth Declaration in further support of the Debtors’ previously-filed 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 “Sale Motion”) [Docket No. 96], and the Debtors’ contemporaneously-filed Notice of Amendment to 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 “Notice”), and to supplement the previously-filed Fifth Declaration of Brian Baarda (the “Fifth Baarda Declaration”) [Docket No. 97].<sup>2</sup>

3. I have been aware of and consistently informed regarding the marketing and sale of the Properties, in my capacity as Vice President, Finance and Chief Financial Officer. Except as otherwise indicated, all facts set forth in this Ninth Declaration in support of the Motion are based upon my personal knowledge, information supplied to me by other members of the Debtors’ management and professionals, or learned from my review of relevant documents or upon my opinion based upon my experience and knowledge of the Debtors’ industry, operations, and financial condition. I am an individual over the age of 18 and, if called upon to testify, I could and would testify competently to the facts set forth herein.

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<sup>2</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion or the Notice.

4. Pacifica Poplars Inc. (the “Seller”) and US Golden Eagle Farms LP (the “Buyer”) initially entered into the Purchase Agreement dated as of March 9, 2012. The Purchase Agreement contained certain closing conditions, allowing the Buyer to exercise certain termination rights in the event of certain occurrences.<sup>3</sup> Further background information regarding the Properties, and the negotiations preceding the parties’ entry into the Purchase Agreement, is provided in the Fifth Baarda Declaration.

5. The Motion was initially scheduled to be heard on April 17, 2012. At the time of the scheduled hearing, CPC requested that the Court continue the hearing on the Motion to a date to be determined, in order to allow CPC to resolve certain outstanding issues with the Buyer.

6. Subsequently, CPC and the Seller have been able to resolve all outstanding issues with the Buyer. Specifically, the Buyer has agreed to (a) waive all of its termination rights and conditions to closing under the Purchase Agreement<sup>4</sup>, (b) pay the previously agreed-upon earnest money by check to be held in an escrow trust account, instead of submitting a promissory note, and (c) waive its right to revoke its offer to purchase the subject properties on the terms and conditions set forth in the Addendum and the Purchase Agreement. In exchange, the parties have agreed to a modest price concession of \$250,000.00, for a new total purchase price of \$3,350,000.00.

7. Given the difficulties of finding a buyer who is (a) willing to take the properties on an “as is, where is” basis, and (b) able to secure financing for the transaction, the Debtors believe that the current Sale transaction, on the terms and conditions set forth in the Purchase Agreement, represents the highest and best offer for the Properties. Not only is the Buyer willing

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<sup>3</sup> The Motion summarizes certain of the Buyers’ termination rights at pages 7 – 9.

<sup>4</sup> With the exception of the closing condition requiring prior approval by the Monitor, the Canadian Court, and this Court, which remains in effect.

to purchase the Properties on an “as is, where is” basis, but the Buyer is also able to close the transaction without obtaining any financing.

8. If the Sale to the Buyer is not closed pursuant to the terms of the Purchase Agreement and the Addendum thereto, it is unlikely that the Company will be able to locate another buyer for the Properties within a reasonable timeframe. As a result, CPC believes that, notwithstanding the modest price reduction, the Sale transaction remains the highest and best offer for these Properties, and that consummating the Sale transaction is in the best interests of the Debtors and their constituents.

9. Based on the foregoing, I believe that the relief requested in the Reply and the Recognition Motion is well-justified, necessary to a successful reorganization of the Debtors, and in the best interests of the Debtors and their creditors and should be granted in full.

I declare under penalty of perjury under the laws of the United States of America  
that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: Richmond, British Columbia, Canada  
April 26, 2012

/s/ *Brian Baarda*

Brian Baarda

**Miscellaneous:**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 4/26/2012 at 2:15 PM EDT and filed on 4/26/2012

**Case Name:** Catalyst Paper Corporation**Case Number:** 12-10221-PJW**Document Number:** 133**Docket Text:**

Declaration (*Ninth*) of Brian Baarda (related document(s)[96], [97], [132]) Filed by Catalyst Paper Corporation. (Durrer, Van)

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

**Document description:**Main Document**Original filename:**H:\temp\convert\Ninth Baarda Declaration - Final.pdf**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=983460418 [Date=4/26/2012] [FileNumber=10741402-0]  
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cd4c9ea67a8029fc61d2b5fb1791eb4fdb0b123d85b7804c628a51f0c873]]

**12-10221-PJW Notice will be electronically mailed to:**

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tcairns@pszjlaw.com

Timothy P. Cairns on behalf of Interested Party Certain Holders of 2014 Senior Notes  
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Daniel A. Fliman on behalf of Interested Party Certain Holders of 2014 Senior Notes  
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