

MAY 07 2012
ENTERED


No. S120712
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, c. C-44

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

ORDER MADE AFTER APPLICATION

APPROVAL OF SALE (RONEY PROPERTY)

BEFORE THE HONOURABLE)
MR. JUSTICE SEWELL) May 7, 2012
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 7th day of May 2012; AND ON HEARING, Peter L. Rubin and Anthony Purgas, counsel for the Petitioners, John Grieve, counsel for the Monitor PricewaterhouseCoopers Inc., and those other counsel listed in **Schedule "B"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

APPROVAL OF CONTRACT

1. The sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between Pacifica Poplars Inc. (the "**Company**") and Duck Haven Farms L.L.C. (the "**Purchaser**"), dated February 13, 2012, as amended, and attached as Exhibit "D" to the Affidavit #4 of Robert Lindstrom, made May 2, 2012, is hereby approved.
2. The Company is authorized to execute any documents to enter into the Transaction contemplated by the Sale Agreement, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the land described in the Sale Agreement (the "**Purchased Land**") to the Purchaser.
3. Upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "C" hereto (the "**Monitor's Certificate**"), all of the Company's right, title and interest in and to the Purchased Land shall vest absolutely in the Purchaser free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing, any encumbrances or charges created by the Orders made in these proceedings including the Orders of the Court dated January 31, 2012 (as Amended and Restated) and Orders dated February 3, 2012, February 7, 2012 and March 9, 2012 (collectively, the "**Claims**").
4. For greater certainty, this Court orders that all of the Claims, including but not limited to, those Claims registered under the laws of British Columbia or Canada, or made pursuant to an Order of a superior court in British Columbia, affecting or relating to the Purchased Land are hereby expunged, discharged, released and deleted as against the Purchased Land.

5. The Monitor shall file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof. The Monitor is hereby authorized and directed to take such actions as it deems necessary or appropriate in the circumstances to assist the Company to conclude the Transaction.

6. The proceeds of sale of the Purchased Land that the Company receives pursuant to the Transaction (the "**Proceeds**") shall stand in the place and stead of the Purchased Land, and from and after the delivery of the Monitor's Certificate, all Claims shall attach to the Proceeds with the same priority as they had with respect to the Purchased Land immediately prior to the sale as if the Purchased Land had not been sold and remained in the possession or control of the Company. The Purchased Land prior to the Transaction and the Proceeds following the Transaction are Excluded Assets which are included as Charged Property as the latter two terms are defined in the Amended and Restated Initial Order made herein on February 3, 2012, provided however for greater certainty, the Order made herein is without prejudice to the rights of the 2016 Noteholders to claim that the 2016 Notes Security (as defined in the Amended and Restated Initial Order of this Court dated February 3, 2012) attaches to the Proceeds.

7. The Company is hereby ordered and directed to forthwith deposit the Proceeds, as and when received, into one or more deposit accounts or securities accounts established by and under the sole dominion and control of the Monitor subject to further Order of the Court.

8. Notwithstanding:

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

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

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

10. The Petitioner Parties and the Purchaser are granted liberty to apply for further directions and relief as may be necessary to carry out this Order.

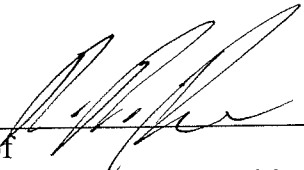
AID AND RECOGNITION OF THIS ORDER

11. THIS COURT REQUESTS the aid of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any Federal or State Court or administrative body in the United States of America, (including, without limitation, the United States Bankruptcy Court), to act in aid of this Court in approving the terms of the Transaction as set forth in the Sale Agreement where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to (i) make such orders and to provide such assistance to the Petitioner Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to approve the Transaction, (ii) grant representative status to any of the Petitioners, and to Catalyst Paper Corporation (“CPC”) on behalf of any or all of the Petitioner Parties, in any foreign proceeding, and (iii) assist the Petitioner Parties, CPC, the Monitor and the respective agents of each of the foregoing in carrying out the Transaction as set forth in the Sale Agreement.

APPROVAL

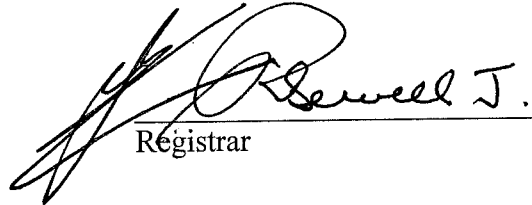
12. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of
 party lawyer for the Petitioner Parties
Peter Rubin / Anthony Purgas

BY THE COURT.



Registrar

Schedule "A"

LIST OF ADDITIONAL PETITIONERS

Catalyst Pulp Operations Limited
Catalyst Pulp Sales Inc.
Pacifica Poplars Ltd.
Catalyst Pulp and Paper Sales Inc.
Elk Falls Pulp and Paper Limited
Catalyst Paper Energy Holdings Inc.
0606890 B.C. Ltd.
Catalyst Paper Recycling Inc.
Catalyst Paper (Snowflake) Inc.
Catalyst Paper Holdings Inc.
Pacifica Papers U.S. Inc.
Pacifica Poplars Inc.
Pacifica Papers Sales Inc.
Catalyst Paper (USA) Inc.
The Apache Railway Company

Schedule "B"

Name of Party	Counsel Name
Powell River Energy Inc., TimberWest Forest Corp.	Mary Buttery
A Representative Group of 2014 Unsecured Noteholders and certain 2016 Noteholders	Tim Louman-Gardiner John Uhren (by telephone)
Wilmington Trust, National Association	William Skelly
Ad Hoc Committee of 2014 Noteholders	Chris Simard
CEP Unions – Locals 1, 76 (Powell River), 592, 686 (Port Alberni), 1132 (Crofton), 630, 1123 (Campbell River)	Dan Rogers
Board of Directors of Catalyst	Ben Heller
Western Forest Products, International Forest Products and Seaspan Marine Corporation	E. Jane Milton, Q.C.
JPMorgan Chase Bank, N.A.	Peter Reardon
United Steelworkers International and USW Local 2688	Stefanie Quelch
A Representative Group of 2016 Noteholders	John Sandrelli Chris Ramsay
Superintendent of Pensions	Sandra Wilkinson
PPWC Local 2	Jodie Ganthier
Catalyst TimberWest Retired Salaried Employees Association	Brent Johnston
Catalyst Salaried Employees & Pensioners Group	James Harnum (by telephone)
Wells Fargo Bank NA	Vasuda Sinha (by telephone)
Canexus Corporation	Kathryn Esaw (by telephone)

Schedule "C"

No. S120712
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A"
TO THE PETITION FILED ON JANUARY 31, 2012

PETITIONERS

PURSUANT TO AN ORDER of the Honourable Justice Sewell of the British Columbia Supreme Court (the "**Court**") dated January 31, 2012, PricewaterhouseCoopers Inc. was appointed the monitor (the "**Monitor**") of the Petitioners. Pursuant to an order of the Court dated May 7, 2012, and pursuant to an order of the United States Bankruptcy Court dated May [14], 2012, the agreement for sale of land in Washington State, United States of America, dated February 13, 2012, as may be amended from time to time (the "**Sale Agreement**") between Pacifica Poplars Inc. (the "**Company**") and Duck Haven Farms L.L.C. (the "**Purchaser**") is hereby approved and the Company's right, title and interest in and to the land described in the Sale Agreement (the "**Purchased Land**") and all of the Company's right, title and interest in and

to the Purchased Land, as described and defined in the Sale Agreement, shall vest in the Purchaser effective upon the delivery by the Monitor to the Purchaser of this Certificate.

THE MONITOR HEREBY CERTIFIES as follows:

1. The Monitor has received written confirmation from the Purchaser that it paid to the Company's counsel, and the Monitor received written confirmation from the Company that its counsel received the amounts owing to the Company as set out in the Sale Agreement.
2. The Monitor has received written confirmation from the Purchaser and the Company that all conditions precedent under the Sale Agreement have been satisfied or waived in accordance with the Sale Agreement and that the Sale Agreement has not been terminated.

DATED at the City of Vancouver, in the Province of British Columbia, this [•] of [•], 2012.

**PRICEWATERHOUSECOOPERS INC. in its
capacity as court-appointed Monitor of the
Petitioners and not in its personal capacity**

By:
