

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

	X	
	:	Chapter 15
In re:	:	
	:	Case No. 12-10221 (PJW)
CATALYST PAPER CORP., <u>et al.</u> ,	:	
	:	Jointly Administered
Debtors. ¹	:	
	:	Related Docket Nos. 96, 97, 101, 108, 109, 132,
	:	133, 134, 139, 142
	X	

**CERTIFICATION OF COUNSEL IN SUPPORT OF ENTRY OF REVISED PROPOSED
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 undersigned counsel for Catalyst Paper Corporation (“CPC”), 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”) hereby certifies that on March 27, 2012, CPC filed its *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 the Payment of Brokerage Fee in Connection with Sale; and (IV) Granting Other*

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”).



Related Relief [Docket No. 96] (the “Motion”), as amended by the *Notice of Amendment to Motion* [Docket No. 132] and the *Notice of Further Amendment to Motion* [Docket No. 142] (collectively with the *Notice of Amendment to Motion*, the “Amendments”).

The objection deadline of April 10, 2012 at 4:00 p.m. (Eastern) has passed, and no objections have been filed by any party. The Motion was scheduled to be heard on April 17, 2012 (the “April 17 Hearing”). See *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*, March 27, 2012 [Docket No. 96]. However, at the April 17 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 US Golden Eagle Farms LP (A Washington Limited Partnership) (the “Buyer”). See Minute Entry, dated April 17, 2012 [Docket No. 117]. The Court granted CPC’s request, and the Motion was continued to a date to be determined. Id.

On April 26, 2012 CPC informed the Court that the Debtors had resolved all outstanding issues with the Buyer. See *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*, April 26, 2012 [Docket No. 132]. The Motion was subsequently set for hearing on May 14, 2012 at 9:30 a.m. (Eastern). See *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, April 26, 2012 [Docket No. 134].

The Canadian Court had approved the sale of the subject properties to the Buyer by and through its Order dated April 4, 2012, which was filed in this Court as Exhibit A to the *Notice of Entry by Canadian Court of Poplar Lands Sale Order*, April 13, 2012 [Docket No. 109]. The Canadian Court subsequently amended its order, by and through its Order dated May 7, 2012, which was filed in this Court as Exhibit A to the *Notice of Entry by Canadian Court of Amendment to Poplar Lands Sale Order*, May 9, 2012 [Docket No. 139].

The Debtors have circulated a revised proposed order (the “Revised Proposed Order”), attached hereto as Exhibit A. The undersigned counsel certifies that the Revised Proposed Order attached hereto as Exhibit A was provided to, reviewed by, and consented to by Akin, Gump, Strauss, Hauer & Feld LLP as counsel for an informal group of holders of senior secured notes.

For the Court’s convenience, a blacklined copy of the Revised Proposed Order, marked to show changes against the proposed order previously provided to the Court as Exhibit A attached to the Motion, is attached hereto as Exhibit B. The undersigned counsel certifies that the revisions to the proposed order are non-material, as the revisions serve only to update the order to include both the Motion and of the two subsequently-filed Amendments thereto.

WHEREFORE, the Debtors respectfully request that this Court enter the Revised Proposed Order attached hereto as Exhibit A at its earliest convenience, without further need for a hearing.

Dated: Los Angeles, California
May 10, 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

Revised Proposed Order

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

	X	
	:	
In re:	:	Chapter 15
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CATALYST PAPER CORP., <u>et al.</u> ,	:	Case No. 12-10221 (PJW)
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Debtors. ¹	:	Jointly Administered
	:	
	:	Related Docket Nos. : 96, 97, 101, 108, 109, 132,
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**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, as amended by the *Notice of Amendment to Motion* [Docket No. 132] (the “Notice of Amendment”) and the *Notice of Further Amendment to Motion* [Docket No. 142] (the “Notice of Further Amendment”), 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

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

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 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, the Notice of Amendment, the Notice of Further Amendment and the *Fifth Declaration of Brian Baarda* [Docket No. 97] and the *Ninth Declaration of Brian Baarda* [Docket No. 133] 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

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.

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.

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, as amended by the Notice of Amendment and the Notice of Further Amendment, 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 Agreement.

Dated: Wilmington, Delaware
May _____, 2012

HONORABLE PETER J. WALSH

EXHIBIT B

Redline of Revised Proposed Order Against Previously Submitted Proposed Order

**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)
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Debtors. ¹	:	Jointly Administered
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	:	Related Docket Nos. : <u>96, 97, 101, 108, 109, 132,</u>
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**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)³, as amended by the [Notice of Amendment to Motion \[Docket No. 132\]](#) (the “Notice of Amendment”) and the [Notice of Further Amendment to Motion \[Docket No. 142\]](#) (the “Notice of Further Amendment”), 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

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

³ [Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.](#)

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 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, [the Notice of Amendment, the Notice of Further Amendment](#) and the *Fifth Declaration of Brian Baarda* [Docket No. ~~—~~[97](#)] and [the Ninth Declaration of Brian Baarda \[Docket No. 133\]](#) 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**.⁴

⁴ 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.

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.

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, [as amended by the Notice of Amendment and the Notice of Further Amendment](#), 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~~ May _____, 2012

HONORABLE PETER J. WALSH

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 5/10/2012 at 11:03 AM EDT and filed on 5/10/2012

Case Name: Catalyst Paper Corporation**Case Number:** 12-10221-PJW**Document Number:** 143**Docket Text:**

Certification of Counsel *In Support Of Entry Of Revised Proposed 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* (related document(s)[96], [97], [101], [108], [109], [132], [133], [134], [139], [142]) Filed by Catalyst Paper Corporation. (Attachments: # (1) Exhibit A - Proposed Order# (2) Exhibit B - Blackline Order) (Durrer, Van)

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

Document description:Main Document**Original filename:**H:\temp\convert\1 - CoC - Snohomish - Revised (lac2-687013-3).pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=5/10/2012] [FileNumber=10776659-0]
] [15c55a363745734f1a12d040c9dc9debc6a360590518c7fe4eca7caa90c4dccadc5
b15e7f1a151c3fb8144543b7219cf36783a4973a13aa3e73deba1be11a31c]]

Document description:Exhibit A - Proposed Order**Original filename:**2 - CoC - Snohomish - Exhibit A.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=5/10/2012] [FileNumber=10776659-1]
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5330ffcff4eb80fb856b985c6366240d79e5afd75d3ab2db1810aede14c34]]

Document description:Exhibit B - Blackline Order**Original filename:**3 - CoC - Snohomish - Exhibit B.pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=5/10/2012] [FileNumber=10776659-2]
] [8706117a575fe73eedf71ab3f0ab25236eb8e9d7d3810663ebc04ac780ad269325c
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12-10221-PJW Notice will be electronically mailed to: