

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF THE RECEIVERSHIP OF
POPE & TALBOT LTD., POPE & TALBOT, INC.,
MACKENZIE PULP LAND LTD., P&T FUNDING LTD., PENN TIMBER, INC.
POPE & TALBOT LUMBER SALES, INC., POPE & TALBOT PULP SALES U.S., INC.
POPE & TALBOT RELOCATION SERVICES, INC., P&T POWER COMPANY, AND
P&T FINANCE THREE LLC
(Collectively referred to as "P&T" or the "Company")**

**INTERIM RECEIVER'S SUPPLEMENTAL REPORT
TO THE EIGHTH REPORT TO COURT
[Prepared for the September 29, 2008 Court Hearing]**

SEPTEMBER 25, 2008

**POPE & TALBOT LTD. et al
INTERIM RECEIVER'S SUPPLEMENTAL REPORT
TO THE EIGHTH REPORT TO COURT**

SEPTEMBER 25, 2008

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POPE & TALBOT LTD. et al
INTERIM RECEIVER'S SUPPLEMENTAL REPORT
TO THE EIGHTH REPORT TO COURT

SEPTEMBER 25, 2008

1 INTRODUCTION

- 1.1 By Court Order made on May 10, 2008 (the "Order"), PricewaterhouseCoopers Inc. ("PwC") was appointed Interim Receiver and Receiver of the Company (in such capacities, the "Interim Receiver" or the "Receiver").
- 1.2 The Receiver's last Report to Court was dated September 24, 2008. This Report to Court is supplemental to the Receiver's Eighth Report to Court for the sole purpose to inform this Court of two additional surplus land sales.

2 APPROVAL OF SURPLUS LAND SALES

- 2.1 The Receiver continues to work with Colliers International to sell the surplus lands. The Receiver has accepted offers for the sale of two surplus lands which are Schedule A lands within Tree Farm License 23 ("TFL").
 - 2.1.1 Mennonite Flats (Property # 19) – TFL
 - 2.1.1.1 The Receiver is seeking the Court's approval for the sale of the Mennonite Flats property to Len Logging Ltd. ("Len Logging") for gross proceeds of \$1,500,000. The asking price was \$1,495,000. A copy of the purchase and sale agreement dated September 9, 2008 between the Receiver and Len Logging is attached hereto as Appendix "A".
 - 2.1.2 Sublot 6 Rialto Creek (Property # 21) – TFL
 - 2.1.2.1 The Receiver is seeking the Court's approval for the sale of the Sublot 6 Rialto Creek property to Summit Land and Timber Ltd. ("Summit") for gross proceeds of \$250,000. The asking price was \$250,000. A copy of the purchase and sale agreement dated July 31, 2008 between the Receiver and Summit is attached hereto as Appendix "B".

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SEPTEMBER 25, 2008

- 2.2 Both sales are subject to the consent of the Ministry of Forests and Range to the removal of the Schedule A lands from the TFL.

- 2.3 The Receiver recommends that the Court approve the sale of these two surplus lands on the terms of the attached agreements of purchase and sale.

This report is respectfully submitted this 25th day of September 2008.

PricewaterhouseCoopers Inc.
Court Appointed Interim Receiver and Receiver of
Pope & Talbot Ltd. and its affiliates



Michael J. Vermette
Senior Vice President



Richard D. Pallen
Vice President

APPENDIX A

LAND PURCHASE AND SALE AGREEMENT – Mennonite Flats

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (the "**Agreement**") dated for reference September 9, 2008 and made between the following parties:

POPE & TALBOT LTD.

P.O. Box 817, 1500 SW First Avenue
Portland, OR, 97201 ("**Pope & Talbot**"),

By its court appointed receiver,

PRICEWATERHOUSE COOPERS INC.

Suite 700 – 250 Howe Street,
Vancouver, B.C. V6C 3S7 (the "**Receiver**")
Fax No. _____

(as vendor, and hereinafter the "**Vendor**")

LEN LOGGING LTD.

(as purchaser, and hereinafter the "**Purchaser**")

WITNESSES THAT WHEREAS:

A. The Vendor is the owner of the following land and premises in Lower Arrow Lake, British Columbia legally described as follows:

- | | |
|-------------|--|
| 014-025-191 | Lot 17, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-221 | Lot 18, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-256 | Lot 20, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-299 | Lot 21, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-311 | Lot 22, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-361 | Lot 23, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-396 | Lot 24, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-434 | Lot 25, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-451 | Lot 26, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-477 | Lot 27, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-515 | Lot 28, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-558 | Lot 29, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-639 | Lot 30, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-663 | Lot 31, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-680 | Lot 32, District Lots 7893 and 7894, Kootenay District, Plan 1194, except Part included in Plan NEP22023 |
| 014-025-701 | Lot 33, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-728 | Lot 34, District Lots 7893 and 7894, Kootenay District, Plan 1194, except Part included in Plan NEP22023 |
| 014-025-752 | Lot 35, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-779 | Lot 36, District Lots 7893 and 7894, Kootenay District, Plan 1194, except Part included in Plan NEP22023 |
| 014-025-787 | Lot 37, District Lots 7893 and 7894, Kootenay District, Plan 1194 |
| 014-025-795 | Lot 40, District Lot 7893, Kootenay District, Plan 1194, except Part included in Plan NEP22023 |

- 014-025-809 Lot 42, District Lot 7893, Kootenay District, Plan 1194, except Part included in Plan NEP22023
- 014-025-817 Lot 43, District Lot 7893, Kootenay District, Plan 1194, except Part included in Plan NEP22023
- 014-025-825 Lot 44, District Lot 7893, Kootenay District, Plan 1194, except Part included in Plan NEP22023
- 008-288-984 Lot 49, District Lots 7893 and 7894, Kootenay District, Plan 1194, except Part included in Plan NEP22214
- 014-025-841 Lot 50, District Lots 7893 and 7894, Kootenay District, Plan 1194, except Part included in Plan NEP22214
- 014-025-868 Lot 77, District Lots 7893 and 7894, Kootenay District, Plan 1194, except Part included in Plan NEP22214
- 014-025-892 Lot 83, District Lots 7893 and 7894, Kootenay District, Plan 1194
- 014-025-914 Lot 85, District Lots 7893 and 7894, Kootenay District, Plan 1194
- 014-025-949 Lot 86, District Lots 7893 and 7894, Kootenay District, Plan 1194

(collectively, the "**Lands**"); and

B. By order of the Supreme Court of British Columbia (the "**Court**") granted on May 10, 2008 (the "**Receivership Order**") in British Columbia Supreme Court Action No. SO77839 (the "**Court Action**") the Receiver was appointed Receiver and Interim Receiver of all of the Property (as that term is defined in the Amended and Restated and Confirmed Initial Order of the Court dated November 21, 2007) of Pope & Talbot that is located or payable in Canada;

C. Pursuant to the Receivership Order and a subsequent order of the Court granted May 29, 2008 (together with the Receivership Order, the "**Order**"), the Receiver has been expressly empowered and authorized, inter alia, to take possession and control of the Property on terms satisfactory to the Receiver, to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of Pope & Talbot, to sell, convey, transfer, lease, assign or otherwise dispose of the Property or any part or parts thereof out of the ordinary course of business and to take any steps reasonably incidental to the exercise of these powers; and

D. Pursuant to the authority provided by the Order, the Vendor has agreed to sell the Lands to the Purchaser, and the Purchaser has agreed to purchase the Lands from the Vendor, on the terms and conditions herein contained.

NOW THEREFORE, in consideration of the mutual premises and covenants herein contained, and other good and valuable consideration, the Vendor and the Purchaser hereby covenant and agree as follows:

1. The Vendor shall sell the Lands to the Purchaser, and the Purchaser shall buy the Lands from the Vendor, free and clear of all liens, charges, claims and encumbrances of every kind and nature save and except the Permitted Encumbrances (defined at paragraph 1.2 of Schedule A) and those financial charges, if any, to be paid out by the Vendor's solicitors on closing as provided herein, all on and subject to the terms and conditions herein contained.

2. The purchase price (the "**Purchase Price**") for the Lands is ONE MILLION FIVE HUNDRED THOUSAND Dollars (\$1,500,000.00) in Canadian currency, which is exclusive of federal goods and services tax and any and all other taxes applicable thereto.

3. The Purchaser will pay the Purchase Price as follows:

- INITIAL DEPOSIT (the "**Initial Deposit**") payable upon the Vendor and the Purchaser both executing and delivering this Agreement in the amount of: \$50,000.00
- SECOND DEPOSIT (the "**Second Deposit**", and together with the Initial Deposit, the "**Deposit**"), payable by certified cheque or bank draft concurrently with the Vendor removing, satisfying or waiving the last of the \$45,000.00

Vendor's Conditions Precedent (hereinafter defined):

The balance of the Purchase Price on the Completion Date: \$1,405,000.00

4. The Vendor's obligation to complete the sale of the Lands is subject to the following conditions precedent in favour of the Vendor:

- (a) the Vendor obtaining, on or before September 30, 2008 an order of the Court in the Court Action approving the sale of the Lands pursuant to this Agreement and providing for a vesting of all of the right, title and interest of the Vendor, in and to the Lands in the Purchaser, free and clear of all right, title, interest, encumbrances, liens, charges and equities of redemption of Pope & Talbot, and all financial charges held by Ableco Finance LLC, but specifically subject to the Permitted Encumbrances (defined at paragraph 1.2 of Schedule A) (a "**Vesting Order**"); and
 - (b) the Vendor giving written notice to the Purchaser on or before September 30, 2008 that the Vendor has obtained all required approvals from the Province of British Columbia (the "**Province**") to remove the Lands from Tree Farm Licence 23;
- (collectively, the "**Vendor's Conditions Precedent**").

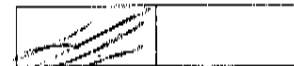
The Vendor shall have the unilateral right to extend the subject removal date in respect of paragraph 4 (b), two (2) times for periods of one (1) month each on delivery of written notice from the Vendor to the Purchaser of the Vendor's exercise of such right.

5. The Purchaser's obligation to complete the sale of the Lands is not subject to any conditions precedent in favour of the Purchaser.

6. The date on which the parties will complete the transfer of the Lands from the Vendor to the Purchaser (the "**Completion Date**") will be the first Business Day (defined in Schedule A) that is thirty (30) days after the last of the Vendor's Conditions Precedent is satisfied, removed or waived provided that the Completion Date determined pursuant to this section 6 shall not be later January 31, 2009.

7. THIS AGREEMENT INCLUDES THE FOLLOWING SCHEDULES, ALL OF WHICH FORM A PART OF THIS AGREEMENT AND CLARIFY AND QUALIFY THE FOREGOING.

- (a) **Schedule A: Terms and Conditions attached to Agreement of Purchase and Sale;**
- (b) **Schedule B: Permitted Encumbrances; and**
- (c) **Schedule C: Release and Indemnity**



THE PURCHASER ACKNOWLEDGES HAVING RECEIVED AND HAD THE OPPORTUNITY TO READ THE SCHEDULES PRIOR TO SIGNING THIS AGREEMENT.

8. The Purchaser acknowledges and agrees that:

- (a) in accordance with the Code of Ethics of the Canadian Real Estate Association, Colliers International (represented by Mark Lester, collectively, the "**Agent**") has disclosed that it is representing the Vendor only in the transaction described in this Agreement;
- (b) the Agent's primary responsibility is to protect and promote the Vendor's interest; and
- (c) the Vendor shall pay the commission and compensation due to the Agent pursuant to the transaction described in this Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Agreement this 9 day of September, 2008:

LEN LOGGING LTD.

Per:


Authorized Signatory

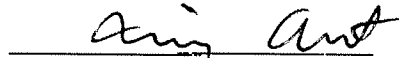
Per:

Authorized Signatory

AND the Vendor has executed this Agreement this 11 day of September, 2008.

POPE & TALBOT LTD.,
by its court appointed receiver,
PRICEWATERHOUSE COOPERS INC.

Per:


Authorized Signatory

APPENDIX B

LAND PURCHASE AND SALE AGREEMENT – Sublot 6 Rialto Creek

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (the "Agreement") dated for reference JULY 31, 2008 and made between the following parties:

POPE & TALBOT LTD.

P.O. Box 817, 1500 SW First Avenue
Portland, OR, 97201 ("Pope & Talbot"),

By its court appointed receiver,
PRICEWATERHOUSE COOPERS INC.
Suite 700 – 250 Howe Street,
Vancouver, B.C. V6C 3S7 (the "Receiver")
Fax No. _____

(as vendor, and hereinafter the "Vendor")

SUMMIT LAND AND TIMBER LIMITED

c/o P.O. Box 1452
Salmon Arm, BC V1E 4P6

Fax No. (250) 833-4557

(as purchaser, and hereinafter the "Purchaser")

WITNESSES THAT WHEREAS:

A. Pope & Talbot is the owner of the following land and premises in Rialto Creek, British Columbia legally described as follows:

PID: 014-036-002 Sublot 6, District Lot 4599, Kootenay District Plan X35 except Plans
NEP21141, NEP64728 and 7442

(the "Lands");

B. By order of the Supreme Court of British Columbia (the "Court") granted on May 10, 2008 (the "Receivership Order") in British Columbia Supreme Court Action No. S077839 (the "Court Action") the Receiver was appointed Receiver and Interim Receiver of all of the Property (as that term is defined in the Amended and Restated and Confirmed Initial Order of the Court dated November 21, 2007) of Pope & Talbot that is located or payable in Canada;

C. Pursuant to the Receivership Order and a subsequent order of the Court granted May 29, 2008 (together with the Receivership Order, the "Order"), the Receiver has been expressly empowered and authorized, inter alia, to take possession and control of the Property on terms satisfactory to the Receiver, to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of Pope & Talbot, to sell, convey, transfer, lease, assign or otherwise dispose of the Property or any part or parts thereof out of the ordinary course of business and to take any steps reasonably incidental to the exercise of these powers; and

D. Pursuant to the authority provided by the Order, the Vendor has agreed to sell the Lands to the Purchaser, and the Purchaser has agreed to purchase the Lands from the Vendor, on the terms and conditions herein contained.

NOW THEREFORE, in consideration of the mutual premises and covenants herein contained, and other good and valuable consideration, the Vendor and the Purchaser hereby covenant and agree as follows:

1. The Vendor shall sell the Lands to the Purchaser, and the Purchaser shall buy the Lands from the Vendor, free and clear of all liens, charges, claims and encumbrances of every kind and nature save and except the Permitted Encumbrances (defined at paragraph 1.2 of Schedule A) and those financial charges, if any, to be paid out by the Vendor's solicitors on closing as provided herein, all on and subject to the terms and conditions herein contained.
2. The purchase price (the "Purchase Price") for the Lands is TWO HUNDRED FIFTY THOUSAND Dollars (\$250,000) in Canadian currency, which is exclusive of federal goods and services tax and any and all other taxes applicable thereto.

3. The Purchaser will pay the Purchase Price as follows:

FIRST DEPOSIT (the "First Deposit") which has been paid to the Agent:	\$12,500.00
SECOND DEPOSIT (the "Second Deposit", and together with the First Deposit, the "Deposit"), payable upon the Vendor and the Purchaser both executing and delivering this Agreement in the amount of:	\$12,500.00
The balance of the Purchase Price on the Completion Date (defined at paragraph 6 of this Agreement):	\$225,000.00

4. The Vendor's obligation to complete the sale of the Lands is subject to the following conditions precedent in favour of the Vendor:

- (a) the Vendor obtaining, on or before September 30, 2008 an order of the Court in the Court Action approving the sale of the Lands pursuant to this Agreement and providing for a vesting of all of the right, title and interest of the Vendor, in and to the Lands in the Purchaser, free and clear of all right, title, interest, encumbrances, liens, charges and equities of redemption of Pope & Talbot, and all financial charges held by Ableco Finance LLC, but specifically subject to the Permitted Encumbrances (defined at paragraph 1.2 of Schedule A) (a "Vesting Order"); and
 - (b) the Vendor giving written notice to the Purchaser on or before August 31, 2008 that the Vendor has obtained all required approvals from the Province of British Columbia (the "Province") to remove the Lands from Tree Farm Licence 23;
- (collectively, the "Vendor's Conditions Precedent").

The Vendor shall have the unilateral right to extend the subject removal date in paragraph 4(b) two (2) times for periods of one (1) month each on delivery of written notice from the Vendor to the Purchaser of the Vendor's exercise of such right.

5. The Purchaser's obligation to complete the sale of the Lands is not subject to any conditions precedent in favour of the Purchaser.

6. The date on which the parties will complete the transfer of the Lands from the Vendor to the Purchaser (the "Completion Date") will be the first Business Day (defined at paragraph 1.3 of Schedule A) that is thirty (30) days after the last of the Vendor's Conditions Precedent is satisfied, removed or waived, provided that the Completion Date determined pursuant to this paragraph 6 shall not be later than November 30, 2008.

7. **THIS AGREEMENT INCLUDES THE FOLLOWING SCHEDULES, ALL OF WHICH FORM A PART OF THIS AGREEMENT AND CLARIFY AND QUALIFY THE FOREGOING.**

- (a) **Schedule A: Terms and Conditions attached to Agreement of Purchase and Sale;**
- (b) **Schedule B: Permitted Encumbrances; and**
- (c) **Schedule C: Release and Indemnity**



THE PURCHASER ACKNOWLEDGES HAVING RECEIVED AND HAD THE OPPORTUNITY TO READ THE SCHEDULES PRIOR TO SIGNING THIS AGREEMENT.


8. The Purchaser acknowledges and agrees that:

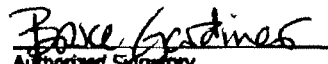
- (a) in accordance with the Code of Ethics of the Canadian Real Estate Association, Colliers International (represented by Mark Lester, collectively, the "Agent") has disclosed that it is representing the Vendor only in the transaction described in this Agreement;
- (b) the Agent's primary responsibility is to protect and promote the Vendor's interest; and

(c) the Vendor shall pay the commission and compensation due to the Agent pursuant to the transaction described in this Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Agreement this 31st day of JULY, 2008:

SUMMIT LAND AND TIMBER LIMITED

Per:  GORD FITCHETT
Authorized Signatory

Per:  BRUCE GARDINER
Authorized Signatory

AND the Vendor has executed this Agreement this 5 day of August, 2008.

POPE & TALBOT LTD.,
by its court appointed receiver,
PRICEWATERHOUSE COOPERS INC.

Per: 
Authorized Signatory