RSM Richter

Second Report to the Court of RSM Richter Inc. as Receiver and Manager of the EarthRenew Group of Companies

RSM Richter Inc.
Calgary, October 27, 2010

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IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c B-3, AS AMENDED

BETWEEN:

NILE CAPITAL I S.Á.R.L., NILE CAPITAL II S.Á.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND LP

Applicants

-and-

EARTHRENEW CORPORATION, EARTHRENEW, INC., EARTHRENEW IP HOLDINGS LLC, EARTHRENEW STRATHMORE 1 LP, EARTHRENEW STRATHMORE GENERAL PARTNER LTD., EARTHRENEW SOLUTIONS LP, EARTHRENEW OPERATION EMPLOYEE LP, EARTHRENEW MANAGEMENT LP and EARTHRENEW MANAGEMENT GENERAL PARTNER LTD. (collectively "The EarthRenew Group of Companies")

Respondents

SECOND REPORT OF RSM RICHTER INC. AS RECEIVER AND MANAGER OF THE EARTHRENEW GROUP OF COMPANIES

October 27, 2010

INTRODUCTION

1. On September 15, 2010, the Court of Queen's Bench of Alberta (the "Court") issued an order (the "Receivership Order") appointing RSM Richter Inc. ("Richter") as the Receiver and Manager (the "Receiver") of the EarthRenew Group of Companies ("EarthRenew Group" or the "Company").

2. On October 13, 2010, Richter filed its First Report to Court (the "First Report").

3. On October 19, 2010, the Receiver was granted an order (the "Sale Process Order") by the Court granting, *inter alia*, the following relief:

   a) Approval of sale process (the "Sale Process");

   b) Approval of the stalking horse offer (the "Stalking Horse Offer");

   c) Approval to enter into an agreement of purchase and sale with 0890241 B. C. Ltd. (the "Stalking Horse Bidder"); and

   d) Authorizing the Receiver to apply to any Court, tribunal, regulatory or administrative body, wherever located for recognition of, and for assistance in, carrying out the terms of the Sales Process Order.

   A copy of the Sale Process Order is attached as Exhibit "A"

4. This report is filed by Richter in its capacity as Receiver of EarthRenew Group.

Purpose of this Report

5. The purpose of this report ("Report") is to:

   a) Respectfully recommend that this Honourable Court grant an order increasing the Receiver's authorized borrowings to $1.25 million; and

   b) Summarize the actions taken by the Receiver since the First Report.

Currency

6. All currency references are in Canadian dollars unless otherwise specified.

Terms of Reference

7. In preparing this Report, Richter has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. Richter has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. As such, Richter expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by Richter, in preparing this Report.

CASH REQUIREMENT

8. Pursuant to the Receivership Order, the Receiver's borrowing limit is $500,000 (the "Borrowing Limit").

9. Since the commencement of these proceedings to October 25, 2010, the Company has generated negative cash flow of approximately $225,000. A statement of receipts and disbursements from the date of the Receivership Order to October 25, 2010 is provided in Exhibit "B".

10. The Receiver has funded these proceedings by issuing Receiver's Certificates to Luxor Capital Partners Offshore Master Fund LP and Luxor Capital Partners LP, two of the

secured creditors and major stakeholders of the Company. On September 28, 2010, the Receiver borrowed $300,000 under receiver's certificates 1 and 2[1]. Receiver's certificates 3 and 4[2] in the amount of $200,000 have been issued and the funds are expected to be received shortly.

11. All advances under receiver's certificates were used to fund ongoing receivership operations, including professional fees.

12. Attached as Exhibit "C" is a projected cash flow (the "Cash Flow") for the period September 15, 2010 to December 5, 2010 indicating a further cash requirement of approximately $690,000. The additional funding is required for:

a) Retention of certain key employees to assist the Receiver with its duties, including help to provide information to assist prospective purchasers to perform diligence;

b) Insurance for the Company's business and assets in Canada and the US;

c) Ongoing operations and maintenance of the plant at Strathmore, including removal and bagging of product from storage bins to alleviate potential temperature rises;

d) Storage fees in respect of inventory and equipment in Canada and the US;

e) Maintenance of certain intellectual property assets; and

f) Professional fees for the Receiver and its Canadian and US counsel, including the fees of its US counsel in respect of obtaining the Recognition Order and other orders in the US proceedings.

13. As indicated in the Cash Flow, the Receiver estimates that it requires in excess of a further $700,000 to fund the costs of these proceedings.

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[1] Receiver's certificates 1 and 2, with a total amount of $300,000 were funded as follows: Receiver's Certificate 1 advanced the sum of $162,782.54 from Luxor Capital Partners Offshore Master Fund, LP; Receiver's Certificate 2 advanced the sum of $137,217.46 from Luxor Capital Partners, LP.

[2] Receiver's certificates 3 and 4, with a total amount of $200,000 were funded as follows: Receiver's Certificate 3 advanced the sum of $108,521.68 from Luxor Capital Partners Offshore Master Fund, LP; Receiver's Certificate 4 advanced the sum of $91,478.32 from Luxor Capital Partners, LP.

RECEIVER'S ACTIVITIES

14. Since the date of the First Report, the Receiver has carried out the actions detailed below.

US Recognition Order

15. The Company has significant assets in the US, including inventory and equipment, as described in the First Report. The Company also has significant creditors in the US, including landlords, vendors and lawyers advancing patents integral to the future of the Company's business.

16. In order to protect and realize upon the Company's assets in the US, the Receiver sought a provisional order under the US Bankruptcy Code (the "US Code") (the "Provisional Order"):

    a) Recognizing the Receivership Order;

    b) Staying any enforcement activity by creditors against the Company's assets in the US; and

    c) Entrusting management of the Company's assets in the US to the Receiver in a manner consistent with the Receivership Order.

17. The Provisional Order was granted by the US Bankruptcy Court on October 22, 2010. A copy of the Provisional Order is attached as Exhibit "D".

18. A motion is scheduled for the US Court to consider on November 12, 2010 any objections raised, if any, to the Provisional Order. If no party opposes the relief sought, the US Court will likely issue a final order recognizing the Receivership Order and the Canadian receivership proceedings as foreign main proceedings under section 1517 of the US Code, thereby enforcing the Receivership Order on a permanent basis in the US.

19. Recognition of the Receivership Order will allow the Receiver to deal with the assets in the US without risk of interference and will assist to maximize recoveries on those assets.

Sale Process

20. As a result of notice requirements in the US pertaining to recognition of the Sale Process Order by the US Bankruptcy Court, the dates for the Sale Process set out in the First Report were amended as below:

a) November 19, 2010 at 5 pm Mountain time - deadline to submit offers;

b) November 20, 2010 - Receiver is to deliver notice regarding auction details to any bidders who submit a Competing Bid (as such term is defined in the First Report), if required;

c) November 24, 2010 – Auction Date, if required; and

d) November 25, 2010 - Acceptance Deadline.

21. These amended deadlines have been posted in a notice to interested parties on the Receiver's website and brought to the attention of any and all interested parties immediately upon contact with the Receiver. A copy of the notice is attached as Exhibit "E". The Receiver reserves the right to amend the dates further, if required.

22. The Receiver placed an advertisement in The Globe and Mail published on October 22, 2010 (attached as Exhibit "F").

23. Approximately 200 "teaser documents" have been sent to potential interested parties identified by the Receiver (including to those parties that have expressed an interest directly to the Receiver or to the Company). The Receiver has also established a virtual data room, which has been operational since the commencement of the Sale Process.

24. To date one confidentiality agreement has been signed.

Fixed Asset Protection

25. Further to the granting of the Provisional Order, the Receiver has again contacted the parties storing inventory or equipment in the US.

26. The Receiver intends to send a representative to visit all third parties holding equipment with a book value over $200,000.

27. Pursuant to the First Report, and in the context of the Sale Process, the Receiver will be instructing an appraiser to provide an appraisal of all the Company's assets. This will assist the Receiver to compare the value of any offer in the Sale Process to the liquidation value of the assets.

CONCLUSION AND RECOMMENDATION

28. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court issue an order:

- Increasing the Receiver's authorized borrowings to $1.25 million; and
- Such further and other relief as this Honourable Court deems appropriate in the circumstances.

* * *

All of which is respectfully submitted this 27th day of October, 2010.

RSM Richter Inc.

RSM RICHTER INC.
IN ITS CAPACITY AS RECEIVER AND MANAGER OF
THE EARTHRENEW GROUP
AND NOT IN ITS PERSONAL CAPACITY

Action No. 1001-13706

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NILE CAPITAL I S.À.R.L., NILE CAPITAL II S.À.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP

Plaintiffs

-and-

EARTHRENEW CORPORATION, EARTHRENEW, INC., EARTHRENEW IP HOLDINGS LLC, EARTHRENEW STRATHMORE 1 LP, EARTHRENEW STRATHMORE GENERAL PARTNER LTD., EARTHRENEW SOLUTIONS LP, EARTHRENEW OPERATIONAL EMPLOYEE LP, EARTHRENEW MANAGEMENT LP and EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Defendants

BEFORE THE HONOURABLE MADAM JUSTICE J. STREKAF IN CHAMBERS	)))	At the Courts Centre in the City of Calgary, in the Province of Alberta, on Monday, the 18th day of October, 2010

ORDER
(Stalking Horse Bid/Sales Process)

UPON THE APPLICATION of RSM Richter Inc. in its capacity as Receiver and Manager (the "Receiver") over the Defendants (the "EarthRenew Group of Companies"); **AND UPON REVIEWING** the pleadings and proceedings filed herein; **AND UPON HAVING** reviewed the First Report of the Receiver dated October 13, 2010 (the "Receiver's First Report"); **AND UPON HEARING** the submissions of counsel for the Receiver and counsel for other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Receiver is hereby authorized and directed to enter into an Agreement of Purchase and Sale generally in the form as attached to the Receiver's First Report (the "Stalking Horse Offer") with 0890241 B.C. Ltd. (the "Stalking Horse Bidder").

2. The Receiver is authorized and directed to conduct a sales process with respect to the EarthRenew Group of Companies' property generally as set out in the Receiver's First Report and the Stalking Horse Offer.

3. The Receiver is hereby authorized to re-apply to this Court for an Order concluding a sale or vesting the assets of the EarthRenew Group of Companies in accordance with the terms of the Stalking Horse Offer and the sales process authorized herein.

4. This Court expressly authorizes and approves the break up fee as set out in paragraph 6.2 and remainder of the Stalking Horse Offer and such break up fee shall be payable to the Stalking Horse Bidder out of the sales proceeds derived from any approved competing bidder or sale.

5. This Court hereby requests the aid and recognition of any Court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order.

6. The Receiver be at liberty and is hereby authorized and empowered to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

7. The Receiver may from time to time apply to this Court for further advice, directions and assistance in carrying out the terms of this Order.

J.C.Q.B.A.

ENTERED this 19 day
of October, 2010.

Clerk of the Court

Action No. 1001-13706

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

CLERK OF THE COURT

OCT 19 2010

CALGARY, ALBERTA

BETWEEN:

NILE CAPITAL I S.À.R.L., NILE CAPITAL II S.À.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP

Plaintiffs

-AND-

EARTHRENEW CORPORATION, EARTHRENEW, INC., EARTHRENEW IP HOLDINGS LLC, EARTHRENEW STRATHMORE 1 LP, EARTHRENEW STRATHMORE GENERAL PARTNER LTD., EARTHRENEW SOLUTIONS LP, EARTHRENEW OPERATIONAL EMPLOYEE LP, EARTHRENEW MANAGEMENT LP and EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Defendants

ORDER
(STALKING HORSE BID/SALES PROCESS)

Macleod Dixon LLP

3700 Canterra Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
Telephone: (403) 267-8222
Fax: (403) 264-5973

File No. 268930/HAG

In the Matter of the Receivership of
EarthRenew Group of Companies
Statement of Receipts and Disbursements
As at October 25, 2010
(Unaudited, $CDN)

Receipts:	
Loans against receiver's certificates	300,000
Transfer from the company's bank account	28,636
	328,636
Disbursements:	
Consulting	58,376
Occupation rent	33,456
Storage	16,806
Insurance	13,738
Telephone and utilities	8,686
Computer services	8,228
Equipment and vehicle lease payment	5,852
GST paid	3,044
Operating expenses	1,347
Deposits paid	380
Mail and postage	131
Bank charges	28
	150,071
Excess of receipts over disbursements	178,565

THE ABOVE HAS BEEN PREPARED STRICTLY ON A CASH BASIS AND DOES NOT INCLUDE ANY ACCRUED LIABILITIES

This schedule should be read in conjunction with the accompanying report.

Exhibit "C"

In the Matter of the Receivership of
EarthRenew Group of Companies
Projected Cash Flow
For the Period October 24 to December 5, 2010
(Unaudited, $CDN)

	Notes	To date	24-Oct	31-Oct	7-Nov	14-Nov	21-Nov	28-Nov	5-Dec	Total
			Week Ending							
Receipts										
Advances	1	300,000	-	200,000	-	-	-	-	-	500,000
Other		28,636	-	-	-	-	-	-	-	28,636
		328,636	-	200,000	-	-	-	-	-	528,636
Disbursements										
Office - Calgary										
Wages and benefits	2	44,570	-	28,000	-	14,000	-	4,000	2,000	92,570
Rent	3	23,650	-	-	23,650	-	-	-	5,913	53,213
Insurance	4	13,738	5,000	110,000	-	-	-	-	-	128,738
Utilities	5	13,487	2,000	2,000	2,000	2,000	2,000	2,000	2,000	27,487
Leases	6	6,138	-	6,000	-	-	-	-	1,500	13,638
Contingency		159	-	2,000	2,000	2,000	2,000	2,000	2,000	12,159
		101,742	7,000	148,000	27,650	18,000	4,000	8,000	13,413	327,805
Plant - Strathmore										
Wages and benefits	2	4,719	-	2,900	-	2,900		2,900	1,450	14,869
Utilities	5	2,689	7,500	-	7,500	-	7,500	-	7,500	32,689
Maintenance	7		1,500	-	1,500	-	1,500	-	1,500	6,000
Lease	6	380	-	4,130	-	-	-	4,130	-	8,640
Property taxes	8		-	13,000	-	-	-	-	-	13,000
Storage	9	7,635	1,881	-	-	7,250	-	-	2,000	18,766
Contingency	10		-	30,000	2,000	2,000	2,000	2,000	2,000	40,000
		15,423	10,881	50,030	11,000	12,150	11,000	9,030	14,450	133,964
U.S. Operations										
Wages and benefits	2	9,567	-	2,800	-	2,800	-	2,800	1,400	19,367
Rent	3	10,932	-	2,750	-	-	-	-	688	14,369
Utilities	5	1,526	-	1,411	2,000	-	-	-	3,500	8,437
Lease	6		324	-	-	500	-	-	125	949
Storage	9	10,882	8,160	-	8,539	-	-	-	2,125	29,706
IP fees	11		-	26,000	6,000	15,000	-	-	10,000	57,000
Contingency		-	-	5,000	5,000	5,000	5,000	5,000	5,000	30,000
		32,906	8,484	37,961	21,539	23,300	5,000	7,800	22,838	159,828
Estimated Receiver Fees	12	-	-	108,000	50,000	50,000	50,000	50,000	50,000	358,000
Estimated legal fees	13	-	84,160	10,000	10,000	35,000	25,000	25,000	50,000	239,160
		-	84,160	118,000	60,000	85,000	75,000	75,000	100,000	597,160
Total disbursements		150,071	110,525	353,991	120,189	138,450	95,000	99,830	150,700	1,218,756
Net cash flow		178,565	(110,525)	(153,991)	(120,189)	(138,450)	(95,000)	(99,830)	(150,700)	(690,120)
Opening cash position		-	178,565	68,041	(85,951)	(206,140)	(344,590)	(439,590)	(539,420)	-
Closing cash position		178,565	68,041	(85,951)	(206,140)	(344,590)	(439,590)	(539,420)	(690,120)	(690,120)

This schedule should be read in conjunction with the accompanying report.

In the Matter of the Receivership of
EarthRenew Group of Companies
Projected Cash Flow
For the Period October 24 to December 5, 2010
(Unaudited, $CDN)

Notes

1 Receipt of funds from Luxor advanced by way of Receiver's Certificates 1 through 4. The Receiver's borrowings were limited to $500,000 pursuant to the Receivership Order. Additional funds are required by the Receiver to administer the receivership estate. A Court application will be made on October 29 to increase the Receiver's permitted borrowings to $1.25 million.

2 Wages and benefits are gross amounts and include applicable payroll, income tax, CPP and EI withholdings (and similar in the US), plus certain benefits, for remaining employees (four in the Calgary office, one at the Strathmore Plant and one in the US). The number of Calgary employees will be reduced from 4 to 1 as at October 31, 2010.

3 Rent is pro-rated for the projected cash flow period and comprises:
- Office rent for the Calgary main office. The landlord has agreed to accept operating costs only ($13,500 plus GST). October rent has been paid; and
- Rent on Half Moon Bay Office. Arrears and rent through October 31, 2010 have been paid. The office and apartment in Fresno, California have been vacated.

4 Arrears have already been paid in respect of existing insurance. Renewal is due on October 27, 2010. The estimated renewal premium is approximately $110,000. The proposed policy will provide property and liability coverage. The Receiver continues to investigate alternative coverage to attempt to reduce this cost.

5 Estimated utilities for the offices in Calgary and Half Moon Bay, and the Strathmore plant.

6 Leases comprise the following:
- Office equipment, computers, servers and software in Calgary;
- Vehicle rental for Calgary and Strathmore;
- Land lease in Strathmore. (It is leased at a nominal amount of $100 per year);
- Heavy equipment rental (tractor, fork lift truck) at the Strathmore Plant; and
- Office equipment in Half Moon Bay.

7 Estimated maintenance costs at the Strathmore plant.

8 Property taxes for the Strathmore property are paid by the landlord. Pursuant to the land lease, EarthRenew reimburses the landlord for property taxes. 2010 property taxes are approximately $79,000. Unpaid property taxes owing by the landlord as at September 15, 2010 are an unsecured claim. The Receiver will pay post-receivership property taxes on a pro-rata basis.

9 Storage includes:
- monthly amounts (US$8,000) but not arrears (US$65,000) owed to American Warehouse in Fresno, California where 1,600 tons of inventory are stored;
- monthly amounts (US$372) owed to Branch Warehouse (arrears of US$1,200 already paid) in Bakersfield, California where 80 tons of inventory are stored; and
- monthly amounts ($1,900) owed to RTK Trucking in Nobleford, Alberta, where approximately 2,100 tons of inventory are stored.

10 Contingency costs at Strathmore include an estimate of costs to bag some product from the storage bins to eliminate certain risks.

11 IP maintenance costs are estimated:
- Buchanan Ingersoll's estimated fees for patent protection;
- Merchant & Gould's estimated fees for patent protection. Merchant & Gould have not yet confirmed they will work with the Receiver without being paid arrears;
- No work from CPA is expected to be required during the period; and
- IPX's estimated fees if they are successful in obtaining a postponement of the PFS trademark dispute matter.

12 Estimated Receiver's fees.

13 Estimated Receiver's counsel fees, including Macleod Dixon LLP in Canada and Young Conaway Stargatt & Taylor, LLP ("YCST") in the US in respect of US Bankruptcy Code Chapter 15 matters.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 15
EarthRenew IP Holdings LLC, et al.[1]	Case No.: 10-13363(CSS)
	Jointly Administered
Debtor in a Foreign Proceeding.	**Ref. Docket Nos. 6 and 17**

ORDER GRANTING PROVISIONAL RELIEF PURSUANT TO SECTIONS 105(a), 1519, 1520 AND 1521 OF THE BANKRUPTCY CODE

Upon consideration of the motion (the "Motion")[2] of RSM Richter Inc. ("RSM" or the "Receiver"), in its capacity as the court-appointed receiver and duly authorized foreign representative for the above-captioned debtors (collectively, the "Debtors") in Canadian Receivership Proceeding proceedings (the "Canadian Receivership Proceeding") commenced under the Bankruptcy and Insolvency Act (Canada), R.S.C. 1985, c. B-3, as amended, pending before the Court of Queen's Bench of Alberta in the Judicial District of Calgary (the "Canadian Court"), seeking (i) entry of this provisional order (this "Provisional Relief Order"), on an interim basis, (a) enforcing the Receivership Order, (b) staying any collection activity by creditors against the Debtors' assets in the United States, and (c) entrusting management of the Debtors' assets in the United States to the Receiver in a manner consistent with the Receivership

[1] The Debtors in the Chapter 15 Cases, along with the last four digits of their United States Tax Identification Number or Canadian Business Number, as applicable, are: EarthRenew IP Holdings LLC ("EarthRenew IP"); EarthRenew Corporation (0985); EarthRenew, Inc. (2163); EarthRenew Management General Partner Ltd. (2218); EarthRenew Management LP (5417); EarthRenew Operational Employee LP (2155); EarthRenew Solutions LP (6554); EarthRenew Strathmore 1 LP (3013); and EarthRenew Strathmore General Partner Ltd. (7013). The Debtors' corporate headquarters are located at, and the mailing address for the Debtors is, 1925 18th Avenue N.E., Suite 201, Calgary, Alberta, T2E 7T8, Canada. Only EarthRenew, Inc. maintains a United States Tax Identification Number. Canadian Business Numbers have been listed for the other Debtors, with the exception of EarthRenew IP, which is a United States entity disregarded for tax purposes and therefore does not maintain a United States Tax Identification Number.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Order; (ii) entry of a final order (the "Recognition Order"), after notice and a hearing, (a) granting recognition of the Canadian Receivership Proceeding as a foreign main proceeding under section 1517 of the Bankruptcy Code and (b) enforcing the Receivership Order on a permanent basis in the United States; and (iii) such other and further relief as this Court deems just and proper; and upon the Taylor Declaration and the Memorandum of Law; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of the Chapter 15 Cases and the Motion in this District is proper pursuant to 28 U.S.C. § 1410; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given under the circumstances; and upon the record of the hearing on the Motion; and the Court having found and determined that the relief sought in the Motion is consistent with the purpose of chapter 15 of the Bankruptcy Code and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, the Court finds and concludes as follows:

(i) There is a substantial likelihood that the Receiver will be able to demonstrate that the Debtors are subject to a foreign main proceeding;

(ii) The commencement or continuation of any action or proceeding in the United States against the Debtors or any of the Debtors' assets or proceeds thereof should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and economical administration of the Debtors' estate in the Canadian Receivership Proceeding, and the relief requested either will not cause an undue hardship or any hardship to parties in interest is outweighed by the benefits of the relief requested in the Motion;

(iii) Unless a preliminary injunction is issued in these Chapter 15 Cases, there is a material risk that the Debtors' assets could be subject to efforts by creditors or other parties in interest in the United States to control or possess such assets. Such acts could: (a) interfere with and cause harm to the jurisdictional mandate of this Court under chapter 15 of the

Bankruptcy Code; (b) interfere with and cause harm to the Debtors' efforts to administer their estates pursuant to the Canadian Receivership Proceeding; and (b) undermine the Receiver's efforts to achieve an equitable result for the benefit of all of the Debtors' creditors. Accordingly, there is a material risk that the Debtors may suffer immediate and irreparable injury for which they will have no adequate remedy at law and therefore it is necessary that the Court enter this Provisional Relief Order; and

(iv) The interest of the public will be served by this Court's entry of this Provisional Relief Order.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted.

2. The Receivership Order is hereby given full force and effect in the United States.

3. Beginning on the date of this Provisional Relief Order and continuing until the date of the entry of an order of recognition of the Canadian Receivership Proceeding as a foreign main proceeding (the "Recognition Date"), all persons and entities are:

(a) enjoined from commencing or continuing any legal proceeding against the Debtors or against their United States assets, including, but not limited to, (i) continuing any action or commencing any additional action involving the Debtors or their assets or the proceeds thereof, (ii) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award against the Debtors or their assets, (iii) commencing or continuing any action to create, perfect or enforce any lien, setoff or other claim against the Debtors or against any of their property, and (iv) managing or exercising control over the Debtors' assets; and

(b) required, if such persons or entities are a plaintiff in an action in which the Debtors are or were named as a party, or as a result of which liability against the Debtors may be established, to place counsel for the Receiver, as identified in the Motion and in this Provisional Relief Order, on the master service list of any such action or proceeding and take such other and further steps as may be necessary to ensure that such counsel receives, at the physical address set forth in the Motion and in this Provisional Relief Order, copies of (i) any and all documents served by the parties to such action or proceeding or issued by the court, arbitrator, administrator, regulator or similar official having jurisdiction over such action or proceeding, and (ii) any and all correspondence or other documents circulated to parties listed on the master service list.

4. Until the Recognition Date, the management of the Debtors' assets is hereby entrusted to the Receiver consistent with the Receivership Order. Until further order of this Court, the Receiver is hereby established as the exclusive representative of the Debtors and their estates in the United States with the exclusive authority to administer the Debtors' assets and affairs in the United States.

5. No person or entity shall discontinue, fail to honor, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favor of or held by the Debtors, except with the written consent of the Receiver or leave of the Canadian Court.

6. Nothing herein shall enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding

7. The Receiver, in connection with its appointment as the foreign representative, is entitled to the full protections and rights available pursuant to section 1519(a)(l)-(3) of the Bankruptcy Code, including, without limitation:

(a) The right and power to administer and/or realize all or part of the Debtors' assets located in the United States in order to protect and preserve the value of such assets;

(b) The right and power to transfer, encumber, or otherwise dispose of any assets of the Debtors are prohibited, except by the Receiver and the Debtors as provided in this Provisional Relief Order; and

(c) The right and power to examine witnesses, take evidence or deliver information concerning the Debtors' assets, affairs, rights, obligations, or liabilities.

8. Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, made applicable to these proceedings pursuant to Bankruptcy Rule 7065, no notice to any person is required prior to entry and issuance of this Provisional Relief Order. The security provisions of Rule 65(c) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7065, are waived.

9. Notice of (i) the filing of (a) the Chapter 15 Petitions and (b) the Motion, (ii) this Court's entry of this Provisional Relief Order, (iii) the deadline to object to this Court's entry of the Recognition Order and (iv) the hearing for this Court to consider the Chapter 15 Petitions and entry of the Recognition Order shall be served in accordance with the order (the "Notice Order") of this Court approving the *Receiver's Motion for Entry of an Order Specifying Form and Manner of Service of Notice of (I) Filing of (A) Petitions Pursuant to Chapter 15 of the Bankruptcy Code, and (B) Receiver's Motion for Provisional and Final Relief In Recognition of a Foreign Main Proceeding Pursuant to Sections 105(a), 1519, 1520 and 1521 of the Bankruptcy Code, (II) Entry of Provisional Relief Order, (III) Deadline to Object to Entry of Recognition Order, and (IV) Hearing for Court to Consider Chapter 15 Petitions and Entry of Recognition Order*. Service of the Chapter 15 Petitions, the Motion and this Provisional Relief Order (the "Petition Documents") in accordance with the Notice Order shall constitute due and sufficient notice of the Petition Documents and any relief of this Court associated therewith.

10. The Petition Documents shall also be made available by the Receiver upon request to its counsel, Young Conaway Stargatt & Taylor, LLP, Attn: Debbie Laskin, paralegal, at dlaskin@ycst.com.

11. Any responses or objections to the Chapter 15 Petitions or the entry of the Recognition Order shall (i) be made in writing, describe the basis therefore, and indicate the

nature and extent of the respondent's interests in the Debtors' cases and (ii) be filed with the Office of the Clerk of the Court, 824 Market Street, Third Floor, Wilmington, Delaware 19801, and served upon counsel for the Receiver, Young Conaway Stargatt & Taylor, LLP, Attn: Michael R. Nestor, Esq., 1000 West Street, 17th Floor, The Brandywine Building, Wilmington, Delaware 19801, on or before 4:00 p.m. (prevailing Eastern Time) on November 5, 2010.

12. A hearing to consider entry of the Recognition Order shall be held on November 12, 2010 at 9:00 a.m. (prevailing Eastern Time).

13. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (i) this Provisional Relief Order shall be effective immediately and enforceable upon its entry; (ii) the Receiver is not subject to any stay in the implementation, enforcement or realization of the relief granted in this Provisional Relief Order; and (iii) the Receiver is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Provisional Relief Order.

14. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Provisional Relief Order.

Dated: Wilmington, Delaware
October 22, 2010

Christopher S. Sontchi
United States Bankruptcy Judge

NOTICE TO POTENTIAL BIDDERS OF THE BUSINSESS AND ASSETS OF EARTHRENEW CORPORATION

This notice has been prepared by RSM Richter Inc. ("Richter") in its capacity as the Court-Appointed receiver and manager (the "Receiver") of EarthRenew Corporation and related entities (collectively "EarthRenew" or the "Company").

Pursuant to an order issued by the Court of the Queen's Bench of Alberta (the "Court") on October 18, 2010 (the "Sale Process Order"), the Receiver has been authorized to carry out a "stalking horse" marketing and sales process (the "Sales Process") for all of the Company's business and assets.

The Sale Process Order allows the Receiver to amend certain aspects of the Sale Process. In this regard, the Sale Process deadlines are revised as follows:

SALES PROCESS ACTION ITEM	DEADLINE
Deadline for submitting offers	November 19th, 2010, 5:00 PM (Mountain time)
Dated by which Receiver is to deliver notice regarding Auction details to bidders who submit a 'Competing Bid'	November 20th, 2010 (if required)
Auction date	By November 24th, 2010 (if required)
Date to which offers must remain open for acceptance	November 25th, 2010

For further information regarding the Sales Process please contact Chris Hutchinson at the Receiver's office (403-206-0859).

OFFERS INVITED

PATENTED ORGANIC MATTER FERTILIZER PRODUCER & DISTRIBUTOR

An opportunity exists to acquire the business and assets (collectively, the "Assets") of EarthRenew Corporation and other affiliated companies (collectively, "EarthRenew" or the "Company"). Pursuant to an order issued by the Court of the Queen's Bench of Alberta (the "Court") on September 15, 2010 (the "Receivership Order"), RSM Richter Inc. was appointed receiver and manager ("Receiver") of the Company.

The Company, founded in 1999, has focused on research and development in the field of organic fertilizers. Specifically, the Company has developed a process for converting manure into organic matter fertilizer and EarthRenew's product is approved for organic agriculture use in both Canada and the U.S. This process has been proven through the Company's operation of a plant situated on a 25,000-head cattle feedlot near Strathmore, Alberta. Since 2006, the Company has invested over $65 million in developing, protecting, and marketing its product.

Pursuant to an order issued by the Court on October 18, 2010, the Receiver has been authorized to carry out a "stalking horse" sales process for the Company on an "as is, where is" basis. The Receiver has entered into an asset purchase agreement for all of the Assets, with 089021 B.C. Ltd. (the "Stalking Horse"). The purchase price is $5.1 million plus any priority obligations, including indebtedness arising pursuant to the Receiver's Borrowing Charge (as defined in the Receivership Order).

Details concerning the Company, sales process and bidding procedures can be obtained by contacting the Receiver or by visiting www.rsmrichter.com. The deadline for submission of offers is November 15, 2010 at 5:00 p.m. (Calgary time).

Parties interested in this opportunity should contact Chris Hutchinson of the Receiver's office at (403) 206-0859.

RSM Richter
3810, 205-5 Avenue SW
Calgary, AB T2P 2V7

Action No. 1001-13706

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

BETWEEN:

NILE CAPITAL I S.À.R.L., NILE CAPITAL II S.À.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP

Plaintiffs

-AND-

EARTHRENEW CORPORATION, EARTHRENEW, INC., EARTHRENEW IP HOLDINGS LLC, EARTHRENEW STRATHMORE 1 LP, EARTHRENEW STRATHMORE GENERAL PARTNER LTD., EARTHRENEW SOLUTIONS LP, EARTHRENEW OPERATIONAL EMPLOYEE LP, EARTHRENEW MANAGEMENT LP and EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Defendants

Second Report to the Court of RSM Richter Inc. as Receiver and Manager of the EarthRenew Group Of Companies dated October 27, 2010

Macleod Dixon LLP

3700 Canterra Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
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File No. 268930/HAG