RSM Richter

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

RSM Richter Inc.
Calgary, October 13, 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

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

October 13, 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. This report is filed by Richter in its capacity as Receiver of EarthRenew Group.

Purpose of this Report

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

   a) Provide this Honourable Court with background information about the Company;

   b) Summarize the terms and conditions of a proposed sale and marketing process for the Company's business and assets, including the bid procedures and sale timelines (the "Sale Process");

   c) Summarize the terms and conditions of an Agreement of Purchase and Sale (the "APA") from 089021 B.C. Ltd. ("089") for the business and assets of EarthRenew Group (the "Stalking Horse Offer");

   d) Summarize the actions taken by the Receiver to date in the course of the Receivership;

   e) Respectfully recommend that this Honourable Court grant an order:

      - Approving the Sale Process; and

      - Accepting the Stalking Horse Offer from 089 as the Stalking Horse but specifically not seeking approval of the Stalking Horse Offer until the conclusion of the Sale Process to determine if a higher and better offer can be obtained and the liquidation value of the business and assets is determined.

Currency

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

Terms of Reference

5. 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.

BACKGROUND

6. The Company describes itself as a "clean tech" business and was established in 1999. It is an Alberta corporation headquartered in Calgary, Alberta.

7. The Company owns an organic fertilizer production facility in Strathmore, Alberta (the "Facility"). Operations at the Facility have been discontinued as a result of the Company's financial difficulties.

8. The Company also operates an office and field depot in northern California, through EarthRenew, Inc.

9. At the date the receivership commenced, the Company employed 31 individuals, 25 in Canada and six in the US. The Company had nine additional employees that worked at the Facility who had been temporarily laid off prior to the Receivership. All employees were employed through special purpose entities that held the employment contracts, EarthRenew Management LP for management employees, and EarthRenew Operational Employee LP for the Strathmore plant employees.

10. The Company owns intellectual property comprising trademarks and patents in US, Canada and worldwide. The Company was in the process of registering certain additional and trademarks and patents in Canada and the US.

11. Additional background information on the Company is included in the affidavit of Michael Conboy included in the materials filed by the Secured Creditor (as defined below) supporting its application for the appointment of a receiver (the "Conboy Affidavit").

Secured Creditors

12. The Company has issued a series of 5% secured convertible debentures which are held by the Applicants (the "Secured Creditor") in various amounts (the "Secured Debentures"). The security provided in respect of the secured debentures comprises a fixed charge over the Company's present and after acquired personal property (as defined in each of the secured debentures) and a floating charge over all the present and future subsidiaries (as defined in each of the secured debentures), undertaking, real property and assets, both present and future, of every kind and nature, wherever situate.

Security Opinion

13. The Receiver requested that its legal counsel, Macleod Dixon LLP ("Macleod Dixon") opine on Luxor's security. Macleod Dixon's opinion ("Opinion") was received by the Receiver on October 4, 2010.

14. The Opinion states the following:

    a) The Secured Debentures constitute legal, valid and binding obligations on EarthRenew Corporation;

    b) Each of the Secured Debentures creates in favour of the particular lender (one of the Applicants) a valid security interest in the charged property of EarthRenew Corporation; and

    c) Each of the Secured Debentures has been duly registered, filed or recorded in Alberta.

15. The Opinion also states that although the Secured Debentures are registered against each of the other respondents (in addition to EarthRenew Corporation), they are unable to confirm that the Secured Debentures constitute legal, valid and binding obligations against the subsidiaries of EarthRenew Corporation (the "Subsidiaries") as the Subsidiaries were not signatories to the Secured Debentures.

16. It is expected that in the near term the validity of the Secured Debentures over the Subsidiaries will be the subject of a motion before this Court by the Secured Creditor.

Unsecured Obligations

17. As at September 15, 2010, the Company's unsecured obligations totalled approximately $6.9 million, excluding payroll liabilities, as shown below:

C$000s	Unsecured creditors[1]	Notes
EarthRenew Corporation	3,861	
EarthRenew, Inc.	1,838	
EarthRenew Strathmore 1 LP	1,174	
EarthRenew Management LP	Unknown	Employee claims yet to be determined
EarthRenew Operational Employee LP	Unknown	Employee claims only; yet to be determined.
TOTAL	6,873	

SALE PROCESS

18. The Receiver proposes that a sales process be undertaken to market the Company's business and assets for sale in order to maximize recoveries for all stakeholders. Defined terms in this section have the meanings provided in the APA. The contemplated Sales Process is summarized below:

(a) The Receiver shall solicit potential purchasers by:

(i) sending out an introduction letter to potential purchasers as identified by the Receiver, as soon as reasonably practical but expected to be in the short term;

(ii) placing an advertisement in local, national or international publications as appropriate; and

[1] According to the Company's accounts payable as at September 15, 2010. Does not include unsecured or under-secured amounts owed to Secured Creditors.

(iii) providing to any potential purchasers who execute an acceptable confidentiality agreement: (a) a confidential information memorandum relating to the Company; (b) access to the Company's premises and available management team; and (c) access to an electronic data room to be maintained and controlled by the Receiver.

(b) Any interested purchaser is to submit no later than 5:00 pm (Calgary time) on November 15, 2010 an offer substantially in the form of the Stalking Horse Offer, with any changes to the Stalking Horse Offer agreement appropriately noted;

(c) The purchase price of any offer is to be at least equal to the Stalking Horse Offer (which is discussed in paragraph 20 to 23 below), plus the Break-Up Fee and Overbid Amount (both defined in the APA), being $150,000 and $75,000, respectively;

(d) The successful bidder will be required to allocate the purchase price between the assets in Canada and the US with such allocation exceeding any other offer and the liquidation value of the assets, which ever is greater, including the Stalking Horse Offer, should that offer be the highest offer. The liquidation value of the Company's assets is unknown. The Receiver, concurrent with the Sale Process, will conduct a liquidation analysis of the Company's business and assets;

(e) The Receiver shall review the bids forthwith after the Bid Deadline and if there are no bids superior to the Stalking Horse Offer, shall apply for a Court Order approving the Stalking Horse Offer , as well as an order vesting the business and assets in the Purchaser;

(f) If there is one or more bids superior to the Stalking Horse Offer ("Superior Bid"), an auction will be held at the offices of MacLeod Dixon on or before November 19, 2010, on or before 5:00 p.m. Mountain time, or such other place and time as the Receiver may notify all bidders who have submitted a Superior Bid and expressed their intention to participate in the auction. The Receiver will provide a copy of the most favourable Superior Bid (the "Lead Bid") to all parties invited. The Receiver is in its sole discretion can set the terms for bidding at the auction; and

(i) the Receiver shall conduct the Auction by soliciting a bid, starting at a minimum of $25,000 above the amount of the Lead Bid, and by which each bid must exceed the preceding bid;

(ii) any bid shall have added to it the Break-Up Fee and the Overbid Amount;

(iii) the "Winning Bidder" shall be: (a) if there are no bids at the auction, the person with the Lead Bid; or (b) the bidder with the highest and best bid; and

(iv) upon determining the Winning Bidder, the Receiver shall apply for a Court Order vesting the business and assets in the Winning Bidder;

(g) Any incremental amount to the bid by 089 may be satisfied by a cash payment, or to the extent that any such incremental amount is an amount to which the Secured Creditor would be entitled by virtue of its secured debt or as an unsecured or under-secured creditor, by the assumption by 089 of that amount of debt;

(h) the Receiver shall have the right to amend or extend any deadline in the Sales Process; and

(i) The Receiver shall have the right to reject any and all offers. The Receiver shall also have the discretion to determine what constitutes the best bid, having regard to all relevant factors, including price and conditionality.

Stalking Horse Offer

19. The Secured Creditor, operating through its nominee corporation 089, will participate in the sales process through the Stalking Horse Offer. 089 submitted the APA for the purchase of the assets on October 13, 2010. A copy of the executed APA is attached as Exhibit "A".

20. 089 as a participant in the sales process will be at arm's length to the process and will not be entitled to confidential information such as the number of other interested parties, the extent of their due diligence and the terms of other offers.

21. The Stalking Horse Offer is for a purchase price (the "Purchase Price") equal to:

(a) The sum of $5.1 million; plus

(b) Priority Debts (as defined in the PSA) includes any indebtedness arising pursuant to the Receiver's Borrowings Charge (as defined in the Receivership Order) including, without limitation, all reasonable fees and expenses of the Receiver and its counsel; and

(c) All applicable taxes.

22. If 089 is the successful purchaser, the Purchase Price may be satisfied by some combination of the assumption of Secured Debentures and the Priority Debt and cash.

The Break-Up Fee

23. The Stalking Horse Offer requires it to be entitled to a break-up fee of $150,000 (the "Break-Up Fee") if it is not the eventual purchaser of the Assets.

24. The use of a "stalking horse" offer together with a Break-Up Fee is commonly used in insolvency proceedings. The Break-Up Fee is related to the incremental costs of the Purchaser related to its costs as Purchaser (and not as Secured Creditor) and in the Receiver's opinion, is reasonable. The Break-Up Fee does not appear to be excessive in the circumstances (just less than 3%); it is consistent with Break-Up Fees in other insolvency proceedings (which commonly are in the range of 3% of the purchase price).

OVERVIEW OF THE RECEIVER'S ACTIVITIES

25. Since the date of the Receivership Order, the Receiver has carried out the following actions detailed below.

Locations

26. The Company operates out of several leased premises in Alberta and California. The Receiver intends to continue to use the Company's head office in Calgary and the office in Half Moon Bay, California during the receivership. The other locations have been vacated. The Receiver has negotiated reduced rent at the Calgary office.

27. The Receiver is paying rent in respect of the manufacturing facility and the storage facility in Strathmore.

Employees

28. The Receiver has retained six employees on a temporary basis to provide assistance (one in the US, one in Strathmore and four in Calgary). All other employees were terminated.

The Company's payroll service is preparing T4s and records of employment (and the US equivalent) to be provided to the employees. The Receiver is completing its Wage Earner Protection Program requirements.

Inventory

29. The Company has inventory located in six locations, four in Canada and two in the United States. A summary of the inventory is attached as Exhibit "B". The Receiver has inspected the inventory in Canada. The Receiver is negotiating with the storage facilities in the US to gain access thereto to verify the amount of inventory located at the two sites.

Partially Completed and Completed Equipment

30. The Company has equipment located in several locations in Canada and the US[2] in addition to the equipment at the Facility. The Company is indebted to the parties in possession of the assets. A summary of the equipment, book value, location and amounts owed in respect of the equipment is attached as Exhibit "C".

31. Either a representative of the Company or the Receiver intends to attend at the various locations and take photographs of the equipment.

32. A summary of fixed assets held in each of the companies has been provided and is attached as Exhibit "D".

Financial Statements

33. The Company's books and records were not up to date. The Company's former controller is bringing the records current.

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[2] The equipment is components for incomplete facilities #2 to #6 (identical to the facility in Strathmore) and for emissions reduction equipment proposed to be added to the Strathmore facility.

Intellectual Property

34. The Company engaged several lawyers to maintain trademarks and patents (the "IP Lawyers") and to preserve and advance the various registrations currently underway. Significant amounts remain owed to the lawyers by the Company. A summary of amounts owed to the IP lawyers is attached as Exhibit "E". A determination of the lawyers' lien rights, if any, with respect to their unpaid amounts may be required.

35. The Receiver is taking steps with the IP Lawyers to address urgent trademark and patent registration or preservation.

36. The Company is involved in a trademark dispute in California. The lawyers acting for the Company in this matter have, on instruction of the Receiver, filed an appellate brief which will allow the action to proceed pending further by the Receiver.

Cash Flow

37. The Company's cash flows are negative. The Receiver has to date borrowed $300,000 from the Applicants against Receiver's Certificates 1 and 2[3] to cover certain receivership expenses and administration costs.

US Recognition Order

38. The Company has significant assets in the US, including inventory (as described in paragraph 28) and equipment (as described in paragraphs 29 to 31). In order to protect and realize upon the Company's assets in the US, the Receiver intends to seek in the near

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[3] Two Receiver's certificates have been issues, with a total amount of $300,000 as follows: Receiver's Certificate 1 advanced the sum of $167,782.54 from Luxor Capital Partners Offshore Master Fund, LP; Receiver's Certificate 2 advanced the sum of $137,217.46 from Luxor Capital Partners, LP.

term an order recognizing the orders issued in the Receivership proceedings in accordance with Chapter 15 of the *US Bankruptcy Code* (the "US Code").

39. The commencement of Chapter 15 proceedings will provide protection from actions against the Company's assets in the US. There are significant amounts outstanding to landlords, vendors, manufacturers and lawyers in the US as detailed below:

Type of Creditor	Amount outstanding ($)
Manufacturer/vendor of equipment	$1,438,000
Intellectual property lawyers	$303,000
Warehouse landlords storing inventory	$217,000
TOTAL	$1,958,000

40. The Receiver, in its capacity as foreign representative has instructed Young Conaway Stargatt & Taylor LLP ("YCST") to make the appropriate motions to the US Bankruptcy Court for the District of Delaware (the "US Court") under sections 105(a), 1519, 1520 and 1521 of title 11 of the US Code for:

- A provisional order recognizing the Receivership Order and staying any enforcement activity by creditors against the Company's assets in the US and entrusting management of the Company's assets in the US to the Receiver in a manner consistent with the Receivership Order; and
- Entry of a Recognition Order granting recognition of the Canadian Receivership proceedings as foreign main proceedings under section 1517 of the US Code and enforcing the Receivership Order on a permanent basis in the US.

41. Recognition under the US Code will allow the Receiver to deal with the assets in the US without risk of interference and should assist to maximize recoveries on those assets.

CONCLUSION AND RECOMMENDATION

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

- Approving the Sale Process and authorizing and directing Richter, in its capacity as the Receiver, to commence the Sale Process immediately;
- Accepting the offer from the Purchaser as the Stalking Horse Offer (but specifically not approving the Stalking Horse Offer, as detailed herein); and
- Such further and other relief as this Honourable Court deems appropriate in the circumstances.

* * *

All of which is respectfully submitted this 13th 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

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made this 13th day of October, 2010.

BETWEEN:

RSM RICHTER INC., solely in its capacity as court-appointed receiver and manager of the property, assets and undertaking of the EarthRenew Companies (defined below), and not in its personal capacity (the "**Receiver**")

- and -

0890241 B.C. LTD., a corporation duly incorporated under the laws of the Province of British Columbia (the "**Purchaser**")

WHEREAS by order of the Court (as defined below) dated September 15, 2010 (the "**Appointment Order**"), the Receiver was appointed as the receiver and manager in respect of the EarthRenew Companies (as defined below);

AND WHEREAS the Receiver has obtained or will obtain an order of the Court approving the Sale Process (as defined below) which includes approval of a "stalking horse bid";

AND WHEREAS the Purchaser desires to act as the "stalking horse bidder" and to purchase, and the Receiver wishes to sell, the right, title and interest of the EarthRenew Companies and the Receiver in the Assets (as defined below) (other than the Excluded Assets), on and subject to the terms of this Agreement;

NOW THEREFORE THIS Agreement witnesseth that in consideration of the mutual premises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

ARTICLE 1
DEFINED TERMS

1.1 Definitions.

In this Agreement:

"**Additional Project Document**" means any other contract or agreement related to the construction, commissioning, testing, maintenance, repair, operation or use of the Project entered into by any one or more of the EarthRenew Companies or the Receiver and any other Person prior to the Closing Date and that (a) replaces or substitutes for an existing Material Project Document, (b) the performance of or compliance by the EarthRenew Companies with which could require the Purchaser to make payments thereunder in excess of CDN$10,000 in any twelve month period;

"**Agreement**" and "**Agreement of Purchase and Sale**" means the within agreement of purchase and sale between the Receiver and the Purchaser, which agreement shall become effective upon execution of this Agreement by the Receiver;

"**Appointment Order**" has the meaning set out in the recitals hereto;

"**Approval and Vesting Order**" means the approval and vesting order to be issued by the Court;

"**Assets**" means all of the EarthRenew Companies' and Receiver's right, title and interest, in and to all of the tangible and intangible assets, properties, rights and Claims, wherever located, used, intended for use or arising in connection with the ownership, operation or conduct of the Business, including, without limitation, the Intellectual Property, Contracts, Equipment, Real Property, Books and Records and Warranty Rights (but not including any Excluded Assets), including, without limiting the generality of the foregoing, as further detailed on Exhibit "A" to the Terms and Conditions of Sale;

"**Auction**" has the meaning set out in Section 6.4 hereof;

"**Auction Rules**" has the meaning set out in Section 6.4 hereof;

"**Books and Records**" means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including tax and accounting books and records, used or intended for use by the Receiver, as the case may be, in connection with the ownership, operation or conduct of the Business or the Assets, including the Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, credit records, records relating to suppliers and other data;

"**Break-Up Fee**" has the meaning set out in Section 6.2 hereof;

"**Business**" means the business heretofore carried on by the EarthRenew Companies, including the business of developing and protecting the technology associated with the production of organic matter fertilizer, the construction and upgrading of the Project and/or more plants for the production of organic matter fertilizer and the production of organic matter fertilizer;

"**Business Day**" means a day on which banks are open for business in the City of Calgary but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta;

"**Claims**" means any claim (including any cross-claim or counterclaim), demand, investigation, chose in or cause of action, suit, default, assessment, litigation, third party action, arbitral proceeding or proceeding by or before any Person;

"**Closing**" means the successful completion of the Transaction;

"**Closing Date**" means the Business Day following the date on which the Approval and Vesting Order is granted or such other date as agreed to in writing by the parties hereto;

"**Closing Time**" means 2:00 p.m. (Calgary time) on the Closing Date;

"**Competing Bid**" has the meaning set out in Section 6.3 hereof;

"**Consents and Approvals**" means the consents and approvals of all relevant third parties;

"**Contracts**" means all of the contracts and other written agreements to which the EarthRenew Companies or each of them are parties, including, without limitation, the Material Project Documents;

"**Court**" means the Alberta Court of Queen's Bench;

"**Court Order**" means any order of the Court;

"**Debentures**" means, collectively:

(a) a 5% convertible secured debenture dated January 4, 2010, bearing certificate number CSD-6 in the amount of US$2,744,349 in favour of Nile Capital I;

(b) a 5% convertible secured debenture dated May 18, 2010, bearing certificate number CSD-7 in the amount of US$3,255,651 in favour of Nile Capital II;

(c) a 5% convertible secured debenture dated August 12, 2010, bearing certificate number CSD-8 in the amount of US$228,696 in favour of Luxor Capital; and

(d) a 5% convertible secured debenture dated August 12, 2010 bearing certificate number CSD-9 in the amount of US$271,304 in favour of Luxor Master Fund;

"**EarthRenew Companies**" means, collectively, EarthRenew Corporation, EarthRenew, Inc., EarthRenew IP Holdings LLC, EarthRenew Strathmore 1 LP, EarthRenew Management General Partner Ltd., EarthRenew Solutions LP, EarthRenew Operational Employee LP, EarthRenew Management LP and EarthRenew Strathmore General Partner Ltd.;

"**ETA**" means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended;

"**Equipment**" means all of the equipment and other machinery used by the EarthRenew Companies in connection with the Business;

"**Excluded Assets**" has the meaning set out in Section 3.2 hereof;

"**General Conveyance**" means the general conveyance substantially in the form of general conveyance attached as Schedule "A" hereto;

"**Governmental Authority**" means any Canadian (including federal or provincial), United States (including federal or state) or foreign (including national, supranational, provincial, territorial, regional, state, or local) governmental or regulatory agency, bureau, board, body, commission, commissioner, court, department, minister, tribunal, arbitration body (to the extent having jurisdiction over the relevant matter), authority, organization or instrumentality, including securities exchanges and quasi governmental entities;

"**HST**" means all taxes payable under the ETA;

"**Intellectual Property**" means, collectively, all of the EarthRenew Companies' and Receiver's right, title and interest in:

(a) all business and trade names, corporate names, brand names and slogans Related to the Business;

(b) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs Related to the Business;

(c) all copyrights and trade-marks (whether used with wares or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights (and all future income from such trade-marks and copyrights) Related to the Business;

(d) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information Related to the Business;

(e) all other intellectual and industrial property rights throughout the world Related to the Business;

(f) all licences of the intellectual property listed in items (a) to (e) above;

(g) all future income and proceeds from any of the intellectual property listed in items (a) to (e) above; and

(h) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (a) to (e) above.

"**ITA**" means the *Income Tax Act* (Canada), as amended;

"**Land Lease and Host Agreement**" means the land lease and host agreement between Cattleland Feedyards Ltd. and EarthRenew Organics Ltd. made and effective as of September 12, 2006;

"**Lead Bid**" has the meaning set out in Section 6.4 hereof;

"**Licences and Permits**" means all licences, permits, filings, authorizations, approvals or indicia of authority Related to the Business or necessary for the conduct of the Business;

"**Luxor**" means, collectively:

(a) Luxor Capital;

(b) Luxor Master Fund;

(c) Nile Capital I; and

(d) Nile Capital II;

"**Luxor Capital**" means Luxor Capital Partners, LP;

"**Luxor Debt**" means all amounts owing by the EarthRenew Companies to Luxor pursuant to the Debentures as at the Closing Time;

"**Luxor Master Fund**" means Luxor Capital Partners Offshore Master Fund, LP;

"**Material Project Documents**" means, collectively, the Land Lease and Host Agreement, all other contracts and other written agreements to which the EarthRenew Companies or each of them are parties relating to the Project and each Additional Project Document;

"**Nile Capital I**" means Nile Capital I S.a.r.l.;

"**Nile Capital II**" means Nile Capital II S.a.r.l.;

"**Notice**" has the meaning set out in Section 13.3 hereof;

"**Overbid Amount**" has the meaning set out in Section 6.4 hereof;

"**Permits**" means the authorizations, registrations, permits, certificates of approval, approvals, licenses, leases, consents, commitments, rights or privileges issued, granted or required by any Governmental Authority in respect of the Business;

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

"**Priority Debt**" means the indebtedness arising pursuant to the Receiver's Charge and any other charge created under the Appointment Order, including, without limitation, all reasonable fees and expenses of the Receiver and its counsel, that are owing and that are not otherwise satisfied prior to Closing Time, and which, if they remain outstanding as at Closing, shall be paid in cash on Closing by the Purchaser, including any amounts secured by the Receiver's Borrowings Charge (as defined in the Appointment Order);

"**Project**" means the development, construction and operation of an organic matter fertilizer production plant situated in the Strathmore, Alberta, together with all buildings, structures or improvements erected on the site and the easements in connection therewith, all alterations thereto or replacements thereof, all fixtures, attachments, appliances, equipment, machinery and other articles and computer software or other Intellectual Property attached thereto or used in connection therewith and all parts which may from time to time be incorporated or installed in or attached thereto, all contracts and agreements for the purchase or sale of commodities or other personal property related thereto, all leases of real or personal property related thereto, and all other real and tangible and intangible personal property licensed, leased or owned by the EarthRenew Companies and placed upon or used in connection with the generation of organic matter fertilizer upon the site and the easements in connection therewith;

"**Purchase Price**" has the meaning set out in Section 4.1 hereof;

"**Real Property**" means the land and premises owned or leased by any of the EarthRenew Companies, together with all buildings and structures thereon and the fixtures (other than trade fixtures) affixed thereto, as well as all plans, designed and specifications in connection therewith;

"**Receiver's Charge**" has the meaning set out in the Appointment Order;

"**Related to the Business**" means, directly or indirectly, used in, arising from, or relating in any manner to the Business;

"**Sale Process**" has the meaning set out in Section 6.1 hereof;

"**Sale Process Order**" has the meaning set out in Section 6.1 hereof;

"**Secured Debt**" means the secured debt owed to each of Nile Capital I, Nile Capital II, Luxor Capital and Luxor Master Fund pursuant to the Debentures and accrued interest up to and including the Closing Date;

"**Stalking Horse Bid**" has the meaning set out in Section 6.1 hereof;

"**Superior Bid(s)**" has the meaning set out in Section 6.3 hereof;

"**Terms and Conditions of Sale**" means the Terms and Conditions of Sale attached as Schedule B hereto;

"**Transaction**" means the transaction of purchase and sale contemplated by this Agreement;

"**Warranty Rights**" means the full benefit of all warranties, warranty rights, performance bonds and indemnities (implied, express or otherwise) of the EarthRenew Companies against manufacturers, contractors or any other Person which apply to any of the Assets or the Business to the extent the same are capable of being assigned, including, without limitation pursuant to any Material Project Documents;

"**Winning Bid**" has the meaning set out in Section 6.4 hereof;

"**Winning Bid Agreement**" has the meaning set out in Section 6.4 hereof; and

"**Winning Bidder**" has the meaning set out in Section 6.4 hereof.

ARTICLE 2
SCHEDULES

2.1 **Schedules.**

The following schedules are incorporated in and form part of this Agreement:

Schedule	Description
Schedule A	General Conveyance (Form of)
Schedule B	Terms and Conditions of Sale

ARTICLE 3
AGREEMENT TO PURCHASE

3.1 **Assets to be Purchased and Sold.**

Relying on the representations and warranties herein, the Receiver hereby sells, assigns, conveys and transfers to the Purchaser and the Purchaser hereby purchases all right, title and interest of the EarthRenew Companies and the Receiver in and to the Assets (other than the Excluded Assets).

The Receiver hereby remises, releases and forever discharges to, and in favour of, the Purchaser, all of its rights, claims and demands whatsoever upon the Assets.

3.2 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, elect to exclude any of the Assets from this Agreement of Purchase and Sale, including, without limitation, any Contracts, Equipment or Real Property, by written notice given to the Receiver prior to the Closing Date (collectively, the "**Excluded Assets**") whereupon all such Assets shall be excluded from this Agreement of Purchase and Sale, provided, however, that there shall be no reduction or adjustment of the Purchase Price.

ARTICLE 4
PURCHASE PRICE, SATISFACTION OF PURCHASE PRICE AND TAXES

4.1 **Purchase Price.**

The Purchaser shall pay to the Receiver, in consideration for the sale, assignment, conveyance and transfer of the Assets to the Purchaser at Closing, the amount of CDN$5,100,000 and the Priority Debt, plus all applicable taxes (the "**Purchase Price**"); which shall be satisfied by some combination of the assumption of the Secured Debt and the Priority Debt and cash, subject to the reasonable discretion of the Receiver. For greater certainty, the Receiver hereby acknowledges and agrees that any agreement to assume all or part of the Secured Debt and/or the Priority Debt shall be valued on a dollar for dollar basis as if the Secured Debt and/or the Priority Debt were paid in cash. The Purchase Price shall be allocated among the Assets, as the Receiver and the Purchaser may agree, each acting reasonably.

ARTICLE 5
TAXES

5.1 Taxes.

The Purchaser will be liable for and will pay all value added, excise, sales, consumption, retail sales, land transfer, GST/HST and other taxes payable with respect to the purchase and sale of the Assets. Alternatively, where applicable, the Purchaser shall have the option to furnish the Receiver with appropriate tax exemption certificates.

The Receiver and the Purchaser will jointly execute and Purchaser shall file, on a timely basis and using the prescribed form, a joint election under section 22 of the ITA, and under the corresponding provisions of any applicable provincial legislation, with respect to the accounts receivables of the Business included in the Assets.

The Receiver and the Purchaser shall on or before the Closing Date, jointly execute an election, in the prescribed form and containing the prescribed information, to have section 167 of the ETA, and any similar provision of any applicable provincial legislation, apply in respect of the purchase and sale of the Assets hereunder so that no tax is payable in respect of such purchase and sale under Part IX of the ETA, and the Purchaser, or if applicable, the Receiver, shall file such election(s) within the time periods prescribed under such legislation.

5.2 GST/HST Registration.

The Purchaser agrees to indemnify and save the Receiver harmless from and against all claims and demands for payment of the GST/HST, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.

ARTICLE 6
SALE APPROVAL PROCEEDINGS

6.1 The Sale Process.

The parties hereto acknowledge and agree that by no later than October 18, 2010, the Receiver shall obtain an order (the "**Sale Process Order**") from the Court which, *inter alia*, sets out the terms and conditions of and a timetable for a bidding, auction and sale process (the "**Sale Process**") with respect to the Assets. The Sale Process Order shall recognize this Agreement, and in particular the Purchase Price, as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"), and shall also provide for a marketing process of the Assets by the Receiver and a competitive bidding and auction procedure to be administered by the Receiver consistent with that reflected therein. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a materially higher price than that contemplated in the Stalking Horse Bid can be obtained for the Purchased Assets.

The Sale Process Order will also include substantially the same terms and conditions as those contained in the Terms and Conditions of Sale, a draft copy of which is attached hereto as Schedule B. The Purchaser acknowledges and agrees that in addition to the terms and conditions contained herein, it shall be bound by such terms and conditions or those that are substantially similar to those contained in the attached Terms and Conditions of Sale.

6.2 **The Break-Up Fee.**

In consideration for the Purchaser's expenditure of time and money in acting as the Stalking Horse Bid and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, the Sale Process Order shall also provide for liquidated damages in the amount of CDN$150,000 (the "**Break-Up Fee**"), payable by the Receiver to the Purchaser in the event that a higher price obtained for the Assets through the Sale Process and, pursuant to and in accordance with the terms hereof, the Receiver sells all of the Assets to a Person or entity other than the Purchaser.

In the event that the Stalking Horse Bid is not chosen to be the Winning Bid, the Break-Up Fee shall be payable to the Purchaser out of the sale proceeds derived from the Winning Bid. Each of the parties hereto acknowledge and agree that the Break-Up Fee represents a fair and reasonable estimate of the costs and damages which will be incurred by the Purchaser as a result of non-completion of this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets.

6.3 **Competing Bid(s).**

In addition to the foregoing, the Sale Process Order shall also provide that in order to be accepted by the Receiver, any bid competing with the Stalking Horse Bid for the Assets ("**Competing Bid(s)**") must be on substantially the same terms and conditions as the terms and conditions contained in this Agreement, except with respect to price (any Competing Bid(s) that are accepted by the Receiver as superior bid(s) to the Stalking Horse Bid are referred to herein as the "**Superior Bid(s)**").

In order for any Competing Bids to be accepted by the Receiver as a Superior Bid to the Stalking Horse Bid, the Competing Bid must at minimum meet all of the following criteria:

(a) the Competing Bid must be received by the Receiver, in its entirety, by no later than 5:00 p.m. (Calgary time) on November 15, 2010;

(b) the Competing Bid must be accompanied by a duly executed agreement of purchase and sale, blacklined against this Agreement, showing any and all variations from this Agreement, and a deposit in the amount of fifteen percent (15%) of the purchase price stated in the Competing Bid by way of bank draft or certified cheque payable pursuant to the terms of the subject Competing Bid and which is not subject to any encumbrances;

(c) the Competing Bid must remain open for acceptance and completion until 11:59 p.m. (Calgary time) on November 19, 2010;

(d) the Competing Bid must be on terms no less favourable and no more burdensome or conditional than the terms of the Stalking Horse Bid and those contained in this Agreement, and must contemplate the purchase of all of the Assets;

(e) the Competing Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the bidder's obligation to close that are not otherwise contained in the Stalking Horse Bid or this Agreement;

(f) the Competing Bid must specify the assets that are subject to the Competing Bid, including, without limitation, any executory contracts and unexpired leases;

(g) the Competing Bid must be made by one or more bidders who can demonstrate, in the aggregate in the event that the Competing Bid is made by more than one bidder, committed and unconditional financing sufficient to consummate the transaction contemplated by the Competing Bid on the terms specified therein;

(h) the Competing Bid must be for an aggregate purchase price at least equal to the Purchase Price, as provided herein, plus the Break-Up Fee plus the Overbid Amount; and

(i) unless otherwise agreed to in writing by the Receiver or provided for herein, the Competing Bid must provide for an all cash purchase price to be paid on closing.

6.4 The Auction Process and the Winning Bid.

Furthermore, the Sale Process Order shall provide that on or before 5:00 p.m. (Calgary time) on November 18, 2010, the Receiver will distribute to the Purchaser and the makers of the Superior Bids, the following:

(a) an invitation to an auction of the Assets to be held on or before 5:00 p.m. (Calgary time) November 24, 2010 at the offices of the Receiver, or otherwise as may be determined by the Receiver, in its sole discretion (the "**Auction**");

(b) a copy of the bid that the Receiver, acting in its sole and unfettered discretion, having regard to all of the features of the bids, believes to be the most favourable bid as between the Stalking Horse Bid and all of the Superior Bids (the "**Lead Bid**"); and

(c) a copy of a set of rules for the conduct of the Auction, established by the Receiver, acting in its sole and unfettered discretion, with a view of maximizing the price for the Assets (the "**Auction Rules**") (provided that the Auction Rules shall in all events provide that all bids made at the Auction shall be in accordance with the terms and conditions of the Lead Bid, except for the aggregate purchase price which will be subject to improvement through bidding in the Auction; each bid made in the course of the Auction shall exceed the aggregate purchase price payable pursuant to the preceding bid (or, in the case of the first bid made at the Auction, the Lead Bid) by no less than CDN$25,000 increments solely for the purpose of determining the successful bid at the

Auction; provided, however, for greater certainty, any bid made by any participant at the Auction shall have added to it the Break-Up Fee and the amount of CDN$75,000 (the "**Overbid Amount**"); and the highest bid received at the Auction shall be the "winning bid" (the "**Winning Bid**").

Any incremental amount to the bid by the Purchaser in the context of the Auction may be satisfied by a cash payment or, to the extent that any such incremental amount is an amount to which Luxor is entitled (but only to that extent), by the assumption by the Purchaser of that amount of the unsecured debt of the EarthRenew Companies owed to Luxor.

Upon acceptance of the Winning Bid at the Auction, there shall be a binding agreement of purchase and sale between the successful winning bidder (the "**Winning Bidder**") and the Receiver (the "**Winning Bid Agreement**"). The Winning Bid Agreement shall be constituted by:

(a) the Stalking Horse Bid or one of the Superior Bids, as the case may be, as amended pursuant to the Auction;

(b) the Terms and Conditions of Sale; and

(c) the acceptance of the Winning Bid.

The Receiver will make a motion to the Court, forthwith, to obtain an order to approve the agreement with the Winning Bidder and to vest the Assets in the Winning Bidder. Thereafter, the Receiver will advise the Purchaser of the outcome of the said motion and proceed with closing the transaction forthwith.

6.5 **Court Specified Time Periods.**

Where any of the time periods specified in Sections 6.1 through 6.4 of this Agreement, inclusive, are subject to be established by Court Order, in the event that the Court establishes a date different than the date set out in this Agreement, then the corresponding date established by such provisions of this Agreement shall be deemed to be amended to accord with the Court established date, provided that no such amendment shall be deemed to have occurred without the express written consent of the Purchaser if the effect of such amendment is to delay the Closing Date by any period greater than thirty (30) days.

ARTICLE 7
CONDITIONS PRECEDENT TO CLOSING

7.1 **Conditions In Favour of the Receiver.**

The obligation of the Receiver to complete the agreement of purchase and sale contained herein is subject to the satisfaction of the following conditions on or before the Closing Date:

(a) the representations and warranties of the Purchaser contained in Article 10 and Article 5 shall be true and correct on the Closing Date;

(b) all covenants of the Purchaser under this Agreement to be performed on or before the Closing Time shall have been duly performed by the Purchaser;

(c) the Court shall have appointed the Receiver, approved the Sale Process substantially on the terms and conditions contained in this Agreement and shall have made the Approval and Vesting Order;

(d) the Purchaser shall have complied with all terms and conditions contained in this Agreement applicable to it prior to the Closing Date;

(e) all Consents and Approvals shall have been obtained; and

(f) the Purchaser shall have executed and delivered the General Conveyance.

7.2 **Conditions in Favour of Receiver Not Fulfilled.**

If any of the conditions contained in Section 7.1 hereof in favour of the Receiver are not fulfilled on or prior to the Closing Date, then the Receiver may, in its sole discretion, without limiting its rights or remedies available at law or in equity:

(a) terminate this Agreement by notice to the Purchaser in which event the Purchaser and the Receiver shall be released from their obligations under this Agreement to complete the purchase and sale of the Assets contemplated hereby; or

(b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

7.3 **Conditions In Favour of the Purchaser.**

The obligation of the Purchaser to complete the agreement of purchase and sale contained herein is subject to the satisfaction of the following conditions on or before the Closing Date:

(a) the representations and warranties of the Receiver contained in Article 9 and Article 5 shall be true and correct on the Closing Date;

(b) all covenants of the Receiver under this Agreement to be performed on or before the Closing Time shall have been duly performed by the Receiver;

(c) the Court shall have approved the transactions contemplated by this Agreement and the Receiver shall have received the Approval and Vesting Order;

(d) an order shall have been issued by the United States Bankruptcy Court, in form and substance satisfactory to the Receiver and the Purchaser, each acting reasonably, to facilitate the completion of the Transaction;

(e) the Land Lease and Host Agreement shall either have been:

(i) assigned to the Purchaser with the written consent of the other parties thereto; or

(ii) fully vested in the Purchaser pursuant to the Approval and Vesting Order;

(f) the Receiver shall have complied with all terms and conditions contained in this Agreement applicable to it prior to the Closing Date;

(g) all Consents and Approvals and Permits shall have been obtained;

(h) the Receiver shall have executed and delivered the General Conveyance; and

(i) the Purchaser shall have received executed originals or certified copies of each Contract.

7.4 Conditions in Favour of Purchaser Not Fulfilled.

If any of the conditions contained in Section 7.3 hereof in favour of the Purchaser are not fulfilled on or prior to the Closing Date, then the Purchaser may, in its sole discretion, without limiting its rights or remedies available at law or in equity:

(a) terminate this Agreement by notice to the Receiver in which event the Purchaser and the Receiver shall be released from their obligations under this Agreement to complete the purchase and sale of the Assets contemplated hereby; or

(b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

ARTICLE 8
POSSESSION AND ACCESS PRIOR TO CLOSING

8.1 Possession of Assets.

The Receiver shall remain in possession of the Assets until the Time of Closing. On Closing, the Purchaser shall take possession of the Assets where situate at the Time of Closing. The Purchaser acknowledges that the Receiver has no obligation to deliver physical possession of the Assets to the Purchaser. In no event shall the Assets be sold, assigned, conveyed and transferred to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied or waived and the Purchaser has satisfied or the Receiver has waived all delivery requirements outlined in Section 7.1. The Purchaser shall promptly notify the Receiver of any Excluded Assets which may come into the possession or control of the Purchaser after the Time of Closing, and shall promptly release such Excluded Assets to the Receiver, or to such other Person as the Receiver may direct in writing.

8.2 Access to Assets.

The Purchaser may have reasonable access to the Assets, as the case may be, during normal business hours prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such non-destructive, non-invasive inspections of the Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Receiver.

8.3 **Risk.**

The Assets shall be and remain at the risk of the Receiver until Closing and at the risk of the Purchaser from and after Closing. If, prior to Closing, the Assets are substantially damaged or destroyed by fire, casualty or otherwise, then, at its option, the Purchaser may decline to complete the Transaction. Such option shall be exercised within fifteen (15) days after notification to the Purchaser by the Receiver of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within fifteen (15) days of the Closing Date) in which event this Agreement shall be terminated automatically. If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Purchaser shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. For the purposes of this section substantial damage or destruction shall be deemed to have occurred if the loss or damage to the Assets exceeds fifteen percent (15%) of the total Purchase Price. If any dispute arises under this section as to whether damage or destruction is substantial, such dispute will be determined in accordance with Section 8.4 herein.

8.4 **Dispute Resolution.**

If any dispute arises (a) under Section 8.3 as to whether any damage or destruction is substantial, (b) with respect to the dollar amount of the Assets, or (c) with respect to any other matter related to the Transaction, such dispute will be determined by the Court in the receivership proceedings, or by such other Person or in such other manner as the Court may direct.

ARTICLE 9
REPRESENTATIONS & WARRANTIES OF THE RECEIVER

The Receiver represents and warrants to the Purchaser as follows with the knowledge and expectation that the Purchaser is placing complete reliance thereon and, but for such representations and warranties, the Purchaser would not have entered into this Agreement:

9.1 **Due Authorization.**

The Receiver has all necessary power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary action on the part of the Receiver. This Agreement is a valid and binding obligation of the Receiver enforceable in accordance with its terms.

9.2 **Duly Appointed.**

The Receiver has been duly appointed the receiver and manager of all of the assets of the EarthRenew Companies, with the full right, power and authority to enter into this Agreement, perform its obligations hereunder and convey all right, title and interest of the EarthRenew Companies and the Receiver in and to the Assets.

ARTICLE 10
PURCHASER'S REPRESENTATIONS & WARRANTIES

The Purchaser represents and warrants to the Receiver as follows with the knowledge and expectation that the Receiver is placing complete reliance thereon and, but for such representations and warranties, the Receiver would not have entered into this Agreement:

10.1 **Due Incorporation.**

The Purchaser is a corporation duly incorporated and validly subsisting under the laws of the Province of British Columbia.

10.2 **Due Authorization.**

The Purchaser has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable in accordance with its terms.

10.3 **No Bankruptcy, etc.**

The Purchaser has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any application for a bankruptcy order filed against it, has not taken any proceeding and no proceeding has been taken to have a receiver appointed over any of its assets, has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property.

ARTICLE 11
COVENANTS

11.1 **Mutual Covenants.**

Each of the Receiver and the Purchaser hereby covenants and agrees that from the date hereof until the Closing Date, each shall take all such actions as are necessary to, in the event that there are no Competing Bids and the Receiver determines that the liquidation value of the EarthRenew Companies is less than the Stalking Horse Bid, have the transactions contemplated by this Agreement approved in the Approval and Vesting Order on substantially the same terms and conditions contained in this Agreement.

11.2 **Receiver Covenants.**

The Receiver hereby covenants and agrees that from the date hereof until the Closing Date, it shall take all such actions as are necessary to:

(a) as at the Closing Time, be registered for purposes of Part IX of the ETA; and

(b) at least twenty-four (24) hours prior to the Closing Date:

(i) amend the charter documents of each of the EarthRenew Companies and take all other actions necessary to change each of their names to one sufficiently dissimilar to the "EarthRenew" name, in the Purchaser's judgment, to avoid confusion; and

(ii) provide all such consents and undertakings as may be requested by the Purchaser to enable the Purchaser to change its name to the names currently used by the EarthRenew Companies or to otherwise enjoy full use of those names;

(c) provide to the Purchaser all necessary information in respect of the EarthRenew Companies reasonably required to complete the applicable tax election forms associated with the transactions contemplated by this Agreement and to execute all necessary forms related thereto.

11.3 **Purchaser Covenants.**

The Purchaser hereby covenants and agrees that, except as expressly contemplated in this Agreement, from the date hereof until the Closing Date, it shall take all such actions as are necessary to:

(a) as at the Closing Time, be registered for purposes of Part IX of the ETA; and

(b) provide to the Receiver all necessary information in respect of the Purchaser reasonably required to complete the applicable tax election forms associated with the transactions contemplated by this Agreement and to execute all necessary forms related thereto.

ARTICLE 12
AS IS, WHERE IS

12.1 **Condition of the Assets.**

The Purchaser acknowledges that the Receiver is selling and the Purchaser is purchasing the Assets on an *"as is, where is"* and *"without recourse"* basis as they shall exist on the Closing Date. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that neither the EarthRenew Companies nor the Receiver has guaranteed or will guarantee title to the Assets, that the Purchaser has conducted such inspections of the condition and title to the Assets as it deems appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrance, description, fitness for purpose, environmental compliance, merchantability, condition or quality, or in respect of any other matter or thing whatsoever concerning the Assets, or the right of the Receiver to sell, assign, convey or transfer same save and except as expressly provided for in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Alberta) do not apply hereto and/or have been waived by the Purchaser. The description of the Assets contained in this Agreement is for the purpose of identification only and no representation, warranty or condition has or will be given by the Receiver concerning the accuracy of such description.

ARTICLE 13
GENERAL CONTRACT PROVISIONS

13.1 **Further Assurances.**

From time to time after Closing, each of the parties hereto shall execute and deliver such further documents and instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and which are not inconsistent with the terms hereof, including, at the Purchaser's request and expense, the Receiver and/or the EarthRenew Companies shall execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of the Purchaser or the Purchaser's counsel, be reasonably required to effectually to carry out the intent of this Agreement and transfer the Assets to the Purchaser.

13.2 **Tax Minimization.**

Each party will cooperate to the extent practicable in minimizing all taxes and fees levied by reason of the sale, assignment, conveyance or transfer of the Assets pursuant to this Agreement. Neither party hereto will pay any tax that the other party is required to pay without such other party's prior written consent, which consent will not be unreasonably withheld or delayed.

13.3 **Notice.**

All notices, requests, demands, waivers, consents, agreements, approvals, communications or other writings required or permitted to be given hereunder or for the purposes hereof ("**Notice**" in this Article) will be in writing and be sufficiently given if personally delivered, sent by prepaid registered mail or transmitted by facsimile, addressed to the party to whom it is given, as follows:

(a) to the Receiver:

RSM Richter Inc.
Bow Valley Square 2
3810, 205 - 5 Avenue SW
Calgary, AB T2P 2V7
Canada

Attention: Robert Taylor
Tel: (403) 233-7112
Fax: (403) 206-0841
Email: BTaylor@RSMRichter.com

(b) and to the Purchaser:

0890241 B.C. Ltd.
c/o Luxor Capital Group, LP
1114 Avenue Of The Americas, 29th Floor
New York, NY 10036
United States of America

Attention: Norris Nissim
Tel: (212) 763-8041
Fax: (646) 786-4541
Email: NNissim@luxorcap.com

or such other address of which Notice has been given. Any Notice mailed as aforesaid will be deemed to have been given and received on the third business day following the date of its mailing. Any Notice personally delivered will be deemed to have been given and received on the day it is personally delivered, provided that if such day is not a business day, the Notice will be deemed to have been given and received on the business day next following such day. Any Notice transmitted by facsimile or PDF will be deemed given and received on the first business day after its transmission.

If a Notice is mailed and regular mail service is interrupted by strike or other irregularity on or before the fourth business day after the mailing thereof, such Notice will be deemed to have not been received unless otherwise personally delivered or transmitted by facsimile or PDF.

13.4 **Arrears.**

Notwithstanding any other provision of this Agreement, the Receiver shall be under no obligation to pay any arrears associated with the use of the Assets and the Purchaser agrees to receive the conveyance of the Assets subject to any arrears as may exist at Closing.

13.5 **Waiver.**

No party will be deemed or taken to have waived any provision of this Agreement unless such waiver is in writing and such waiver will be limited to the circumstance set forth in such written waiver.

13.6 **Governing Law.**

This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

13.7 **Entire Agreement.**

This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings between the parties. There are not and will not be any verbal statements, representations, warranties, undertakings or agreements between the parties.

This Agreement may not be amended or modified in any respect except by written instrument signed by both parties. The recitals set out above are true, both in substance and in fact.

13.8 **Time of the Essence.**

Time will be of the essence, provided that if the parties establish a new time for the performance of an obligation, time will again be of the essence of the new time established.

13.9 **Assignment.**

This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, executors, legal and personal administrators, successors and permitted assigns. The Purchaser shall not assign this Agreement without the Receiver's prior written approval, which approval may be granted or withheld in the Receiver's sole and unfettered discretion.

13.10 **Expenses.**

Except as otherwise set out in this Agreement, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

13.11 **Severability.**

If any covenant or provision of this Agreement is prohibited in whole or in part in any jurisdiction, such covenant or provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining covenants and provisions hereof and shall, as to such jurisdiction, be deemed to be severed from this Agreement to the extent of such prohibition.

13.12 **Counterparts.**

This Agreement may be executed in counterparts and by facsimile or PDF, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument

13.13 **Capacity of Receiver.**

The Purchaser acknowledges and agrees that the Receiver in executing this Agreement does so solely in its capacity as a court appointed receiver under the provisions of the *Bankruptcy and Insolvency Act* (Canada), and not in its personal capacity.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF this Agreement has been executed by the parties.

RSM RICHTER INC., in its capacity of receiver and manager of the property, assets and undertaking of the EarthRenew Companies, and not in its personal capacity

Per: ______________________

Name: Robert Taylor

Title: vice-president

0890241 B.C. LTD., a corporation duly incorporated under the laws of the Province of British Columbia

Per: ______________________

Name: NORRIS NISSIM

Title: VICE PRESIDENT

Per: ______________________

Name:

Title:

SCHEDULE "A"

FORM OF GENERAL CONVEYANCE

THIS CONVEYANCE made this _____ day of _________, 2010.

BY:

RSM RICHTER INC., solely in its capacity as court-appointed receiver and manager of the property, assets and undertaking of the EarthRenew Companies (as hereinafter defined), as not in its personal capacity

(the "**Vendor**")

IN FAVOUR OF:

0890241 B.C. LTD., a corporation duly incorporated under the laws of the Province of British Columbia

(the "**Purchaser**")

WHEREAS the Vendor was appointed by Order of the Alberta Court of the Queen's Bench dated September 15, 2010, as the receiver and manager of 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. (collectively, the "**EarthRenew Companies**");

AND WHEREAS by Agreement of Purchase and Sale (the "**Agreement**") made October 13, 2010, between the Vendor and the Purchaser, the Vendor, subject to obtaining court approval, agreed to transfer to the Purchaser its right, title and interest and the right, title and interest of the EarthRenew Companies in and to the Assets, as defined therein;

AND WHEREAS by Order(s) dated ___, 2010 (the "**Approval and Vesting Order**") the Agreement and the transactions provided for therein were approved and the Assets (as defined in the Agreement) (excluding the Excluded Assets) (as defined in the Agreement), were vested in the Purchaser conditional on the filing of the Vendor's receiver / manager vesting certificate;

NOW THEREFORE THIS CONVEYANCE WITNESSETH that as part of the completion of the sale, assignment, conveyance and transfer referred to above and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto:

1. The Vendor hereby sells, assigns, conveys and transfers to the Purchaser, and the Purchaser hereby accepts, all of the EarthRenew Companies' and the Vendor's right, title and interest in and to the Assets (excluding the Excluded Assets).

2. Pursuant to the Agreement and the Approval and Vesting Order, and subject to any limitations therein contained, the Purchaser is now rightfully and absolutely possessed of and entitled to the Assets and has good right, title and interest to such assets and shall immediately, upon execution and delivery of this Agreement, have possession of and may from time to time and at all times hereafter peaceably and quietly have, hold, possess and enjoy the Assets and every part thereof to and for its own use and benefit without any hindrance, interruption, molestation, claim or demand whatsoever, of, from or by the Vendor or any of the EarthRenew Companies.

3. The rights and remedies conferred under this Conveyance are not intended to be exclusive of any other rights or remedies available to either the Purchaser or Vendor in connection with the breach or failure of any of the covenants, warranties, representations or other obligations of the other party given in this Conveyance or the Agreement, and nothing contained in this Conveyance shall be construed in any manner as restricting or derogating from any other such rights or remedies.

4. Each of the parties hereto shall execute and deliver such further documents and instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and which are not inconsistent with the terms hereof, including, at the Purchaser's request and expense, the Vendor and/or the EarthRenew Companies shall execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of the Purchaser or the Purchaser's counsel, be reasonably required to effectually to carry out the intent of this Agreement and transfer the Assets to the Purchaser.

5. To the extent that there is a conflict between the terms of this Conveyance and the Agreement, the terms and provisions of the Agreement shall govern.

6. This Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

7. This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, executors, legal and personal administrators, successors and permitted assigns.

8. This Conveyance may be executed in counterparts and by facsimile or PDF, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF the parties hereto have duly executed this Conveyance as of the date first above written.

RSM RICHTER INC., in its capacity of receiver and manager of the property, assets and undertaking of the EarthRenew Companies, and not in its personal capacity

Per: ________________________________

Name: Robert Taylor

Title:

0890241 B.C. LTD., a corporation duly incorporated under the laws of the Province of British Columbia

Per: ________________________________

Name:

Title:

Per: ________________________________

Name:

Title:

SCHEDULE "B"

TERMS AND CONDITIONS OF SALE

1. THE VENDOR

1.1 RSM Richter Inc., solely in its capacity as court-appointed receiver and manager (the "**Receiver**" and/or the "**Vendor**") of 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. (collectively, the "**EarthRenew Companies**") and their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate (collectively, the "**Assets**"), is offering for sale by bid and auction all of the Assets. A non-exhaustive list of the Assets for sale is outlined on Exhibit "A" attached hereto.

1.2 The Receiver has obtained an Order of the Albert Court of Queen's Bench dated October ___, 2010 (collectively, the "**Sale Process Order**") which sets out, *inter alia*, the terms, conditions of sale and a timetable for bidding and an auction with respect to the purchase and sale of the Assets (the "**Sale Process**").

2. THE SALE PROCESS

2.1 The Sale Process Order recognizes the initial bid from 0890241 B.C. Ltd. (the "**Purchaser**"). The initial bid by the Purchaser is contained in an Agreement of Purchase and Sale dated as of October 13, 2010, executed by the Purchaser (the "**Agreement of Purchase and Sale**") as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"), in the amount of the Purchase Price (as defined in the Agreement of Purchase and Sale), as further provided in the Agreement of Purchase and Sale, plus any and all retail sales taxes (including any goods and services taxes) and all other transfer taxes, duties or other like charges payable upon or in connection with the subject transaction (collectively, the "**Taxes**").

2.2 The Sale Process Order provides for, *inter alia*, the marketing and sale of the Assets by the Receiver and a competitive bidding and auction procedure, to be administered by the Receiver, in order to determine if a materially higher price (compared to the Stalking Horse Bid) can be obtained for the sale of the Assets.

2.3 In consideration for the Purchaser's expenditure of time and money in acting as the initial bidder in the Stalking Horse Bid and the preparation of the Agreement of Purchase and Sale, and in performing due diligence pursuant to the Agreement of Purchase and Sale, the Sale Process Order provides for liquidated damages in the amount of CDN$150,000 (the "**Break-Up Fee**"), payable by the Receiver to the Purchaser in the event that a materially higher offer than the offer advanced by the Purchaser pursuant to the Stalking Horse Bid is obtained for the Assets through the Sale Process and, as a consequence, the Vendor sells all of the Assets to a Person or entity other than the Purchaser.

2.4 In addition, the Sale Process Order provides that in order to be accepted by the Receiver, any bid competing with the Stalking Horse Bid for the Assets ("**Competing Bid(s)**") must be on substantially the same terms and conditions as those terms and conditions contained in the Agreement of Purchase and Sale, except with respect to price (any Competing Bid(s) that are accepted by the Vendor as superior bid(s) to the Stalking Horse Bid are referred to herein as the "**Superior Bid(s)**").

2.5 In order for any Competing Bid to be accepted by the Receiver as a Superior Bid to the Stalking Horse Bid, the Competing Bid must meet all of the following minimum criteria:

(d) the Competing Bid must be received by the Receiver, in its entirety, by no later than 5:00 p.m. (Calgary time) on November 15, 2010;

(e) the Competing Bid must be accompanied by a duly executed agreement of purchase and sale, blacklined against the Agreement of Purchase and Sale, showing any and all variations from the Stalking Horse Bid, and a deposit in the amount of fifteen percent (15%) of the purchase price stated in the Competing Bid (the "**Deposit**") by way of bank draft or certified cheque payable pursuant to the terms of the subject Competing Bid and which is not subject to any encumbrances;

(f) the Competing Bid must remain open for acceptance and completion until 11:59 p.m. (Calgary time) on November 19, 2010;

(g) the Competing Bid must be on terms no less favourable and no more burdensome or conditional than the terms of the Stalking Horse Bid and those contained in the Agreement of Purchase and Sale and must contemplate the purchase of all of the Assets;

(h) the Competing Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the bidder's obligation to close that are not otherwise contained in the Stalking Horse Bid and in the Agreement of Purchase and Sale;

(i) the Competing Bid must specify the assets that are subject to the Competing Bid, including, without limitation, any executory contracts and unexpired leases;

(j) the Competing Bid must be made by one or more bidders who can demonstrate, in the aggregate in the event that the Competing Bid is made by more than one bidder, committed and unconditional financing sufficient to consummate the transaction contemplated by the Competing Bid on the terms specified therein;

(k) the Competing Bid must be for an aggregate purchase price at least equal to the aggregate purchase price stipulated in the Stalking Horse Bid, plus the Break-Up Fee plus the Overbid Amount (as the term is defined below); and

(l) unless otherwise agreed to in writing by the Receiver or provided for in the Agreement of Purchase and Sale, the Competing Bid must provide for an all cash purchase price to be paid on closing.

3. COMPETING BID OFFERS

3.1 Sealed bids marked "DO NOT OPEN – BID – EARTHRENEW CORPORATION" shall be delivered or mailed postage prepaid to RSM Richter Inc., Receiver of the EarthRenew Corporation, Attention: Robert Taylor, so as to be received by the Receiver on or before 5:00 p.m. (Calgary time) on November 15, 2010.

3.2 Every Competing Bid must be in writing and submitted in the form of an amended Agreement of Purchase and Sale, as provided herein. Any Competing Bids received by the Receiver that are not in the correct form may be rejected immediately by the Receiver, acting in its sole and unfettered discretion.

3.3 The opening of any Competing Bid(s) received by the Receiver will be conducted in private and in the presence of representatives of the Receiver and its solicitors.

3.4 In consideration of the Receiver receiving any Competing Bid and upon receipt by the Receiver of any such Competing Bid, the competing bidder shall not be entitled to retract, withdraw, revoke, vary or countermand its Competing Bid.

3.5 In the event that any Competing Bids received by the Receiver are on substantially the same terms, conditions and/or amounts of one another, the Receiver may, subject to the approval of the Court, call upon such competing bidders to submit further bids.

3.6 No Competing Bid may contain proposals to vary, amend or supplement these Terms and Conditions of Sale.

3.7 Any documentation or other materials provided to prospective bidders relating to the Assets have been prepared solely for the convenience of prospective bidders and is not warranted to be complete or accurate, and do not form part of these Terms and Conditions of Sale. Every bidder shall be deemed to have relied entirely on its own inspection and investigation of the Assets and the title thereto.

3.8 By submitting an offer to purchase the Assets, the bidder acknowledges that it has inspected the Assets and that the Assets are being sold on an *"as is, where is"* basis at the time of closing and that there is no representation, warranty or condition, expressed or implied, statutory or otherwise, as to title, encumbrances, description, fitness for any purpose, merchantability, quality, quantity, state, condition (environmental or otherwise), defect (patent or latent), existence, location, value, the validity or enforceability of any rights (including intellectual property rights, any requirement for licenses, permits, approvals, consents for ownership, occupation or use or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. The Assets are specifically offered, as they now exist with no adjustments to be allowed for changes in conditions, qualities or quantities of such parcels from the date hereof to the Closing Date (as the term is defined below) of the contemplated transaction. The bidder acknowledges that the Receiver is not required to inspect or count, or provide any inspection or counting, of the Assets or any part thereof and the bidder shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the bidder's sole responsibility to obtain, at its own expense, any consents to such transfer of the Assets and any further documents or assurances which are necessary or desirable in the circumstances.

3.9 The Receiver, at its sole and unfettered discretion, may waive or vary any or all of the terms and conditions contained hereof.

4. DEPOSIT

4.1 Competing Bids shall be stated in Canadian currency and must be accompanied by the Deposit in the form of a draft of or a cheque certified by a Canadian bank payable to "RSM Richter Inc., Receiver of EarthRenew Corporation, in trust." If a Competing Bid is accepted to be the Winning Bid (as the term is defined below), the subject deposit shall be deemed to be a cash deposit and will be applied by the Vendor towards the purchase price of the Assets on closing of the contemplated transaction.

4.2 Cheques accompanying Competing Bids as the Deposit that are not accepted by the Receiver to be Superior Bids will be returned to the respective bidder(s) by prepaid ordinary mail addressed to the respective competing bidders at the address set out in their offers on or before 5:00 p.m. (Calgary time) on November 19, 2010, without interest.

5. THE AUCTION PROCESS AND THE WINNING BID

5.1 On or before 5:00 p.m. (Calgary time) on November 18, 2010, the Receiver will distribute to the Purchaser and the makers of the Superior Bids, the following:

(a) an invitation to an auction of the Assets to be held on or before 5:00 p.m. (Calgary time) on or before November 24, 2010 at the offices of the Receiver, or otherwise as may be determined by the Receiver, in its sole discretion (the "**Auction**");

(b) a copy of the bid that the Receiver, acting in its sole and unfettered discretion, having regard to all of the features of the bids, believes to be the most favourable bid as between the Stalking Horse Bid and all of the Superior Bids (the "**Lead Bid**"); and

(c) a copy of a set of rules for the conduct of the Auction, established by the Receiver, acting in its sole and unfettered discretion, with a view of maximizing the price for the Assets (the "**Auction Rules**") (provided that the Auction Rules shall in all events provide that all bids made at the Auction shall be in accordance with the terms and conditions of the Lead Bid, except for the aggregate purchase price which will be subject to improvement through bidding in the Auction; each bid made in the course of the Auction shall exceed the aggregate purchase price payable pursuant to the preceding bid (or, in the case of the first bid made at the Auction, the Lead Bid) by no less than CDN$25,000 increments solely for the purpose of determining the successful bid at the Auction; provided, however, for greater certainty, any bid made by any participant at the Auction shall have added to it the Break-Up Fee and the amount of CDN$75,000 (the "**Overbid Amount**"); and the highest bid received at the Auction shall be the "winning bid" (the "**Winning Bid**").

5.2 Any incremental amount to the bid by the Purchaser in the context of the Auction may be satisfied by a cash payment or, to the extent that any such incremental amount is an amount to which Luxor (as the term is defined in the Agreement of Purchase and Sale) is entitled (but only to that extent), by the assumption by the Purchaser of that amount of the unsecured debt of the EarthRenew Companies owed to Luxor.

5.3 Upon acceptance of the Winning Bid at the Auction, there shall be a binding agreement of purchase and sale between the successful winning bidder (the "**Winning Bidder**") and the Receiver (the "**Winning Bid Agreement**"). The Winning Bid Agreement shall be constituted by:

(a) the Stalking Horse Bid or one of the Superior Bids, as the case may be, as amended pursuant to the Auction;

(b) the Terms and Conditions of Sale; and

(c) the acceptance of the Winning Bid.

5.4 The Receiver will make a motion to the Court, forthwith, to obtain an order to approve the agreement with the Winning Bidder and to vest the Assets in the Winning Bidder. Thereafter, the Receiver will advise the Purchaser of the outcome of the said motion and proceed with closing the transaction forthwith.

5.5 Title to the Assets shall not pass to the Purchaser nor shall the Purchaser be entitled to possession of same until the purchase price and all other payments to be made by the Purchaser pursuant to the Winning Bid Agreement have been paid in full, and the Purchaser has complied with all of its covenants contained herein and in the Winning Bid Agreement, which shall have been duly executed and delivered to the Vendor.

5.6 The Vendor shall not be required to pay any commission with respect to a sale made pursuant to these Terms and Conditions of Sale.

6. CLOSING DATE

6.1 The closing of the contemplated transaction shall take place at the office of the Vendor's solicitors, Macleod Dixon LLP, 3700 Canterra Tower, 400 Third Avenue SW, Calgary, AB T2P 4H2, at 2:00 p.m. on the Business Day (as the term is defined in the Agreement of Purchase and Sale) following the date on which the Approval and Vesting Order (as the term is defined in the Agreement of Purchase and Sale) is granted or such other date as agreed to in writing by the parties (the "**Closing Date**").

6.2 The Vendor shall not be required to produce any abstract of title, title deed or documents or copies thereof or any evidence as to title pertaining to the Assets, other than those in its possession.

7. EVENT OF FORFEITURE

7.1 If the Purchaser fails to comply with the terms and conditions of the Winning Bid Agreement, or any of them, its deposit shall be forfeited to the Vendor on account of agreed liquidated damages, the Assets being conveyed to the Purchaser may be resold by the Vendor, and the Purchaser shall pay to the Vendor on demand: (i) an amount equal to the amount, if any, by which the purchase price under the Winning Bid Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Winning Bid Agreement.

8. GENERAL

8.1 RSM Richter Inc. is acting solely in its capacity as court-appointed receiver and manager of the current and future assets, undertakings and properties of the EarthRenew Companies and shall have no personal or corporate liability hereunder or from any agreement contemplated hereby or as a result of any contemplated sale.

8.2 The terms and conditions contained herein shall not merge on the closing of the transaction contemplated herein but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

8.3 The terms and conditions hereunder shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

8.4 The terms and conditions contained herein shall enure to the benefit of and be binding upon the parties thereto and their permitted heirs, executors, administrators, successors or assigns, as the case may be.

8.5 Unless otherwise provided herein, any tender of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be tendered by cheque certified by a Canadian chartered bank, Canadian trust company or by bank draft.

8.6 The obligations of the Vendor to complete any agreement contemplated herein or hereby shall be relieved if, on or before the closing of such sale, the Assets or any part thereof which are the subject of the sale have been removed from the control of the Vendor by any means or process, enjoined, or the Assets, or any part thereof, are redeemed, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, deduction costs or compensation.

8.7 The Purchaser shall not assign the Winning Bid Agreement without the Receiver's prior written approval, which approval may be granted or withheld in the Receiver's sole and unfettered discretion.

8.8 Time is of the essence of any agreement entered into pursuant to these Terms and Conditions of Sale, any rule of law or equity to the contrary notwithstanding.

8.9 The Vendor reserves its rights, subject to Court approval, to withdraw the Assets or any part thereof on or before the Closing Date if there is any actual or threatened litigation with respect to any of the Assets or if any Asset has been redeemed or is subject to any lien or encumbrance which the Vendor cannot remove and the Purchaser will not assume. The Vendor shall be under no obligation to compensate any third party in order to complete any applicable agreement and shall return the deposit to the Purchaser without interest, costs or compensation.

8.10 Unless the context otherwise requires, words importing the singular include the plural and vice versa.

8.11 The submission of a bid by a resident of the Province of Quebec will be deemed to constitute the declaration and acknowledgement by such resident that it has requested these Terms and Conditions of Sale, the form of bid referred to herein and all other documentation relating to its bid and the acceptance thereof to be drawn up in the English language.

8.12 La présentation d'une soumission par une personne résident dans la province de Québec constituera la déclaration et la reconnaissance expresse par la soumissionnaire qu'il a consenti que ces Termes et Conditions de Vente, la formule de soumission mentionnes en ceci et tous autres documents relatifs à la soumission et a son acceptation soient rédiges en langue anglaise.

DATED at Toronto, this ___ day of October, 2010.

RSM RICHTER INC., in its capacity of receiver and manager of the property, assets and undertaking of the EarthRenew Companies, and not in its personal capacity

Per: ______________________________

Name: Robert Taylor

Title:

Exhibit "A" to the Terms and Conditions of Sale
The Assets

The Assets include all of the EarthRenew Companies' assets, undertakings and properties of every nature and kind whatsoever used in connection with the Business, and wherever situate, including, without limitation, the following:

(a) all furniture, fixtures and computer equipment not subject to specific financing agreements or leases;

(b) all goods that are held by any of the EarthRenew Companies for sale (whether such goods are saleable, obsolete or damaged) in relation to Business, including raw materials, work in progress or materials used or consumed in such business;

(c) all Equipment;

(d) all trade accounts receivable and other accounts receivable;

(e) all Real Property;

(f) all customer lists and lists of prospective customers and marketing and sales databases;

(g) the benefit of all unfulfilled orders received by and in favour of any of the EarthRenew Companies;

(h) all Contracts;

(i) all Intellectual Property;

(j) any and all goodwill, in whatever format, and including, without limitation, internet and electronic email addresses, URLs, telephone, telex and facsimile numbers, content of websites and domain names related to or connected with the Business, all related software and electronic code to the extent assignable and other similar intellectual property or intangibles related to the Business;

(k) all Books and Records;

(l) all Warranty Rights;

(m) all Claims;

(n) the full benefit of all leases, etc., to which any of the EarthRenew Companies is a party;

(o) all other tangible and intangible assets and property used in connection with the Business;

(p) Real Property;

(q) all rights and interests under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Assets otherwise Related to the Business; and

(r) extra-provincial, sales, excise or other licences or registrations issued to or held by the EarthRenew Companies, whether Related to the Business or otherwise.

All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Agreement of Purchase and Sale.

In the Matter of the Receivership of
EarthRenew Group of Companies
Product Inventory as at October 13, 2010
(unaudited, US$ or C$ as stated)

US (US$)

Creditor	Notes	Quantity (tons)	Value (at US$400/t)	Amount Owed
American Warehouse	1	1,600	640,000	64,086
BWC	2	80	32,000	1,282
New Prague Storage	3	-	-	-
		1,680	672,000	65,368

Canada (C$)

Creditor		Quantity (tons)	Value (at C$400/t)	Amount Owed
Cattleland Feedyards Ltd	4	1,600	640,000	97,000
RTK Trucking	5	2,364	945,600	55,000
EarthRenew		2,000	800,000	n/a
		5,964	2,385,600	152,000

In the Matter of the Receivership of
EarthRenew Group of Companies
Product Inventory as at October 13, 2010
(unaudited, US$ or C$ as stated)

Notes

1 The Receiver offered US$10,000 to American Warehouse in partial payment of arrears and to pay ongoing rent (US$8,000 per month), provided the Receiver could gain access to the storage facility to confirm the quantity of inventory. Payments towards the remaining arrears were to be addressed at a later date. American Warehouse accepted this proposal provided the Receiver enter into a new contract with American Warehouse. The Receiver is unable to enter into such an agreement. American Warehouse have now demanded payment of all arrears, will not allow the Receiver access and plan to lien the inventory.

2 Arrears have been paid. Storage costs are US$372 per month.

3 Storage paid to October 31, 2010. These are biosolid test products with no resale value.

4 Storage costs are C$3,333 per month. The Receiver has paid from the date of Receivership up to October 31, 2010. The amounts claimed by Cattleland comprise unpaid property taxes and unpaid lease amounts.

5 Receiver's inventory count indicated a discrepancy of approximately 80 tons. The Receiver is investigating. RTK Trucking claims a lien for outstanding amounts. The inventory is held in several sites in and around Nobleford, Alberta.

In the Matter of the Receivership of
EarthRenew Group of Companies
Equipment Inventory as at October 13, 2010
(unaudited, US$, converted from Canadian at 0.99)

Fertilizer Production Units 2-6

Location	Notes	Value at location per Company	Value per third party	Amount Owed
US Turbine	1	3,583,680	760,000	753,752
Airlake Industrial	2	695,582	n/a	3,996
Scott Equipment	3	374,483	130,000	130,115
Forsberg	4	145,225	n/a	6,716
TE Ibberson	5	614,890	n/a	9,744
General Tool	6	281,000	n/a	113,219
Jomida LLC/JJS Storage	7	166,789	n/a	-
		5,861,650	890,000	1,017,542

Unit 1 Emissions Equipment

Location	Notes	Value at location per Company	Value per third party	Total Amount Owed
101 Industries Ltd.	8	67,550	35,000	34,583
Kiem TS Inc. (Kiem Transport Yard)	9	188,497	14,000	13,800
Flexible Compensators Inc.	10	6,696	n/a	6,026
Hanks Feedmill Service Ltd.	11	62,528	63,000	62,528
Interstates Engineering Systems Inc.	12	18,007	n/a	29,378
Spartan Controls Ltd.	13	11,750	1,500	1,462
		355,028	113,500	147,777

Dies and other items

Location	Notes	Value at location per Company	Value per third party	Total Amount Owed
Jacobs Corporation	14	95,000	n/a	224,336
Droesser	15	-	n/a	
		95,000	-	224,336

TOTAL		6,311,678	1,003,500	1,389,655

In the Matter of the Receivership of
EarthRenew Group of Companies
Equipment Inventory as at October 13, 2010
(unaudited, US$, converted from Canadian at 0.99)

Notes

1 US Turbine estimates the value of the equipment at their premises is approximately $760,000. Amounts outstanding include storage fees of $120,000 and interest of $50,000 on unpaid invoices.
2 One large component in storage. Storage costs are US$626 per month.
3 Drying system identical to the one on site in Strathmore, Alberta but at their site in components. Outstanding amounts include approximately $41,000 in parts already shipped.
4 Amounts to be confirmed.
5 Equipment being stored. Creditor wants equipment removed. US$1,100 storage costs per month.
6 Equipment comprises a partially complete generator set.
7 Amounts to be confirmed.
8 Amounts outstanding comprise manufacturing costs only. Currently there are no charges for storage.
9 Outstanding amounts are for storage only. Creditor is a trucking company and wants equipment removed. Rental is US$3,000 per month.
10 Amounts to be confirmed.
11 Completed ducting machinery stored at their premises. Storage costs are not currently being charged.
12 Motor control centre equipment (that control the starter motors in the facility) stored in Laredo, Texas awaiting shipment.
13 Actuators and valves. Currently there are not charges for storage.
14 Dies held on site. Amount outstanding includes late payment fees of $22,000.
15 Amounts to be confirmed.

In the Matter of the Receivership of
EarthRenew Group of Companies
Net Book Value of assets according to trial balance as at September 23, 2010
(Unaudited, C$)

	EarthRenew Strathmore 1 LP	EarthRenew Corporation	EarthRenew, Inc.	EarthRenew IP Holdings LLC	EarthRenew Solutions LP	EarthRenew Operational Employee LP	TOTAL
Construction in Progress	322,762	8,977,856					9,300,618
Property, Plant, and Equipment	13,923,072	1,178,084	3,464		8,579		15,113,198
Intellectual Property		114,771	1,037,290	936,071			2,088,132
Inventory	1,622,816		12,600				1,635,417
Accounts Receivable		6,000	45,005			300	51,305
	15,868,651	10,276,710	1,098,359	936,071	8,579	300	28,188,669

EarthRenew Management LP, EarthRenew Management General Partner Ltd., and EarthRenew Strathmore GP Ltd. have no assets.

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

In the Matter of the Receivership of
EarthRenew Group of Companies
IP lawyers - outstanding issues as at October 13, 2010
(US$, unaudited)

Lawyer	Notes	Workstreams	Locations	Amount owed	Budget October	Budget November
IPxLaw	1	Trademarks	Worldwide	64,366	25,000	45,000
Merchant & Gould	2	Patents	US, Canada, UK	140,339	10,000	10,000
Buchanan Ingersoll	3	Patents	Rest of the world	89,347	15,000	12,000
CPA Global	4	Patent maintenance	Worldwide	6,100	0	0
				300,152	50,000	67,000

In the Matter of the Receivership of
EarthRenew Group of Companies
IP lawyers - outstanding issues as at October 13, 2010
(US$, unaudited)

Notes

1 IPX provides trademark defences for EarthRenew. They are currently defending the Plant Food Systems ("PFS") trademark action. IPX estimates an additional $25,000 will be required in December in connection with the PFS action. IPX is attempting to postpone the hearings by 30-60 days.
2 Merchant & Gould costs until November 30, 2010 are estimated. All non-essential patent work postponed. The Receiver is attempting to discuss go-forward matters.
3 Buchanan Ingersoll costs until November 7, 2010 are estimated at $27,000. All non-essential patent work postponed.
4 Gene Dillahunty advises that CPA Global's services are not required at this time. The Receiver is attempting to confirm this with CPA.

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

CLERK OF THE COURT
OCT 14 2010
CALGARY, ALBERTA

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

Macleod Dixon LLP
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