IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 15
EarthRenew IP Holdings LLC, et al.[1]	Case No. 10-13363 (CSS)
	Jointly Administered
Debtors in a Foreign Proceeding.	

DECLARATION OF ROBERT J. TAYLOR IN SUPPORT OF RECEIVER'S MOTION FOR ENTRY OF ORDER, PURSUANT TO SECTIONS 105(a), 363, 1501, 1507, 1520 AND 1521 OF THE BANKRUPTCY CODE, AND BANKRUPTCY RULES 2002 AND 6004, (I) RECOGNIZING AND ENFORCING THE ORDER OF THE CANADIAN COURT AUTHORIZING AND APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, (II) AUTHORIZING AND APPROVING THE SALE FREE AND CLEAR OF ANY AND ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS, AND (III) GRANTING CERTAIN RELATED RELIEF

I, Robert J. Taylor, declare as follows:

1. I am Vice-President of RSM Richter Inc. ("RSM" or the "Receiver"). RSM is the court-appointed receiver and duly authorized foreign representative for the above-captioned debtors (collectively, the "Debtors") in Canadian receivership proceedings (the "Canadian Receivership Proceeding") commenced under the Bankruptcy and Insolvency Act (Canada), R.S.C. 1985, c. B-3, as amended, pending before the Court of Queen's Bench of Alberta in the Judicial District of Calgary (the "Canadian Court").

[1] The Debtors in the Chapter 15 Cases, along with the last four digits of their United States Tax Identification Number or Canadian Business Number, as applicable, are: EarthRenew IP Holdings LLC ("EarthRenew IP"); EarthRenew Corporation (0985); EarthRenew, Inc. (1813); EarthRenew Management General Partner Ltd. (2218); EarthRenew Management LP (5417); EarthRenew Operational Employee LP (2155); EarthRenew Solutions LP (6554); EarthRenew Strathmore 1 LP (3013); and EarthRenew Strathmore General Partner Ltd. (7013). The Debtors' corporate headquarters are located at, and the mailing address for the Debtors is, 1925 18th Avenue N.E., Suite 201, Calgary, Alberta, T2E 7T8, Canada. Only EarthRenew, Inc. maintains a United States Tax Identification Number. Canadian Business Numbers have been listed for the other Debtors, with the exception of EarthRenew IP, which is a United States entity disregarded for tax purposes and therefore does not maintain a United States Tax Identification Number.

2. I respectfully submit this declaration (the "Declaration") in support of the *Receiver's Motion for Entry of Order, Pursuant to Sections 105(a), 363, 1501, 1507, 1520 and 1521 of the Bankruptcy Code, and Bankruptcy Rules 2002 and 6004, (I) Recognizing and Enforcing the Order of the Canadian Court Authorizing and Approving the Sale of Substantially All of the Debtors' Assets, (II) Authorizing and Approving the Sale Free and Clear of Any and All Liens, Claims, Encumbrances and Other Interests, and (III) Granting Certain Related Relief* (the "Sale Motion")[2] filed contemporaneously herewith. In my capacity as a Vice-President of RSM, I am one of the individuals primarily responsible for supervising the Canadian Receivership Proceeding and the Chapter 15 Cases. I have reviewed the Sale Motion, the Asset Purchase Agreement, the Sale Procedures Orders and the Canadian Sale Order, and am directly, or by and through other personnel or agents of the Receiver, familiar with the information contained therein, any exhibits attached thereto, and the proposed form of order granting the relief requested in the Sale Motion (the "Proposed Order").

3. Except as otherwise indicated herein, all facts set forth in this Declaration are based upon my personal knowledge, information and belief, my review of relevant documents (including, without limitation, the Sale Motion, the Asset Purchase Agreement, the Sale Procedures Orders and the Canadian Sale Order), inquiries made to others (including other personnel or agents of the Receiver), or my opinion based upon my experience and knowledge of the Debtors' Assets and advice provided to me by the Receiver's professional advisors in connection with the Canadian Receivership Proceeding and the Chapter 15 Cases. Any summary of, or reference to, the terms and conditions of the Sale Motion, the Asset Purchase Agreement,

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

the Sale Procedures Orders and the Canadian Sale Order herein are qualified in their entirety by the actual terms and conditions of such documents.

4. If I were called upon to testify, I could and would, based on the foregoing, testify competently to the facts set forth in this Declaration. I am authorized to execute this Declaration on behalf of the Receiver.

BACKGROUND

A. General Background

5. On October 20, 2010 (the "Petition Date"), the Receiver commenced the Debtors' chapter 15 cases (collectively, the "Chapter 15 Cases") by filing petitions for the Debtors pursuant to sections 1504 and 1515 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code").

6. Prior to the Petition Date, on September 15, 2010, the Canadian Court entered an order (the "Receivership Order") appointing RSM to act as receiver and manager of the Debtors' assets.

7. On the Petition Date, the Receiver filed the *Receiver's Motion for Provisional and Final Relief In Recognition of a Foreign Main Proceeding Pursuant to Sections 105(a), 1519, 1520 and 1521 of the Bankruptcy Code* [Docket No. 6], requesting (i) entry of a provisional order (the "Provisional Relief Order"), on an interim basis, (a) enforcing the Receivership Order, (b) staying any collection activity by creditors against the Debtors' assets in the United States, and (c) entrusting management of the Debtors' assets in the United States to the Receiver in a manner consistent with the Receivership Order, (ii) entry of a final order (the "Recognition Order"), after notice and a hearing, granting recognition of the Canadian Receivership Proceeding as a foreign main proceeding under section 1517 of the Bankruptcy

Code and enforcing the Receivership Order on a permanent basis in the United States and (iii) such other and further relief as this Court deemed just and proper.

8. On October 22 and November 10, 2010, this Court entered the Provisional Relief Order [Docket No. 21] and the Recognition Order [Docket No. 43], respectively.

B. Sale Procedures Orders

9. On November 10, 2010, this Court entered an order [Docket No. 42] (the "U.S. Sale Procedures Order") recognizing and enforcing that certain Stalking Horse Bid/Sales Process Order (the "Canadian Sale Procedures Order," and together with the U.S. Sale Procedures Order, the "Sale Procedures Orders") entered by the Canadian Court on October 19, 2010 in the Canadian Receivership Proceeding. Pursuant to the Canadian Sale Procedures Order, the Canadian Court (i) approved the Receiver's proposed bidding, auction and sale procedures (the "Sale Procedures") for the Debtors' Assets, (ii) authorized and directed the Receiver to enter into that certain Agreement of Purchase and Sale (the "Asset Purchase Agreement," a copy of which is attached as Exhibit A to the Sale Motion), dated October 13, 2010, by and between RSM, solely in its capacity as the Receiver, and 089021 B.C. Ltd. (the "Purchaser" or "089"), and (iii) approved the Purchaser's offer for the Assets, upon the terms and conditions in the Asset Purchase Agreement, as the stalking horse bid (the "Stalking Horse Bid") in connection with the Sale Procedures.

10. 089 is a nominee corporation formed by 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, secured lenders to the Debtors and the parties which brought the application to commence the Canadian Receivership Proceeding.

11. The Sale Procedures were established by the Receiver in an effort to subject the value of the Assets to market testing through the solicitation of higher and/or better bids for the Assets. Under the Sale Procedures, any bid competing with the Stalking Horse Bid for the Assets ("Competing Bid(s)") was required to be received by the Receiver, in its entirety, by no later than 5:00 p.m. (Calgary time) on November 19, 2010 (the "Bid Deadline").

12. In accordance with the Sale Procedures Orders and in connection with the Sale Procedures, the Receiver sent approximately 200 introductory letters to potential strategic and financial buyers located throughout North America and Europe. Approximately 70 of these letters were sent to financial firms, primarily venture capital groups with interest in the Debtors' industry, while the remaining letters were sent to strategic buyers, primarily agricultural distributors, fertilizer companies, organic fertilizer companies, large feedlots and other members of fertilizer associations. Subsequent to sending the introductory letters, the Receiver made follow-up calls to various parties to which the letters were sent. In addition, the Receiver published notice in *The Globe & Mail*[3] regarding the sale of the Debtors' Assets, and established a virtual data room to provide prospective bidders with the information they would need to quickly get up to speed regarding the nature of the Debtors' business and the assets and liabilities related thereto. As a result of the Receiver's marketing efforts, 7 parties entered confidentiality agreements in order to receive additional information regarding the Assets, and all but 1 of these parties were active in the virtual data room.

13. The Sale Procedures, as well as the Receiver's marketing efforts in connection therewith, balanced the economics realities of the Canadian Receivership Proceeding and these Chapter 15 Cases with the need to implement and carry out a process designed to

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[3] *The Globe and Mail* is Canada's leading national newspaper and it is customary for ads of this nature to be placed in this publication.

maximize estate value. The Receiver undertook a comprehensive sale process for the Debtors' business and Assets and did so in a manner that was appropriate and cost efficient given the value of the Assets. Notwithstanding the Receiver's efforts, prior to the Bid Deadline, no Competing Bids were received. Accordingly, no auction was held for the Assets, and on January 26, 2011, after the Receiver and the Purchaser had an opportunity to work through certain matters related to the Sale and request a hearing before the Canadian Court to consider the approval of the Sale, the Canadian Court entered the Canadian Sale Order, thereby authorizing the Sale.

C. Canadian Sale Order

14. Pursuant to the Canadian Sale Order, the Canadian Court, among other things: (i) ratified and approved the Asset Purchase Agreement; (ii) determined that the consideration due and owing by the Purchaser under the Asset Purchase Agreement may be paid by way of a reduction in the Purchaser's claim against the Debtors; (iii) authorized the Receiver to conclude the Sale transaction contemplated by the Asset Purchase Agreement and to take all such steps and execute all such documents as may reasonably be necessary to complete the transaction contemplated therein; (iv) determined that upon the closing of the Sale, all of the Receiver's and the Debtors' right, title and interest in and to the Assets shall, without further instrument of transfer or assignment, vest in the Purchaser as contemplated by the Asset Purchase Agreement, absolutely and forever, free and clear of and from any and all claims by, through, or under the Debtors, and any of them, other than claims arising under the Receivership Order, as amended, which claims shall continue against the Assets, and free and clear of and from any and all estate, right, title, interest, and liens, except as may otherwise be provided in the Asset Purchase Agreement or the Canadian Sale Order; (v) ordered that the Purchaser shall, by

virtue of the completion of the Sale, have no liability of any kind whatsoever to any Claimants (as defined therein) in respect of any Claims (as defined therein) any of the Claimants may have against the Debtors, or any of them; (vi) requested the aid and recognition of any Court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to the Canadian Sale Order and to assist the Receiver and its agents in carrying out the terms of the order; and (vii) authorized and empowered the Receiver to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of the Canadian Sale Order and for assistance in carrying out the terms of such order.

SALE MOTION

15. Contemporaneously with the filing of this Declaration, the Receiver filed the Sale Motion. Pursuant to the Sale Motion, the Receiver requests this Court to enter an order, pursuant to sections 105(a), 363, 1501, 1507, 1520 and 1521 of the Bankruptcy Code, Bankruptcy Rules 2002 and 6004, and Local Rule 6004-1(b), (i) recognizing and enforcing the Canadian Sale Order, (ii) authorizing and approving the Sale free and clear of any and all Liens, and (iii) granting certain relief related thereto.

16. To the best of my knowledge, information and belief, the Asset Purchase Agreement was negotiated, proposed and entered into by the Receiver and the Purchaser without collusion, in good faith, and from an arms' length bargaining position. Although the Purchaser is a nominee corporation formed by secured lenders to the Debtors and the parties which brought the application to commence the Canadian Receivership Proceeding, I have no reason to believe that the Asset Purchase Agreement is anything but the product of arms' length negotiations between the Receiver, the Purchaser and their respective professional advisors. Accordingly, I

believe that the Purchaser has purchased the Assets in good faith within the meaning of section 363(m) of the Bankruptcy Code.

17. After a thorough review of the Assets and extensive marking efforts in connection with the sale process, which has now concluded, I believe that a sale of the Assets in accordance with the terms and conditions of the Asset Purchase Agreement and the Canadian Sale Order represents the highest and best value for the Debtors' estates and creditors, and that this Court's recognition and enforcement of the Canadian Sale Order, and approval of the Sale free and clear of any and all Liens, is critical to achieving this result. Among other things, it will permit the Receiver to sell the Assets in the Canadian Receivership Proceeding without disruption, in a timely and efficient manner, and in a manner that will preserve and maximize the value of those assets for the benefit of creditors, and provide further certainty to the Sale and to the Purchaser.

18. I believe that more than ample business justification exists to sell the Assets to the Purchaser. Under the facts and circumstances of the Canadian Receivership Proceeding and these Chapter 15 Cases, the Sale Procedures allowed for a timely and efficient auction and sale process, while providing potential bidders with ample time and information to submit a timely bid. The Sale Procedures were designed to ensure that the Assets would be sold for the highest or otherwise best possible purchase price, while taking into account the fact that funding for a sale process longer than that provided for in the Sale Procedures was not readily available to the Debtors' estates, and even if it were available, the Receiver would have run the risk that the Assets would dissipate in value and become difficult, if not impossible, to properly maintain pending the conclusion of a prolonged auction and sale process. The procedures were structured to be fully consistent with the provisions of section 363 of the Bankruptcy Code and

judicial and market precedents in both the Judicial District of Calgary (in which the Canadian Court sits) and the District of Delaware. That the Asset Purchase Agreement represents the highest and best value for the Assets is substantiated by the fact that, despite the establishment of the Sale Procedures, which included a comprehensive marketing of the business and Assets, no Competing Bids were received. Furthermore, based on a liquidation analysis that the Receiver performed, the Purchase Price exceeds the net realizable value of the Debtors' business and Assets in a liquidation.

19. I also believe that time is of the essence with respect to the Proposed Order and the Canadian Sale Order. As of the filing of this Declaration, the Receiver has been advised by the Purchaser that it intends to close the Sale as soon as possible after the entry of the Proposed Order. Moreover, the Receiver simply lacks sufficient funding to delay the closing of the Sale for any significant period of time beyond the hearing on the Sale Motion. Therefore, I believe that it is necessary for this Court to waive the 14-day stay period under Bankruptcy Rules 6004(h) to the extent applicable to the Proposed Order.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: Wilmington, Delaware
January 27, 2011

Robert J. Taylor, on behalf of RSM Richter Inc.,
in its capacity as the court-appointed receiver and duly authorized foreign representative of the Debtors