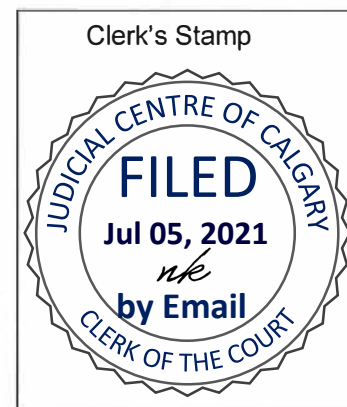


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COURT FILE NO. 2101-02279

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

Justice Horner
COM
July 16, 2021

IN THE MATTER OF THE RECEIVERSHIP OF ALTER NRG CORP.

DOCUMENT **FIRST REPORT OF MNP LTD., COURT APPOINTED RECEIVER**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING
THIS DOCUMENT

COUNSEL
MLT AIKINS LLP
2100 Livingston Place
CALGARY, AB T2P 0B4

ATTN: Ryan Zahara
TEL: 403.693.5420
EMAIL: rzahara@mltaikins.com

RECEIVER
MNP LTD.
1500, 640 - 5 AVENUE SW
CALGARY, AB T2P 3G4

ATTN: VICTOR P. KROEGER
TEL: 403.298.8479
FAX: 403.537.8437
EMAIL: vic.kroeger@mnp.ca

INTRODUCTION AND BACKGROUND

1. On April 29, 2021 (the "**Filing Date**"), on application by Aleksandr Gorodetsky, Bruce Leonard and Kenneth Willis, (collectively, the "**Applicants**") the Honourable Madam Justice K.M. Eidsvik made an Order (the "**Receivership Order**"), appointing MNP Ltd. (the "**Receiver**") as receiver of all the assets, undertakings and property (collectively, the "**Property**") of Alter NRG Corp. ("**Alter**", or the "**Company**") pursuant to the Alberta Civil Enforcement Act and the Alberta Judicature Act.
2. The Company is a body corporate pursuant to the laws of the Province of British Columbia and is extra-provincially registered in Alberta.
3. Alter was headquartered in Calgary, Alberta where it provided alternative energy solutions. The Company sold its Westinghouse Plasma Gasification Technology through a wholly owned subsidiary called Westinghouse Plasma Corp. The proprietary plasma gasification technology was used to convert biowaste into renewable energy solutions including liquid fuels, electrical power, and syngas. On March 27, 2015, the Company was acquired by Harvest International New Energy Co Ltd. ("**Harvest**") through its wholly owned subsidiary, 1030629 B.C. Ltd. Harvest is the wholly owned subsidiary of Sunshine Kaidi New Energy Group Co. Ltd. ("**Sunshine**")
4. The operations of Alter were being funded by Harvest and its ultimate parent company, Sunshine.
5. We understand that in 2019 Sunshine was having financial difficulty that resulted in defaults on its bonds. As a result, we are advised that Sunshine's bondholders imposed restrictions that prevented Sunshine from providing further funding to Harvest and/or to Alter.
6. As a result, the Company ceased operations on or around January 2020 and all employees were terminated prior to the receivership proceedings.
7. The Applicants commenced legal proceedings to recover amounts due and owing to them and obtained a Judgement and Writ of Enforcement against Alter.
8. The Applicants and Harvest/Sunshine agreed that a receivership of Alter would provide the best and most transparent method to realize on the Property.
9. This is the Receiver's first report (the "**First Report**") to the Court of Queen's Bench of Alberta (the "**Court**").
10. All references to currency are in Canadian dollars unless otherwise stated.
11. A copy of the First Report and other relevant documents in the Company's restructuring proceedings will also be available on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/alter-nrg-corp>.

REPORT LIMITATIONS

12. In preparing the First Report and making comments herein, the Receiver has relied upon, certain unaudited, draft or internal financial information, including the Company's books and records, and information from other third-party sources (collectively, the "**Information**"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada (the "**Standards**").

Additionally, none of the Receiver's procedures were intended to disclose defalcations or other irregularities. If the Receiver were to perform additional procedures or to undertake an audit examination of the Information in accordance with the Standards, additional matters may have come to the Receiver's attention. Accordingly, the Receiver does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of the First Report.

13. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of the First Report. Any use, made by any party of the First Report, or any reliance or decision to be made based on the First Report by any party, is the sole responsibility of such party.

PURPOSE OF THE FIRST REPORT

14. The purpose of the First Report is to provide this Honourable Court with information on the activities of the Receiver since the Filing Date and to seek an Order granting, among other things, the following:
 - a. Approval of the reported actions of the Receiver to date in administering the receivership provided that only the Receiver, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approvals; and
 - b. Approval of a sale and investment solicitation process ("**SISP**") in accordance with paragraph 3(k) of the Receivership Order.

ACTIVITIES OF THE RECEIVER

15. The Receiver's activities since the receivership date, April 29, 2021, are summarized below:
 - a. Corresponded with Alter's former executives to gather information about Alter's assets and liabilities;
 - b. Completed all required creditor notifications and responded to creditor/stakeholder inquiries;
 - c. Reviewed information provided from former executives regarding the Property;
 - d. Retained MLT Aikins LLP as legal counsel to the Receiver;
 - e. Made inquiries with Alter's legal counsel regarding Alter's patents;
 - f. Prepared a draft SISP;
 - g. Prepared preliminary documents and a virtual data room for the proposed SISP;
 - h. Corresponded with legal counsel for Harvest and Sunshine and the Applicants; and
 - i. Set up and maintained the Receiver's website.

SALE AND INVESTMENT SOLICITATION PROCESS

16. The Receiver has prepared a draft SISP and a related Confidential Information Memorandum (“**CIM**”) that has been confidentially provided to legal counsel to the Applicants and Harvest/Sunshine for their comments. To date no issues have been raised by either party with proposed form of the SISP. A copy of the SISP and CIM will be attached to the Sale Approval application.
17. The proposed milestones and estimated deadlines for the SISP, including an Approval Hearing, are as follows:

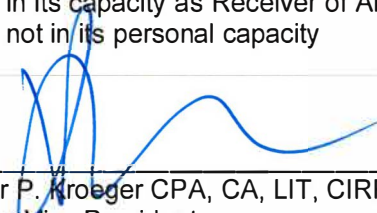
Milestones	Estimated deadlines
Issuance of a teaser and non-disclosure agreement	July 19, 2021
Issuance of a CIM upon receipt of a non-disclosure agreement	Beginning July 19, 2021
Due diligence period for potential bidders	July 19, 2021 - August 30, 2021
Deadline for receipt of offers	August 30, 2021
Selection of successful offeror(s)	September 3, 2021
Closing of transaction (dependant on timing of any required Court approval)	September 30, 2021

CONCLUSIONS AND RECOMMENDATIONS

18. The Receiver believes that the SISP will provide certainty to the Company’s creditors and will provide the greatest recovery to its creditors and stakeholders.
19. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant an Order:
 - a. Approving the reported actions of the Receiver in the completion of its statutory and investigative duties, as outlined in the Receivership Order that have been completed in these proceedings provided that only the Receiver, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval; and
 - b. Approving the SISP.

All of which is respectfully submitted this 5th day of July 2021.

MNP Ltd. in its capacity as Receiver of Alter NRG Corp. and not in its personal capacity

Per: 
 Victor P. Kroeger CPA, CA, LIT, CIRP, CFE
 Senior Vice President