

**FORM 87**

**NOTICE AND STATEMENT OF RECEIVER**

Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*

**IN THE MATTER OF THE RECEIVERSHIP OF  
SOLVAQUA INC.**

of the City of Calgary, in the Province of Alberta

**THE RECEIVER GIVES NOTICE AND DECLARES THAT:**

On August 19, 2022 (the “Receivership Date”), the Court of Queen’s Bench of Alberta (the “Court”) granted an Order (the “Receivership Order”) appointing MNP Ltd. as Receiver and Manager (the “Receiver”), without security, over all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “Property”) of Solvaqua Inc. (“Solvaqua” or the “Company”). The Receivership Order was granted following an application by Arnaki Ltd. (“Arnaki”), who has a secured claim of approximately \$7.9 million (the “Arnaki Claim”) pursuant to various general security agreements (the “Arnaki Security”).

A copy of the Receivership Order and all other publicly available information can be found on the Receiver’s website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/solvaqua-inc>

**BACKGROUND**

Solvaqua was incorporated in the Province of Alberta on June 19, 2019. The Company was in the business of providing proprietary wastewater management solutions based on nanopolymerization technology (the “Technology”) that allowed isolated areas to reuse water, thereby decreasing freshwater usage. Solvaqua’s business plan involved implementing the Technology in foreign jurisdictions.

At the Receivership Date, Solvaqua had very limited operations and did not have any designated office space. The Company previously operated out of premises located at 300, 340 Midpark Way SE, Calgary, Alberta and had a registered office of 1000 – 250 2<sup>nd</sup> Street SW, Calgary, Alberta. Mr. Chris Tesarski is the sole director and shareholder of Solvaqua.

**ASSETS**

At the Receivership Date, the Company was holding the following Property in connection with the Technology:

1. Cash held in financial institutions totaling approximately \$237;

2. Equipment and chemicals (the “Equipment”), as further described below<sup>1</sup>; and
3. Scientific research and experimental development tax credits the value of which is currently unknown.

The Equipment consists of three large units and six small units in various stages of completion that are being held at the premises of the equipment manufacturer, Rotating Right, in Leduc, Alberta. One additional small unit was sent overseas for use in a client demo. Economic Development Canada (“EDC”) took possession of two additional large units (also held at Rotating Right’s premises), pursuant to an insurance settlement with the Company. Rotating Right has indicated that they have a claim for approximately \$560,000 for unpaid work on the Equipment and storage fees for the Equipment (the “Rotating Right Claim”). The Receiver has requested supporting information to further assess the Rotating Right Claim.

The Receiver understands that Solvaqua Inc. has not completed any required Canada Revenue Agency filings. The Company’s former principal has advised that Solvaqua may be entitled to claim various SR&ED Credits related to expenditures made in developing the Technology, however, the amount of any eligible SR&ED Credits is unknown.

## **CREDITORS**

On July 27, 2022, Arnaki issued a demand letter and a Notice of Intention to Enforce Security to Solvaqua pursuant to Section 244 of the *Bankruptcy and Insolvency Act (Canada)*, which was successfully served on August 4, 2022 following which the Receivership Order was granted. The Receiver has requested an independent legal opinion with respect to the validity and enforceability of the Arnaki Security, which is currently underway.

In addition to the Arnaki Claim, Solvaqua listed additional unsecured creditors with claims totaling approximately \$1.4 million (including the Rotating Right Claim).

The Receiver understands that Canada Revenue Agency will have a deemed trust claim for unpaid payroll source deductions related to one employee who worked for the Company between October 2021 and February 2022. The amount of this claim is still being determined.

The list of known creditors of the Company is attached as “Schedule 1”.

## **PLAN OF ACTION**

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<sup>1</sup> The assets and amounts stated above are based on the unaudited books and records of Solvaqua. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy of the foregoing.

The Receiver is in the process of developing a sale and investor solicitation process (the “SISP”), which is contemplated to include a stalking horse bid. A Court application is currently scheduled for September 15, 2022 at which the Receiver will seek approval for the SISP.

The contact person for the Receiver is as follows:

MNP Ltd.  
1500, 640 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3G4  
Telephone: 1-587-702-5959  
[Email: Jacqueline.shellon@mnp.ca](mailto:Jacqueline.shellon@mnp.ca)

**Attention: Jacqueline Shellon**

This notice is provided for information purposes only. The Receiver has not yet implemented a process to deal with creditors’ claims and, as such, no further action is required by creditors at this time. Further information with respect to the receivership proceedings will be posted to the Receiver’s Website as it becomes available.

Dated at Calgary, Alberta this 29<sup>th</sup> day of August, 2022.

**MNP Ltd.**, in its capacity as the Receiver for Solvaqua Inc. and not in its personal or corporate capacity



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Vanessa Allen, B. Comm, CIRP, LIT  
Senior Vice President

*- Creditor Mailing List -*

Creditor Type	Name	Attention	Address	Claim \$
Secured	Arnaki Ltd		Ellen Skelton Building, 3076 Sir Francis Drake Hwy, Road Reef Road Town, Tortola VG1110 British Virgin Islands <a href="mailto:pzogala@murchinsonltd.com">pzogala@murchinsonltd.com</a>	7,862,528.16
	CRA - Canada Revenue Agency	Tax Centre	PO Box 3800 Stn A Sudbury ON P3A 0C3	
	CRA - Tax - Prairies		Surrey National Verification and Collection Centre 9755 King George Blvd Surrey BC V3T 5E1 Fax: (833) 697-2389	
Unsecured	Bruce Bower		9877 East Hidden Valley Road Scottsdale AZ 85262 USA <a href="mailto:brucedbower@gmail.com">brucedbower@gmail.com</a>	50,000.00
	Clinty Chemicals		215 Doury Rd Ballymena BT 436SS Ireland <a href="mailto:mael@clintychemicals.co.uk">mael@clintychemicals.co.uk</a>	6,495.50
	DLA Piper		10220 103 Ave NW Suite 2700 Edmonton AB T5J 0K4 dana.schindelka@dlapiper.cpm	70,000.00
	Kowert, Hood, Munyon, Rankin & Goetzel		1120 S Capital of Texas Hwy Austin TX 78746 USA <a href="mailto:gsampson@intprop.com">gsampson@intprop.com</a>	6,495.50
	Michael Spath		6291 Vacquero Circle Castle Pines CO 80108 USA <a href="mailto:mspath100@gmail.com">mspath100@gmail.com</a>	218,000.00
	Peter King		<a href="mailto:king27@hotmail.com">king27@hotmail.com</a>	60,000.00
	Rotating Right		3903 75 Ave #101 Leduc AB T9E 0K3 <a href="mailto:len.kerekanich@rotatingright.com">len.kerekanich@rotatingright.com</a>	560,000.00
	Sean Campbell		<a href="mailto:seanrobbie@gmail.com">seanrobbie@gmail.com</a>	350,000.00
	Sutherland Environmental		5224 Route 108 Lower Derby NB E1V 5H7	1.00
	TD Bank - Willow Park		10816 Macleod Trail SE Calgary AB T2J 5N8	40,000.00