

Clerk's Stamp:

COURT FILE NUMBER 24-2612715
COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE EDMONTON
IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF TCEXCAVATING LTD.

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Dean A. Hitesman
Dentons Canada LLP
2500 Stantec Tower
10220 – 103 Avenue
Edmonton, Alberta T5J 3V5
Ph. (780) 423-7284 Fx. (780) 423-7276
File No.: 512190-499/DAH

Sworn on March 12th, 2020

I, Jonathan Brindley, of the City of Mississauga, in the Province of Ontario, MAKE OATH AND SAY THAT:

1. I am the corporate representative of Liquid Capital Exchange Corp. ("LC"), the Plaintiff in these proceedings and as such have knowledge of the facts and matters hereinafter deposed to by me, except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.
2. The Defendants, Tartan Completion Systems Inc. ("TC"), Tartan Energy Group Inc. ("TE"), and Ryan McGillivray ("Ryan") are customers and/or debtors of LC. I am the person at LC directly responsible for the administration of the accounts of the Defendants insofar as concerns the matters raised in the Statement of Claim in these proceedings.
3. I am authorized to make this Affidavit on behalf of LC.
4. Attached to my Affidavit and as Exhibit "A" is a true copy of Alberta Corporate Registry searches results for each of TC and TE.

TC'S DIRECT INDEBTEDNESS

5. On or about May 9, 2018, LC entered into a Purchase and Sale Agreement (the "**Agreement**") whereby TC agreed to sell and assign and Liquid Capital agreed to purchase and be assigned accounts receivable owed by TC's customers to TC, subject to the terms and conditions set out therein. At the same time on May 9, 2018, Liquid Capital Exchange Inc. ("**LCUS**") which is LC related US entity, entered into a similar Purchase and Sale Agreement (the "**US Agreement**") to factor the receivables of Tartan Completion Systems Corp ("**TUS**"). TUS is a wholly owned subsidiary of TC and is effectively controlled by the same executives as TC based in Edmonton. There is a very close operating relationship between TC and TUS as TC manufactures all

products for sale in the USA through TUS. Revenues and cash flows generated in TUS were used to fund operations back in Canada for TC. In fact 70% of the consolidated revenues from Tartan Completions was generated in the US. Given the heavy economic interdependence between TC and TUS Liquid Capital provided critical working capital through factoring facilities for both TC and TUS.

6. From time to time, TC represented to LC that it supplied labour, materials, services, and work necessary to be entitled to receive payment of various receivables it assigned to LC and that the accounts receivable assigned to LC were valid *bona fides* accounts receivable in respect of the sale of labour, materials, services, and work from TC to its customers . Attached to my Affidavit as Exhibit "B" is a copy of the US Agreement.
7. It was a term of the Agreement that should any accounts receivable not be paid to LC on or before the date when due in accordance with its terms, TC would immediately repurchase the accounts receivable from LC at a price equal to the outstanding amount thereon, plus an initial additional fee of 0.75% of the outstanding balance, plus a further additional fee of 0.06% per day (21.9% per annum).
8. Between May 2018 and December 2019 Liquid Capital completed in approximately 145 separate factoring funds for multiple batches of invoices. Total factoring volumes are summarized as follows:

Tartan Group - Executive Summary of Factored AR : May 2018 - Dec 2019		
Client / Legal entity	Currency	Gross AR + invoice value factored
TARTAN COMPLETION SYSTEMS INC. (5008) "TC"	CDN	\$ 4,717,190
TARTAN COMPLETION SYSTEMS CORP. (5007U) "TC USA"	US	\$ 8,980,393

9. Currently TC is directly indebted to LC as follows:
 - (a) Business Loan – outstanding balance as at March 11, 2020 of \$469,357.00;
 - (b) Uncollected Factored Account Receivables Balance – outstanding balance as at March 11, 2020 of \$64,965.79;
 - (c) any additional credit extended or advanced by LC to TC in the absolute discretion of LC from and after March 11, 2020 plus interest thereon; and
 - (d) costs on a solicitor and own client basis,

(all sums payable to LC in paragraphs (a) – (d) above are herein collectively referred to as the "Direct Indebtedness").
10. Attached to my Affidavit and collectively marked as Exhibit "C" is a true copy of Agreement evidencing the Direct Indebtedness.
11. Attached to my Affidavit and collectively marked as Exhibit "D" are true copies of entries made in the usual and ordinary course of business of LC in books or records which were at the time of the making of the entries one of the ordinary books or records of LC. The books or records are in the custody and control of LC. Exhibit "D" evidences the Direct Indebtedness other than costs.

THE GUARANTEES

12. On or about May 9, 2018, TE granted to LC a Guarantee and Postponement of Claim guaranteeing to LC all of the indebtedness of TC to LC for an unlimited amount, plus interest from demand at the rate of 12.00% per annum above the prime rate of interest as stated in the Wall Street Journal from time to time ("**Prime**"), plus costs on a solicitor and own client basis (the "**TE Guarantee**").
13. TE is indebted to LC for the Direct Indebtedness pursuant to the TE Guarantee (the "**TE Guaranteed Indebtedness**").
14. Attached to my Affidavit and marked as Exhibit "E" is a true copy of the TE Guarantee.
15. On or about May 14, 2018, Ryan granted to LC a Guarantee and Postponement of Claim guaranteeing to LC all of the indebtedness of TC to LC for an unlimited amount, plus interest from demand at the rate of 12.00% per annum above Prime, plus costs on a solicitor and own client basis (the "**Ryan Guarantee**").
16. Ryan is indebted to LC for the Direct Indebtedness pursuant to the Ryan Guarantee (the "**Ryan Guaranteed Indebtedness**").
17. Attached to my Affidavit and marked as Exhibit "F" is a true copy of the Ryan Guarantee.
18. In addition to the guarantees noted above at the same time Validity Guarantees were also signed with key executives of TC namely Shane Devlin, Controller of both TC and TC USA ("**Shane Validity Guarantee**") plus Miles McGillvray, minority shareholder and father of Ryan ("**Miles Validity Guarantee**"). A key element of these Validity Guarantees was to ensure that all invoices were *bona fide* and that there would be no misdirection of funds.
19. Attached to my Affidavit and marked as Exhibit "G" is a true copy of the Shane Validity Guarantee.
20. Attached to my Affidavit and marked as Exhibit "H" is a true copy of the Miles Validity Guarantee.

THE TC SECURITY

21. Pursuant to the Agreement, TC granted to LC a security interest securing to LC all of its present and after acquired personal property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Agreement secures all of the Direct Indebtedness.
22. Default has been made in payment of the principal sum and payment of interest secured by the Agreement. All sums secured by the Agreement are due and owing.
23. LC has perfected its security interest(s) created by the Agreement by registration in the Alberta Personal Property Registry.
24. Attached to my Affidavit and marked as Exhibit "I" is a true copy of an Alberta Personal Property Registry search result dated March 10, 2020 with respect to TC.
25. On or about May 16, 2018, LC entered into a Priorities Agreement with 789357 Alberta Ltd. ("**789**"), whereby the security interest of LC ranks in priority to any security interest of 789 (the "**Priority Agreement**").
26. Attached to my Affidavit as Exhibit "J" is a true copy of the Priority Agreement.

MISAPPROPRIATION OF ACCOUNTS RECEIVABLE

27. On or about January 8, 2020, I was made aware that Crescent Point Energy Corp. ("**CP**"), a client of TC, had directly made payment to TC in respect of various accounts receivable that had been previously factored by LC at the instruction of TC. It was later confirmed by TC that such accounts receivable had been received by TC but would not be remitted to LC (the "**CP Payments**").
28. Attached to my Affidavit as Exhibit "K" is a true copy of email correspondence dated January 8, 2020 from Ryan confirming receipt by TC of the CP Payments and email correspondence dated November 6, 2018 confirming that CP was notified of the factoring of its accounts receivable owed to TC by LC.
29. When I first learned of the payment(s) by CP directly to TC, I contacted Ryan by telephone who was President of TC. In my conversations with Ryan, I directly expressed my concerns with respect to the CP Payments made to TC and requested that those amounts be remitted to LC.
30. Ryan refused to remit the CP Payments to TC on the basis that amounts were owed to TC in respect of the "Bellatrix payment". At no time have the CP Payments been paid to LC despite demand.
31. The "Bellatrix payment" involved a separate and independent factoring arrangement between LC and TC. There were certain accounts receivable that TC factored to LC owed to TC by Bellatrix Exploration Ltd. ("**Bellatrix**"). Some accounts receivable were not collectable by LC from Bellatrix as a result of Bellatrix entering creditor protection pursuant to the *Companies Creditor Arrangement Act* and those amounts were recovered from TC in accordance with the Agreement. The Bellatrix matter is completely separate and apart from the CP factors accounts.
32. I have reviewed the First Report of the Proposal Trustee dated March 10, 2020 (the "**First Report**") and understand that, as reported in the In the First Report, that the revenues and expenses of TUS are transacted through TC.
33. Through the US Agreement, LCUS has purchased a number of accounts from TUS. The account debtor for some of those accounts is Bayswater Exploration & Production LLC ("**Bayswater**"). Attached to my Affidavit as Exhibit "L" is a copy of an email dated February 6, 2020 sent by Shane Devlin to Bayswater instructing it not to send further payments to LC. I understand that Bayswater has misdirected receivables purchased by LCUS to TUS in the amount of \$114,664.69.
34. I understand that TUS has also misdirected receivables factored by LCUS from other account debtors, namely Devon Energy Corporation and Felix Energy.
35. On or about February 5, 2020, LC issued a notice of termination in respect of the Agreement as a result of the misappropriation of accounts receivable by TC, particularly the CP Payments and the larger sums misdirected funds by TUS.
36. Attached to my Affidavit as Exhibit "M" is a true copy of the February 5, 2020 notice of termination sent to TC and TUS.
37. On or about February 24, 2020, LC issued a letter to TC and TCUS notifying those entities of a breach of their factoring facilities as a result of misdirected payment totalling US \$275,402 and CDN \$56,346. Attached to my Affidavit as Exhibit "N" is a true copy of the February 24, 2020 notice of termination sent to TC and TCUS.

THE PROPOSAL PROCEEDINGS

38. On or about February 14, 2020, TC filed a Notice of Intention to make a proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "NOI").
39. Attached to my Affidavit as Exhibit "O" is a true copy of the Notice of Intention to make a proposal filed by TC.
40. Default has been made in payment of the principal sums and interest owing pursuant to or secured by the terms of the Agreement, the TE Guarantee, and the Ryan Guarantee.

DEMANDS

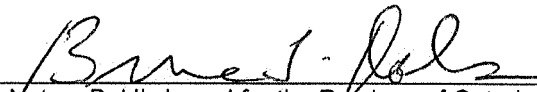
41. On or about February 7, 2020, LC demanded payment of the Direct Indebtedness but TC has failed or neglected and continued to fail or neglect to pay its indebtedness to LC.
42. Concurrent with the issuance of demand for payment on TC, LC did serve on TC a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.
43. On or about February 19, 2020, LC demanded payment of the Guaranteed Indebtedness but each of TE and Ryan have failed or neglected and continued to fail or neglect to pay their indebtedness to LC.
44. Attached to my Affidavit as Exhibit "P" are true copies of the demand letters and notices.

APPOINTMENT OF RECEIVER

45. LC has lost confidence in the ability of the management of TC to continue to operate the business of TC and fears that its security is being eroded due to the misappropriation of accounts receivable by TC. In addition LC truly believes the proposal and NOI filed by TE under the supervision of its majority shareholder TE is a sham to buy more time with the intent to further misappropriate funds and assets.
46. LC seeks the appointment of a Receiver of TC in the form attached to as Schedule "A" to the Application to which this Affidavit pertains.
47. The Agreement allows and provides for the appointment of a Receiver.
48. TC has filed the NOI.
49. LC will be seeking to lift the stay of proceedings pursuant to section 69.4 of the *Bankruptcy and Insolvency Act* and termination of the proposal proceedings in respect of the NOI pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*.
50. I have reviewed the First Report of the Proposal Trustee dated March 10, 2020 (the "First Report"). The Proposal Trustee in the First Report acknowledges that there is a serious legal dispute involving the intellectual property of TC with an unknown timeline for the resolution of such dispute. Furthermore, the Proposal Trustee in the First Report acknowledges that the assets of TC may have been removed and secreted and that there are assets that remain unaccounted for. All of this represents assets over which LC as a first priority security interest and poses a serious and material risk to LC's security position.
51. The Proposal Trustee also acknowledges in the First Report that TE, who is a secured creditor subordinate to LC, has taken over management and control of TC.

52. Moreover, the Proposal Trustee acknowledges in the First Report that there is no finalized plan as to how to satisfy the outstanding obligations of TC. An interim financing facility in the amount of \$850,000.00 is sought together with a \$200,000 administration charge, each with a priority charge over all of TC's creditors, including LC, for the chance that a viable process to satisfy the outstanding obligations of TC may occur. No further details on this viable process are provided. This is highly speculative and largely hinges on the dispute over the intellectual property of TC being resolved by TC, which is being managed by TE, with no assurance of that dispute having a favourable resolution and the timeline of any such resolution.
53. There is no proposal that LC would be prepared to accept in the circumstances. I am respectfully of the view that it is just and convenient to appoint a Receiver in light of the above circumstances and that such an appointment is necessary for the protection of the estate of TC and LC's interest. Further, I am of the view that TC has not been acting in good faith, do not believe that it is likely that TC will be able to make a viable proposal and believe that LC is being materially prejudiced by the continuation of the stay of proceedings, all for the reasons as outlined in this, my Affidavit.
54. I make this Affidavit *bona fide* in opposition of an application to extend these proceeding and the other relief sought by TC.

SWORN BEFORE ME at Mississauga, Ontario,
this 12 day of March, 2020.




Notary Public in and for the Province of Ontario



JONATHAN BRINDLEY

This is Exhibit "A" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 12th day
of March, 2020


A Notary Public
In and for the Province of Ontario

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2020/03/10
Time of Search: 01:36 PM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
Service Request Number: 33149508
Customer Reference Number:

Corporate Access Number: 2017054954
Business Number: 841002843
Legal Entity Name: TARTAN COMPLETION SYSTEMS INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2012/10/09 YYYY/MM/DD

Registered Office:

Street: 4300 BANKERS HALL WEST, 888 - 3RD STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P5C5

Records Address:

Street: 4300 BANKERS HALL WEST, 888 - 3RD STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P5C5

Email Address: ABREMINDERS@STIKEMAN.COM

Directors:

Last Name: LAU
First Name: TERRY
Street/Box Number: 254 PANAMOUNT HILL NW
City: CALGARY
Province: ALBERTA
Postal Code: T3K3M3

Last Name: LI
First Name: RICHARD
Street/Box Number: 908, 903-8 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0P7

Last Name: ZHANG
First Name: JESSICA
Street/Box Number: 7 KINCORA MEWS NW
City: CALGARY
Province: ALBERTA
Postal Code: T3R0N3

Voting Shareholders:

Legal Entity Name: 1333767 ALBERTA LTD.
Corporate Access Number: 2013337676
Street: 2445, 10180 - 101 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5J3S4
Percent Of Voting Shares: 6.78

Legal Entity Name: 1880493 ALBERTA LTD.
Corporate Access Number: 2018804936
Street: 2445, 10180 - 101 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5J3S4
Percent Of Voting Shares: 6.65

Legal Entity Name: 772284 ALBERTA LTD.
Corporate Access Number: 207722844
Street: 2445, 10180 - 101 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5J3S4
Percent Of Voting Shares: 6.65

Last Name: MCGILLIVRAY
First Name: MILES
Street: 2445, 10180 - 101 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5J3S4
Percent Of Voting Shares: 8.11

Legal Entity Name: RAPID DESIGN GROUP INC.
Corporate Access Number: 2015890409
Street: 2445, 10180 - 101 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5J3S4
Percent Of Voting Shares: 9.97

Legal Entity Name: TARTAN ENERGY GROUP INC.
Corporate Access Number: 2017380649
Street: 900, 903 - 8 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0P7
Percent Of Voting Shares: 51

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE "A"
Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B"
Min Number Of Directors: 1
Max Number Of Directors: 50
Business Restricted To: N/A
Business Restricted From: N/A
Other Provisions: SEE ATTACHED SCHEDULE "C"

Other Information:

Last Annual Return Filed:

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File Year	Date Filed (YYYY/MM/DD)
2019	2020/01/09

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/10/09	Incorporate Alberta Corporation
2020/01/09	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2020/02/21	Update BN
2020/02/25	Change Director / Shareholder
2020/02/25	Change Address

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/10/09
Restrictions on Share Transfers	ELECTRONIC	2012/10/09
Other Rules or Provisions	ELECTRONIC	2012/10/09

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2020/03/10
Time of Search: 01:42 PM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
Service Request Number: 33149622
Customer Reference Number:

Corporate Access Number: 2017380649
Business Number: 822290938
Legal Entity Name: TARTAN ENERGY GROUP INC.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
EASTAR PREMIUM PIPE INC.	2017/06/05

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2013/03/25 YYYY/MM/DD

Registered Office:

Street: 908-903 8 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0P7

Directors:

Last Name: JIANG
First Name: CINDY
Middle Name: BO
Street/Box Number: 908-903 8 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0P7

Last Name: LAU
First Name: TERRY
Street/Box Number: 908-903 8 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0P7

Last Name: LI
First Name: HONG
Street/Box Number: 85 EVEROAK PK SW
City: CALGARY
Province: ALBERTA
Postal Code: T2Y0J1

Voting Shareholders:

Legal Entity Name: TARTAN ENERGY TECHNOLOGY INTERNATIONAL LTD.
Corporate Access Number: 2021495946
Street: 1715 CENTRE ST NW
City: CALGARY
Province: ALBERTA
Postal Code: T2E2S3
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE 'A'
Share Transfers Restrictions: NONE
Min Number Of Directors: 1
Max Number Of Directors: 9
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: NONE

Holding Shares In:

Legal Entity Name
TARTAN COMPLETION SYSTEMS INC.
DELTA WEST ENERGY LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2019	2019/03/25

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/03/25	Incorporate Alberta Corporation
2013/10/01	Change Address
2017/06/05	Name Change Alberta Corporation
2018/12/21	Change Director / Shareholder
2019/03/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2020/02/21	Update BN

Attachments:

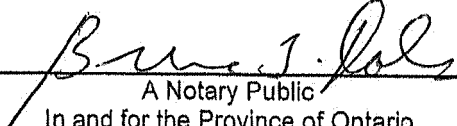
Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2013/03/25

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "B" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


A Notary Public
In and for the Province of Ontario

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "**Agreement**") dated as of May 9, 2018 is executed by and between Liquid Capital Exchange, Inc., a corporation organized under the laws of the state of Delaware, having a mailing address at MacArthur Plaza 5525 N. MacArthur Blvd, Ste 625, Irving, Texas 75038 (hereinafter referred to as "**Factor**") and Tartan Completion Systems Corp., a Wyoming Corporation located at 2327 Colman Circle, Casper, Wyoming 82601 ("**Seller**"). All capitalized terms in this Agreement, unless otherwise defined herein or required by the context, shall have the meanings given those terms (whether or not capitalized) as defined under the *Uniform Commercial Code* ("**UCC**") of Texas as in effect from time to time. Seller and Factor agree to the following terms and conditions.

1. **Purchase and of Accounts.** Pursuant to the terms of this Agreement, Seller agrees to sell, transfer, convey, assign and deliver to Factor, and Factor agrees to purchase and receive from Seller, all of Seller's right, title and interest in and to certain Accounts arising from the sale of Goods or the rendering of services by Seller in the ordinary course of Seller's business.

2. **Sale Procedure.** Upon Seller's submission of any Account to Factor for purchase, Seller shall execute a schedule of accounts in a form provided by and acceptable to Factor ("**Schedule of Accounts**") for each such Account or group of Accounts that Seller offers to sell to Factor. The Schedule of Accounts must, among other things, identify and describe the Accounts being offered for purchase and the total face amount of such Accounts. Each Account offered for sale to Factor shall be evidenced by an identical duplicate written invoice or other such equivalent document(s) as Factor may require, together with supporting documentation, including, but not limited to, the purchase order or contract referencing the sale of goods and/or services and any modification(s) or amendment(s) thereto and any such other documentation that Factor may request. Factor may accept or reject any Account offered for sale in its sole discretion. Upon submission of any Account to Factor for purchase, Seller shall not seek or authorize any modification to the terms of the Account.

3. **Purchase Price and Payment.** Factor, in its sole discretion, may advance an amount ("**Advance**") equal to a percentage (%) ("**Advance Rate**") of the face amount of the Accounts purchased, less the applicable discount fee. Initially, the Advance Rate shall be Eighty-five percent (85%) but Factor may condition future purchases on Seller agreeing to a different Advance Rate. The purchase price of any Accounts shall be the amount actually received in payment of such Accounts, but for purposes of any Advance, the purchase price shall be equal to the face amount of the Accounts less any selling, payment or other discounts offered. In addition, Factor, in its sole discretion, may elect to maintain a reserve from each Advance ("**Reserve**"). As a general rule, Reserves on paid invoices are released upon the request of Seller or when Factor's next purchase of Accounts from Seller is funded. Factor, however, may increase or decrease the amount of such Reserve at any time and from time to time if it deems it necessary in order to protect its interests. The Reserve is designed to protect Factor against losses or potential losses that Factor may reasonably anticipate might arise in the future due to, among other things, contingencies, disputes, potential breach of warranties, or other potential non-payments, reductions or losses from the purchase of the Accounts. Payments received will be credited to specific invoices when credit is given by Factor's bank, not to exceed three (3)



banking days. The applicable discount fee is calculated based on the discount rate(s) set forth in the Discount Rate Schedule (attached as a schedule hereto and incorporated herein by reference). Factor may condition future purchases on Seller agreeing to modification(s) of the Discount Rate Schedule. **IT IS THE INTENTION OF THE PARTIES HERETO THAT AS TO ALL ACCOUNTS THAT FACTOR ELECTS TO PURCHASE, SUCH TRANSACTION SHALL CONSTITUTE A TRUE PURCHASE AND SALE OF ACCOUNT(S) UNDER TEX.BUS.&COM.CODE § 9-318 AND TEX.FIN.CODE § 306.103(B) AND, AS SUCH, SELLER SHALL HAVE NO LEGAL OR EQUITABLE INTEREST IN THE ACCOUNTS SOLD.**

4. **Maximum Amount** It is further understood and agreed that the maximum face amount of purchased accounts sold to Factor and outstanding at any time (the "**Maximum Amount**") shall not exceed the amount set forth and identified as such on the Discount Rate Schedule (attached as a schedule hereto and incorporated herein by reference), in which event, Factor shall have no obligation to purchase additional Accounts. Factor may, however, in its sole and exclusive discretion, increase or decrease the Maximum Amount from time to time and Seller shall remain liable for all Accounts purchased by Factor.

5. **Notice of Assignment.** Upon Seller's execution of this Agreement, Factor shall be entitled to notify each customer ("**Account Debtor**") of the sale and/or assignment of the Accounts in a manner and method as Factor, in its sole discretion, may elect, which may include Seller's written acknowledgement. Seller agrees that, if so requested by Factor, each document evidencing Accounts (*e.g.*, invoice) shall bear the following language, conspicuously placed, which language may be modified or amended at Factor's request:

This invoice has been assigned, sold and is payable only to Liquid Capital Exchange, Inc., **P.O. Box 168688, Irving, Texas 75016**. In the event of any dispute as to quantity, quality or otherwise, notification must be given to Liquid Capital Exchange, Inc., in writing, within five (5) days of receipt of goods or rendition of services.

Seller agrees to execute and submit to Factor a notice of assignment in a form provided by and acceptable to Factor and, if so requested by Factor, use its best efforts to assist Factor in procuring the Account Debtor's acknowledgement and acceptance of such notice of assignment and redirection of payment. Factor's inability, for whatever reason, to receive Account Debtor's acknowledgment and acceptance may result in the rejection of the Accounts submitted for purchase or revocation of a conditional approval to purchase Accounts without any obligation or liability on the part of Factor.

6. **Security.** In addition to those Accounts Factor purchases, in order to secure the payment of all indebtedness and obligations of Seller to Factor, whether presently existing or hereafter arising, and whether under this Agreement or otherwise, Seller hereby grants to Factor a security interest in and lien upon all of Seller's right, title and interest in and to the following, whether now existing or hereafter arising or acquired and wherever located: (a) Accounts, (b) Chattel Paper, (c) Commercial Tort Claims, (d) Deposit Accounts, (e) Commodities Accounts, (f) Securities Accounts, (g) Documents, (h) Equipment, (i) Fixtures, (j) General Intangibles, (k) Goods, (l) Instruments, (m) Inventory, (n) Investment Property, (o) Securities Entitlements, (p) Supporting

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Obligations, (q) Letter of Credit Rights, (r) Payment Intangibles, (s) any and all Reserves and all payments (if any) due or to become due to Seller from the Reserves as well as all monies on deposit, holdbacks and credits, (t) all books and records pertaining to any or all of the foregoing, including but not limited to computer programs, data and lists, and (u) and all Proceeds of the foregoing (collectively the "**Collateral**"). Seller agrees to comply with all appropriate laws in order to perfect Factor's security interest in and to the Collateral. The security interest and lien granted in this paragraph shall remain in full force and effect until all the Accounts purchased hereunder are paid in full, all obligations owed to Factor are satisfied, Factor has received a general release from Seller in favor of Factor in the form annexed hereto or otherwise provided by and acceptable to Factor, and Factor has filed a UCC termination statement. Seller authorizes Factor, its counsel or representative to file financing statements and amendments describing the Collateral in such jurisdictions as Factor shall deem necessary to perfect its rights in those Accounts purchased as well as to perfect the security interests granted hereunder. Seller shall take such actions as may be necessary to ensure that Factor shall gain control (as defined in the UCC) with respect to Collateral comprised of Deposit Accounts, Commodities Accounts, Securities Accounts, Documents, Investment Property and financial assets, Instruments, Securities Entitlements, Supporting Obligations, Payment Intangibles, Chattel Paper, Letters of Credit and Letters of Credit rights and Electronic Chattel Paper. Seller agrees to execute any security agreements, assignments, endorsements, affidavits, reports, notices, schedules of accounts, letters of authority and all other documents that Factor may request, in form and substance satisfactory to Factor, to perfect and maintain perfection of Factor's security interests in the Collateral and in order to fully consummate or give effect to all of the transactions contemplated under this Agreement. Seller hereby agrees that until all Accounts have been paid in full to Factor, Seller shall not permit any security interests or liens on any of the Collateral, except those in favor of Factor, nor will Seller sell or transfer any of the Collateral to any third party, except Inventory in the ordinary course of business.

7. Seller's Representations. As an inducement for Factor to purchase Accounts from Seller, Seller, and each of its principals as identified on Factor's list of authorized signatories, hereby makes the following representations, warranties and covenants to Factor. The following representations, warranties and covenants shall be, as may be applicable, deemed made upon the execution of this Agreement, in each instance in which Seller submits an Account to Factor for purchase and for long as there are any obligations outstanding under this Agreement from Seller to Factor.

a) Seller is duly organized and existing under the laws of the state of Wyoming, is duly qualified, and as may be required, properly licensed, is in good standing in such state and every other state or jurisdiction in which it is doing business, the execution, delivery and performance of this Agreement are within its corporate powers and have been duly authorized and are not in contravention of any law or the powers of its charter, bylaws, articles of incorporation, operating agreement, partnership agreement, or other incorporation or formation papers, or of any indenture, agreement or undertaking to which Seller is a party or by which it is bound. Seller's true and correct legal name is as set forth on the signature line below and Seller will notify Factor in writing no less than 30 days prior to any change of name, dba, place of business, state of incorporation or formation, corporate or other status or organizational identification number.

b) If Seller is operating under a trade or assumed name, said name has been filed with the

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proper authorities and each name has been provided, in writing, to Factor.

c) Seller has and will maintain good, clear and undisputed exclusive title to the Accounts offered for sale to Factor hereunder, and such sale will vest absolute ownership to such Accounts in Factor, free and clear of any lien, encumbrances, claims or security interest of any kind or nature including but not limited to Federal and/or State tax liens.

d) Each Account sold and assigned to Factor shall be an Account based upon a *bona fide* sale and the delivery and acceptance of Goods or performance of services by Seller to an Account Debtor and shall be an unconditional, valid and enforceable obligation of the Account Debtor, with no claim, offset, allowance, discount, deduction, dispute, contingency or counterclaim, which could reduce the amount of such Account, affect the validity thereof, or hinder Factor's ability to collect or receive payment of the full face amount of said Account.

e) All information furnished by Seller to Factor, including, but not limited to, past histories of the payment of Account Debtors, and any and all information given to Factor in connection with the Accounts, is true, complete and accurate, and contains no material omissions, misstatements or misrepresentations.

f) Seller is the sole and absolute owner of the Collateral and any other property in which Factor is given a security interest; has good right and authority to grant a security interest to Factor in such Collateral or other property; there is no presently outstanding lien, security interest or encumbrance in or on the Collateral or proceeds and there is no financing statement covering the Collateral or proceeds on file in any public office except as may show on the exhibit 7(f) attached hereto. There are no judgments outstanding against Seller and there are no civil, criminal or administrative actions, charges, suits, proceedings or investigations pending or threatened against Seller or any of its property and none of Seller's inventory has been produced in violation of the Fair Labor Standards Act or imported in violation of any United States Custom treaty.

g) All financial records (including, but not limited to, balance sheets, income statements, federal income tax returns, and Accounts aging, listing or reports) which may have been or may hereafter be furnished to Factor by Seller shall fairly and accurately represent the financial conditions and operating results of Seller as of the dates or for the periods stated thereon. Such financial records shall be accurate and correct in all material respects and complete insofar as necessary to give Factor a true and accurate knowledge of the subject matter.

h) Seller shall reflect on its books the absolute sale of the Purchased Accounts to Factor. Seller shall furnish Factor, upon request, such information and statements, as Factor shall request from time to time regarding Seller's business affairs, financial condition and results of its operations. Without limiting the generality of the foregoing, Seller shall provide Factor, on or prior to the 30th day of each month, unaudited financial statements with respect to the prior month and, within ninety (90) days after the end of each of Seller's fiscal years, annual financial statements and such certificates relating to the foregoing as Factor may request including, without limitation, a monthly certificate from the president and chief financial officer of Seller

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stating whether any Events of Default have occurred and stating in detail the nature of the Events of Default. Seller will furnish to Factor upon request a current listing of all open and unpaid accounts payable and Accounts, and such other items of information that Factor may deem necessary or appropriate from time to time.

i) If Seller should change the location of the principal office or the offices where the books and records of Seller are kept, Seller shall notify Factor immediately in writing of such change.

j) The Accounts are due and payable on the selling terms noted on the face of each invoice. None of the Accounts represents a pay when or if paid sale, a pack, bill and hold sale, or a consignment, guaranteed sale, cash on delivery sale or sale to an affiliate of Seller or to any entity to whom Seller has a financial or performance obligation of any kind.

k) Seller assigns and transfers to Factor, effective upon an Event of Default hereunder, a nonexclusive right and license to use any trade names, marks, and styles used or owned by Seller together with any goodwill associated therewith, to the extent necessary to enable Factor to realize on the assets of Seller in which Factor has been granted a security interest. Such right and license is granted free of charge with no monetary payment requirement to Seller or any third party.

l) Each Account Debtor's business is solvent to the best of Seller's knowledge.

m) Seller has paid and will pay all taxes and governmental charges imposed with respect to sale of Goods and furnish to Factor upon request satisfactory proof of payment and compliance with all federal, state and local tax requirements.

n) Seller will promptly notify Factor of (i) the filing of any lawsuit against Seller involving amounts greater than Ten Thousand Dollars (\$10,000), and (ii) any attachment, garnishment or any other legal process levied against Seller.

o) In no event shall the funds paid to Seller hereunder be used directly or indirectly for personal, family, household or agricultural purposes.

p) Any invoice or written communication that is issued by Seller to Factor by facsimile, e-mail or other electronic transmission is a duplicate of the original.

q) Any electronic communication of data, whether by e-mail, tape, disk, or otherwise, Seller remits or causes to be remitted to Factor shall be authentic and genuine.

r) Seller's principal(s) acknowledge(s) that the duty to accurately complete each Schedule of Accounts is critical to this Agreement and as such, all obligations with respect thereto are non-delegable. Each of Seller's principal(s) acknowledge that he/she shall remain fully responsible for the accuracy of each Schedule of Accounts delivered to Factor regardless of who is delegated the responsibility to prepare and/or complete such Schedule of Accounts.

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s) Seller agrees to execute any and all forms (e.g., Forms 8821 and/or 2848) that Factor may require in order to enable Factor to obtain and receive tax information issued by the Department of the Treasury, Internal Revenue Service, or receive refund checks or other refund payments.

8. **Recourse To Seller.** In the event that:

a) an Account purchased by Factor is not paid in full by the Account Debtor for any reason (or for no reason), on or before the date when due in accordance with its terms;

b) an Account Debtor objects to the quality of property sold or services performed by Seller, or rejects, revokes acceptance or fails or refuses to accept or receive any property or services represented by any Account purchased by Factor;

c) an Account Debtor suspends business, requests a general extension of time within which to pay debts or makes an assignment for the benefit of creditors, or if a petition in bankruptcy for liquidation or reorganization under the *Bankruptcy Code*, or a similar petition under state law, is filed by or with respect to an Account Debtor, a creditor's committee is appointed with respect to an Account Debtor, or if an event occurs amounting to a general business failure of an Account Debtor, or

d) Factor in its sole and absolute discretion determines that any Account is or has become uncollectible,

then Factor may require the Seller to promptly repurchase such Account from Factor by either (i) making payment to Factor of the amount represented by Factor to be owing on such Account or (ii) by providing Factor with another Account acceptable to Factor in its sole discretion with a face value equal to or exceeding the face value of the unpaid Account (the "**Replacement Account**") in substitution therefor or (iii) by Factor charging Seller's Reserve. The method(s) of repayment or replacement shall be determined by Factor in its sole discretion. The provisions of this paragraph 8 are cumulative to and may be exercised concurrently with any other rights, powers or remedies of Factor.

9. **Power of Attorney.** In order to carry out the intention of the parties hereto, Seller hereby irrevocably appoints Factor, or any person designed by Factor, as its agent and attorney-in-fact, which agency shall be deemed to be coupled with an interest and which appointment shall be irrevocable until all obligations Seller owes Factor are fully satisfied. Factor's express authority under this appointment shall include the rights to (i) sign and endorse on behalf of Seller all checks, drafts and other forms of payment received by Factor, waiving any notice of presentment and dishonor, whether or not said checks represent payment on purchased Accounts, (ii) receive, open and dispose of Seller's mail received at Factor's address, (iii) change the Seller's address in order to re-route the delivery of all mail to Factor, (iv) strike out Seller's address on any billing or statement sent to an Account Debtor and substitute Factor's address, (v) in Seller's name demand, sue for, collect and give releases for any and all monies due on or to become due on



purchased Accounts, (vi) compromise, prosecute, or defend any and all things necessary and proper to carry out this Agreement, specifically including, but not limited to, executing any documents necessary to perfect or continue the perfection of the security interest granted herein, and (vii) complete and issue any blank notices of assignment of Accounts lodged by Seller with Factor.

10. **Payments Received by Seller.** Should Seller receive payment of all or any portion of an Account sold pursuant to this Agreement, Seller shall immediately notify Factor of the receipt of the payment, hold said payment in trust for Factor separate and apart from Seller's own property and funds, and shall deliver said payment to Factor without delay in the identical form in which received. Should Seller receive a check, wire or other instrument of payment representing payment of amounts due to both Factor and Seller, Seller shall surrender said check, wire or payment instrument to Factor. Should Seller receive a check, wire or other instrument of payment representing payment of amounts due Factor and fail to surrender to Factor said check, wire or payment instrument within two (2) business days, Seller shall be deemed to have committed a material default in this Agreement. In addition to all other damages to which Factor shall be entitled, Factor shall be entitled, in the event Seller violates its obligations under this paragraph, to charge Seller a misdirected payment fee equal to ten (10%) percent of the amount of the misdirected payment or One Thousand Dollars (\$1,000), whichever is greater, to compensate Factor for the additional administrative expenses that are likely to be incurred as a result of a breach. In the event any merchandise, the sale of which gave rise to an Account purchased by Factor, is returned to or repossessed by Seller, such merchandise shall be held by Seller in trust for Factor, separate and apart from Seller's own property, at Seller's expense, and subject to Factor's sole direction and control.

11. **Default.** The term "**Event of Default**" as used in this Agreement shall mean the occurrence of any of the following events:

a) The failure of Seller to punctually and properly observe, keep or perform any covenant, agreement or condition herein required to be observed, kept or performed; or required under any other agreement or contract that may be executed between Seller and Factor.

b) A representation or warranty made by Seller in this Agreement shall prove to be untrue or incorrect or any financial statement or other statement purporting to represent the financial condition of Seller proves to be false or incorrect.

c) The failure of Seller to, within two (2) business days, deliver to Factor a remittance received by Seller in payment of a purchased Account, regardless of the form of remittance received by Seller.

d) The failure of Seller to pay any indebtedness owed by Seller to Factor whether or not said indebtedness arises hereunder or under some other agreement or contract by and between Seller and Factor.

e) The appointment of a receiver or trustee for Seller or the suspension or cessation of

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Seller's business or operations.

f) Seller becomes insolvent, is unable to pay its debts as they mature or makes an assignment for the benefit of creditors.

g) Seller is adjudicated a debtor in bankruptcy or requests, either by way of petition or answer, that Seller be adjudicated a bankrupt or that Seller be allowed or granted any composition, reassignment, extension, reorganization or other relief under any bankruptcy law or any other law for the relief of debtors now or hereafter existing.

h) An involuntary petition in bankruptcy is filed by or against Seller or any guarantor of Seller's obligations to Factor.

i) A levy(s) or notice(s) of attachment, garnishment, execution(s), tax lien(s) or assessment(s) or similar process is issued against Seller or the Collateral.

j) The dissolution of Seller.

k) The death or incompetency of any guarantor of Seller's obligations to Factor.

l) Factor has reasonable grounds to deem itself insecure.

m) If there is a change in the ownership of Seller or Seller sells, leases transfers or otherwise disposes of all or substantially all of Seller's assets or consolidates with or merges into any other entity.

12. **Remedies Upon Default.** Factor shall have the rights and remedies provided in this Agreement and (without limiting the other rights and remedies exercisable by Factor either prior or subsequent to an Event of Default) as available to a Secured Party under the UCC in effect in any applicable jurisdiction in accordance with general law. Upon the occurrence of an Event of Default, Factor may resort to any one or more of the following remedies. In no event shall Factor be required to provide Seller with notice of or an opportunity to cure any Event of Default. The exercise or election of any particular remedy shall not prevent the concurrent or subsequent exercise or election of any other available remedy:

a) Declare any indebtedness secured hereby immediately due and payable.

b) Exercise its rights as a Secured Party and enforce the security interest granted hereunder pursuant to applicable law, including, but not limited to, Factor's right to establish contact with and instruct any and all of Seller's customers to remit payment(s) due or to become due on Accounts directly to Factor at Factor's address, whether or not said payments relate to Accounts purchased by Factor hereunder. Furthermore, Factor shall have the right to establish contact with and instruct any other party from whom Seller may be entitled to receive monies

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now due or to become due in the future to remit said monies to Factor at Factor's address. In the event Factor deems it necessary to seek equitable relief, including, but not limited to, injunctive or receivership remedies, Seller waives any requirement that Factor post or otherwise obtain or procure any bond. Seller also waives any right to attorney's fees or costs in the event any equitable relief awarded is subsequently, vacated, dissolved or reversed for whatever reason(s).

c) Immediately terminate this Agreement as to future transactions, without affecting the rights and obligations of the parties occurring with respect to prior transactions.

d) Enter the premises of Seller and take possession of the Collateral and of records pertaining to the Accounts and the Collateral.

e) Grant extensions, compromise claims and settle Accounts for less than face value, all without prior notice to or authority of Seller, except as granted herein.

f) Exercise all other rights conferred by law or equity or under this Agreement and exercise any remedy existing at law or in equity for the collection of any indebtedness secured hereby and for the enforcement of the covenants and agreements contained in this Agreement. Factor shall be entitled to any form of equitable relief that may be appropriate without having to establish any inadequate remedy at law, irreparable harm or other grounds other than to establish that its Collateral is subject to being improperly used, moved, dissipated or withheld from Factor. Factor shall be entitled to freeze, debit and/or effect a set-off against any fund or account Seller may maintain with any Bank. In the event Factor deems it necessary to seek equitable relief, including, but not limited to, injunctive or receivership remedies, as a result of any Event of Default, Seller waives any requirement that Factor post or otherwise obtain or procure any bond. Alternatively, in the event Factor, in its sole and exclusive discretion, desires to procure and post a bond, Factor may procure and file with the court a bond in an amount up to and not greater than Ten Thousand Dollars (\$10,000) notwithstanding any common or statutory law requirement to the contrary. Upon Factor's posting of such bond it shall be entitled to all benefits as if such bond was posted in compliance with state law. Seller also waives any right it may be entitled to, including an award of attorney's fees or costs, in the event any equitable relief sought by and awarded to Factor is thereafter, for whatever reason(s), vacated, dissolved or reversed. Judgments against Seller shall bear interest at the rate of 18% per annum, or such higher rate as may be allowed by law.

13. **Financial Statements.** Seller agrees to keep proper books of record, which books shall at all times be open to inspection by Factor. In addition, Seller shall furnish Factor upon request any prior or current income statement, balance sheet, tax return and report, along with any other supplementary financial information requested. Factor shall have the right, at all times during normal business hours, without prior written notice, to examine and make extracts from all books and records of Seller.

14. **Reimbursable Expenses.** In the course of investigating, approving, purchasing and collecting Accounts purchased under this Agreement, Factor may incur routine and/or extraordinary expenses, including, but not limited to long distance telephone, postage, wire

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transfers, overnight mail delivery, courier delivery, check certification, UCC search and filing fees, other lien search fees, facsimile transmissions, auditing and legal fees, all of which shall be reimbursed to Factor by Seller upon demand or deducted from the proceeds payable on a purchased Account or from the Reserve.

15. Account Debtor Claims. Seller shall notify Factor of the assertion of any claim, including any defenses, dispute or offset by an Account Debtor with respect to an Account purchased by and assigned to Factor or the merchandise or service relating thereto within three (3) days after receiving such information. Seller may settle all such claims with Factor's approval and at Seller's expense. Factor may, in its sole and exclusive discretion, opt to settle any Account Debtor claim directly with the Account Debtor involved, at the Seller's expense, upon such terms as Factor may deem advisable at which time Seller shall cease any communications with the respective Account Debtor. In the event Factor exercises its right to settle and compromise Account Debtor claims, Seller hereby specifically agrees to the terms, conditions and provisions of any and all settlements, compromises and other agreements, oral or written, entered into by Factor and Factor shall be deemed authorized to execute all releases, settlements or compromise agreements, and receive, for and in Seller's name, all money and property that Factor may receive in settlement, release or compromise of Account Debtor claims. The foregoing is discretionary upon the part of Factor and Seller shall have no right to demand or require Factor's exercise of the aforesaid rights. Factor's failure to agree shall not otherwise adversely affect any right(s) of Factor or Seller's waiver(s) herein. In the event of any claim against an Account by the Account Debtor or a breach by Seller of any representation hereunder as to an Account purchased by and assigned to Factor, Seller shall pay the unpaid balance of said Account in accordance with the provision of paragraph 7 above.

16. Attorney's Fees. Seller agrees to pay all reasonable attorney's fees, court costs, expert witness fees and expenses incurred by Factor or its counsel in the event that Factor retains counsel for the purpose of enforcing any rights arising out of the relationship between Seller and Factor or under this Agreement. Seller also acknowledges that Factor may charge and/or setoff against Seller's Reserve any or all such fees and costs as they are incurred. Notwithstanding the existence of any law, statute, rule, or procedure in any jurisdiction which may provide Seller with a right to attorney's fees or costs, Seller hereby waives any and all rights to hereafter seek attorney's fees or costs thereunder and Seller agrees that Factor exclusively shall be entitled to indemnification and recovery of any and all attorney's fees or costs in respect to any litigation based hereon, arising out of, or related hereto, whether under, or in connection with, this and/or any agreement executed in conjunction herewith, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party.

17. Notice. Except for routine day to day business communications, any notice or communication required hereunder shall be in writing and given by personal delivery or delivery service or sent by regular, registered, or certified mail, postage prepaid to the addressee at the address shown below or at the most current address that the party has from time to time designated in writing.

18. Term. This Agreement shall be effective from the date hereof and shall continue in full force and effect for as long as a balance is owed to Factor from Seller. Factor or Seller shall be

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entitled to terminate this Agreement at any time by giving thirty (30) days prior written notice. In addition, Factor shall have the right for any reason or no reason to terminate this Agreement at any time without prior written or oral notice upon the occurrence of an Event of Default. Upon the effective date of termination, all of Seller's obligations, whether incurred under this Agreement or any amendment or supplement thereto or otherwise, shall become immediately due and payable without notice or demand. Notwithstanding any termination, until all of Seller's obligations of every nature whatsoever shall have been fully paid and satisfied, Factor shall retain Factor's security interest in and title to all existing and future Accounts and other Collateral held by Factor hereunder. Until final termination following the notice thereof, Seller shall continue to offer all Accounts to Factor and Factor shall be under no obligation to make any further Advances or purchase any Account. Any termination of this Agreement shall not serve to release any security interest granted herein until all Accounts purchased hereunder and all indebtedness of Seller to Factor has been paid in full nor shall such termination affect any of the obligations incurred by the parties hereto.

19. **Indemnification.** Seller shall indemnify, defend and save Factor harmless from and against any and all liability, claims, suits, demands, damages, judgments, costs, interest and expenses (including, but not limited to attorney's fees and costs) to which Factor may be subject including any loss arising out of the assertion of any Claim that is made by a party-in-interest in a bankruptcy proceeding that any payment received by Factor from or for the account of an Account Debtor is avoidable under the Bankruptcy Code or any other debtor relief statute or suffer by reason of any liability or claim arising or resulting from Seller's acts or omission to do any act. This paragraph 19 shall survive termination of this Agreement.

20. **Binding on Future Parties.** The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. Seller may not assign this Agreement or any of Seller's rights hereunder to any person without Factor's prior written consent and this Agreement shall be deemed to be one of financial accommodation and not assumable by any debtor, trustee or debtor-in-possession in any bankruptcy proceeding without Factor's express written consent and may be suspended in the event a petition in bankruptcy is filed by or against Seller.

21. **No Waiver.** No failure or delay by Factor in exercising any of Factor's powers or rights hereunder, or under any present or future supplement hereto or under any other agreement between Factor and Seller shall operate as a waiver thereof; nor shall any single or partial exercise of any such power or right preclude other or further exercise thereof or the exercise of any other right or power. Factor's rights, remedies and benefits hereunder are cumulative and not exclusive of any rights, remedies or benefits which Factor may have. No waiver by Factor of any provision hereunder shall be deemed to extend to any other provision hereunder.

22. **Severability.** Each and every provision, condition, covenant and representation contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement. In the event any term or provision of this Agreement shall to any extent be declared illegal, contrary to law, invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and this Agreement shall continue in full force and

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effect as though such term or provision had not been incorporated herein.

23. Miscellaneous.

a) This Agreement is deemed made and shall be governed, interpreted and construed in accordance with the laws of the State of Texas without reference to its conflicts of law principles.

b) If two or more individuals, corporations, limited liability companies, partnerships or other business entities or associations (or any combination of two or more thereof) are named above and execute this Agreement as Seller, the liability of each such individual, corporation, partnership, limited liability company or other business entity or association under this Agreement shall be joint and several and the release or discharge by Factor of one shall not release or discharge the others. In like manner, if Seller named in this Agreement is a partnership or other business entity or association, the members of which are by virtue of statutory or general law subject to personal liability, the liability of each such member shall be joint and several and the release or discharge by Factor of one shall not release or discharge the others. This Agreement shall be interpreted to reflect multiple parties being named and executing this Agreement as Seller. By way of example, the term "Account" includes an account receivable for any party or parties named and executing this Agreement as Seller.

c) Factor's books and records shall be deemed authentic and admissible in evidence without objection as conclusive evidence of the status of the obligations between Factor and Seller. Each statement, report, or accounting rendered or issued by Factor to Seller shall be deemed conclusively accurate and binding on Seller unless within thirty (30) days after the date of issuance Seller notifies Factor to the contrary by registered or certified mail, setting forth with specificity each reason why Seller believes such statement, report, or accounting or any portion thereof is inaccurate, what Seller believes to be correct amount(s) therefor, and supplies detailed, written support for Seller's objection(s). Seller's failure to receive any monthly statement shall not relieve it of the responsibility to request such statement and Seller's failure to do so shall nonetheless bind Seller to whatever Factor's records would have reported.

d) Any legal proceeding with respect to any controversy arising under, out of, or relating to, this Agreement, any amendment or supplement thereto or to any transactions in connection therewith whether asserted by way of claim, counterclaim, crossclaim or otherwise shall be brought and litigated only and exclusively in the State of Texas, Dallas County. Seller hereby irrevocably consents and submits to the jurisdiction and venue of the federal and state courts of the State of Texas, Dallas County. Seller hereby irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, that any such proceeding is brought in an inconvenient forum, that the courts in the State of Texas, Dallas County lack jurisdiction, or that the venue thereof is improper.

e) Seller expressly authorizes Factor to access the systems of and/or communicate with any shipping or trucking company in order to obtain or verify tracking, shipment or delivery status of any merchandise regarding an Account.

f) Seller acknowledges that there is no, and it will not seek or attempt to establish any, fiduciary relationship between Factor and Seller, and Seller waives any right to assert, now or in the future, the existence or creation of any fiduciary, partnership or joint venture relationship between Factor and Seller in any action or proceeding (whether by way of claim, counterclaim, crossclaim or otherwise) for damages.

g) This Agreement is a complete and final agreement, reflects Seller's and Factor's mutual understanding, supersedes any prior agreement or understanding between the parties, and may not be modified or amended orally. But for the promises and representations expressly contained in this Agreement, no other promise or representation of any kind has been made to induce either party to execute this Agreement. Furthermore, Seller and Factor acknowledge that if any such promise or representation has been made, neither has relied, nor shall either be entitled to rely, upon any such promise or representation in deciding to enter into this Agreement.

h) In the event Seller's principals, officers or directors form a new entity, whether corporate, partnership, limited liability company or otherwise, that is engaged in the same or similar business as that of Seller during the term of this Agreement or merge into any other entity (regardless of whether Seller is the surviving entity), such entity shall be deemed to have expressly and irrevocably assumed the obligations due Factor by Seller under this Agreement. Upon the formation of any such entity, Factor shall be deemed to have been granted an irrevocable power of attorney with authority to execute, on behalf of such entity, a UCC financing statement or amendment and have it filed with the appropriate secretary of state or UCC filing office. Factor shall be held-harmless and be relieved of any liability by Seller or such entity as a result of Factor's filing any UCC financing statement or the resulting perfection of a lien in any of such entity's assets. In addition, Factor shall have the right to notify such entity's account debtors of Factor's lien rights, its right to collect all Accounts, and to notify any new lender or creditor who has perfected a lien in such entity's assets.

i) Seller acknowledges that Factor may obtain financing from a bank or other financial institution and in connection herewith: (a) consents to Factor's granting such financial institution a security interest in all of its rights under Agreement, the documents executed in connection therewith and all collateral thereunder, and (b) agrees that such financial institution shall be a beneficiary of all its representations, warranties and covenants in this Agreement and may exercise any power of attorney given by Seller to Factor under this Agreement or otherwise.

j) Seller and Factor hereby irrevocably waive any right either may have to a trial by jury in respect of any litigation directly or indirectly at any time arising out of, under or in connection with this Agreement or any transaction contemplated hereby or associated herewith. Seller irrevocably waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages. Seller certifies that no party hereto nor any representative or agent or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers. Seller acknowledges that Factor has been induced to enter into this Agreement and the transactions contemplated hereby, in part, as a result of the mutual waivers



and certifications contained in this paragraph.

24. **Paragraph Headings.** The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope of meaning of the paragraphs hereof.

25. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Signatures may be affixed manually or digitally and delivery of an executed counterpart of the signature pages to this Agreement by facsimile or by electronic means shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of this Agreement or facsimile or electronic means to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

[The balance of this page is intentionally left blank and the next page is the execution page.]

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SELLER

Tartan Completion Systems Corp.

By: _____

Name: Ryan McGillivray

Title: President

Executed May 9, 2018

This counterpart constitutes an original counterpart for purposes of perfection of a security interest.

WITNESS:

The foregoing instrument was signed in my presence this 9th day of May, 2018 by Ryan McGillivray, who is personally known to me or who provided Driver's license as identification.

Judy Perdomo

Name:

Judy Perdomo

Liquid Capital Principal or Representative

FACTOR

Liquid Capital Exchange, Inc.

By: _____

Jonathan Brindley

Executed 9/12/18

Discount Rate Schedule

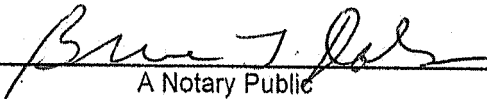
Schedule 1

a.	Initial Rate	0.75 %
b.	Initial Rate Period	1 Days
c.	Further Rate	0.06%
d.	Further Rate Period (if applicable)	NA
e.	Further Rate (if applicable)	NA
f.	Further Rate Period (if applicable)	NA
g.	Maximum Amount	\$2,000,000
h.	Minimum Charge Per Invoice	NA
i.	Per Invoice Fee	NA

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This is Exhibit "C" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 17th day
of March, 2020



A Notary Public
In and for the Province of Ontario

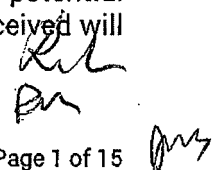
PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "**Agreement**") dated as of May 09, 2018 is executed by and between Liquid Capital Exchange Corp., a corporation organized under the laws of the Province of Ontario, having a business address at 5734 Yonge Street, Suite 400, Toronto, ON M2M 4E7 ("**Factor**") and Tartan Completion Systems Inc., a corporation organized under the laws of the Province of Alberta, having a business address at 4003 - 53rd Avenue, Edmonton, Alberta T6B 3R5 ("**Seller**"). All capitalized terms in this Agreement, unless otherwise defined herein or required by the context, shall have the meanings given those terms (whether or not capitalized) in and as defined under the *Personal Property Security Act* of the Province of Alberta as in effect from time to time ("**PPSA**"). Seller and Factor agree to the following terms and conditions:

1. **Purchase and Sale of Accounts.** Pursuant to the terms of this Agreement, Seller agrees to sell, transfer, convey, assign and deliver to Factor, and Factor agrees to purchase and receive from Seller, all of Seller's right, title and interest in and to certain Accounts arising from the sale of Goods or the rendering of services by Seller in the ordinary course of Seller's business.

2. **Sale Procedure.** Upon Seller's submission of any Account to Factor for purchase, Seller shall execute a schedule of accounts in a form provided by and acceptable to Factor ("**Schedule of Accounts**") for each such Account or group of Accounts that Seller offers to sell to Factor. The Schedule of Accounts must, among other things, identify and describe the Accounts being offered for purchase and the total face amount of such Accounts. Each Account offered for sale to Factor shall be evidenced by an identical duplicate written invoice or other such equivalent document(s) as Factor may require, together with supporting documentation, including, but not limited to, the purchase order or contract referencing the sale of goods and/or services and any modification(s) or amendment(s) thereto and any such other documentation that Factor may request. Factor may accept or reject any Account offered for sale in its sole discretion. Upon submission of any Account to Factor for purchase, Seller shall not seek or authorize any modification to the terms of the Account.

3. **Purchase Price and Payment.** Factor, in its sole discretion, may advance an amount ("**Advance**") equal to a percentage (%) ("**Advance Rate**") of the face amount of the Accounts purchased, less the applicable discount fee. Initially, the Advance Rate shall be Eighty-five percent (85%) but Factor may condition future purchases on Seller agreeing to a different Advance Rate. The purchase price of any Accounts shall be the amount actually received in payment of such Accounts, but for purposes of any Advance, the purchase price shall be equal to the face amount of the Accounts less any selling, payment or other discounts offered. In addition, Factor, in its sole discretion, may elect to maintain a reserve from each Advance ("**Reserve**"). As a general rule, Reserves on paid invoices are released upon the request of Seller or when Factor's next purchase of Accounts from Seller is funded. Factor, however, may increase or decrease the amount of such Reserve at any time and from time to time if it deems it necessary in order to protect its interests. The Reserve is designed to protect Factor against losses or potential losses that Factor may reasonably anticipate might arise in the future due to, among other things, contingencies, disputes, potential breach of warranties, or other potential non-payments, reductions or losses from the purchase of the Accounts. Payments received will



be credited to specific invoices when credit is given by Factor's bank, not to exceed three (3) banking days. The applicable discount fee is calculated based on the discount rate(s) set forth in the Discount Rate Schedule (attached as a schedule hereto and incorporated herein by reference). Factor may condition future purchases on Seller agreeing to modification(s) of the Discount Rate Schedule. **IT IS THE INTENTION OF THE PARTIES HERETO THAT AS TO ALL ACCOUNTS THAT FACTOR ELECTS TO PURCHASE, SUCH TRANSACTION SHALL CONSTITUTE AN ABSOLUTE ASSIGNMENT OR TRUE SALE OF SUCH ACCOUNTS AND NOT AN ASSIGNMENT INTENDED AS SECURITY AND AS SUCH, SELLER SHALL HAVE NO LEGAL OR EQUITABLE INTEREST IN THE ACCOUNTS SOLD.**

4. **Maximum Amount** It is further understood and agreed that the maximum face amount of purchased Accounts sold to Factor and outstanding at any time (the "**Maximum Amount**") shall not exceed the amount set forth and identified as such on the Discount Rate Schedule (attached as a schedule hereto and incorporated herein by reference), in which event, Factor shall have no obligation to purchase additional Accounts. Factor may however, in its sole and exclusive discretion, increase or decrease the Maximum Amount from time to time and Seller shall remain liable for all Accounts purchased by Factor.

5. **Notice of Assignment.** Upon Seller's execution of this Agreement, Factor shall be entitled to notify each customer ("**Account Debtor**") of the sale and/or assignment of the Accounts in a manner and method as Factor, in its sole discretion, may elect, which may include Seller's written acknowledgement. Seller agrees that, if so requested by Factor, each document evidencing Accounts (*e.g.*, invoice) shall bear the following language, conspicuously placed, which language may be modified or amended at Factor's request:

This invoice has been assigned, sold and is payable only to Liquid Capital Exchange Corp. **5576 Yonge Street, P.O. Box 10065, Yonge and Finch, North York, ON M2N 0B6.** In the event of any dispute as to quantity, quality or otherwise, notification must be given to Liquid Capital Exchange Corp., in writing, within five (5) days of receipt of goods or rendition of services.

Seller agrees to execute and submit to Factor a notice of assignment in a form provided by and acceptable to Factor and, if so requested by Factor, to use its best efforts to assist Factor in procuring the Account Debtor's acknowledgment and acceptance of such notice of assignment and redirection of payment. Factor's inability, for whatever reason, to receive Account Debtor's acknowledgment and acceptance may result in the rejection of the Accounts submitted for purchase or revocation of a conditional approval to purchase Accounts without any obligation or liability on the part of Factor.

6. **Security.** In addition to those Accounts Factor purchases, in order to secure the payment of all indebtedness and obligations of Seller to Factor, whether presently existing or hereafter arising and whether under this Agreement or otherwise, Seller hereby grants to Factor a security interest in and lien upon all of Seller's right, title and interest in and to the following, whether now existing or hereafter arising or acquired and wherever located: (a) Accounts, (b) Chattel Paper, (c) Documents of Title, (d) Inventory, Equipment and all other Goods and Accessions thereto, (e) Instruments, (f) Money, (g) Investment Property, (h) Intangibles, (i) Instruments, (j) any and all

Reserves (as defined below) and all payments (if any) due or to become due to Seller from the Reserves as well as all monies on deposit, holdbacks and credits, (k) all other Personal Property, (l) all books and records pertaining to any or all of the foregoing, including but not limited to computer programs, data and lists, and (m) all Proceeds of the foregoing (collectively the "Collateral"). Seller agrees to comply with all appropriate laws in order to perfect Factor's security interest in and to the Collateral. The security interest and lien granted in this paragraph shall remain in full force and effect until all the Accounts purchased hereunder are paid in full, all obligations owed to Factor are satisfied, Factor has received a general release from Seller in favour of Factor in a form provided by and acceptable to Factor, and Factor has filed a PPSA discharge statement. Seller authorizes Factor, its counsel or representative to file financing statements and amendments describing the Collateral in such jurisdictions as Factor shall deem necessary to perfect its rights in those Accounts purchased as well as to perfect the security interests granted hereunder. Seller shall take such actions as may be necessary to ensure that Factor shall gain control of any Collateral comprised of deposit accounts, Money, Documents of Title, Investment Property and financial assets, Instruments, Chattel Paper and other Personal Property better perfected by control. Seller agrees to execute any security agreements, assignments, endorsements, affidavits, reports, notices, schedules of accounts, letters of authority and all other documents that Factor may request, in form and substance satisfactory to Factor, to perfect and maintain perfection of Factor's security interests in the Collateral and in order to fully consummate or give effect to all of the transactions contemplated under this Agreement. Seller hereby agrees that until all Accounts have been paid in full to Factor, Seller shall not permit any security interests or liens on any of the Collateral, except those in favour of Factor, nor will Seller sell or transfer any of the Collateral to any third party, except Inventory in the ordinary course of business.

7. Seller's Representations. As an inducement for Factor to purchase Accounts from Seller, Seller, and each of its principals as identified on Factor's list of authorized signatories, hereby makes the following representations, warranties and covenants to Factor. The following representations, warranties and covenants shall be, as may be applicable, deemed made upon the execution of this Agreement, in each instance in which Seller submits an Account to Factor for purchase and for so long as there are any obligations outstanding under this Agreement from Seller to Factor.

(a) Seller is duly organized and existing under the laws of the Province of Alberta, is duly qualified, and as may be required, properly licensed, is in good standing in such jurisdiction and every other jurisdiction in which it is doing business, the execution, delivery and performance of this Agreement are within its corporate powers and have been duly authorized and are not in contravention of any law or the powers of its charter, bylaws, articles of incorporation, operating agreement, partnership agreement, or other incorporation or formation papers, or of any indenture, agreement or undertaking to which Seller is a party or by which it is bound. Seller's true and correct legal name is as set forth on the signature line below and Seller will notify Factor in writing no less than 30 days prior to any change of name, dba, place of business, jurisdiction of incorporation or formation, corporate or other status or organizational identification number.

(b) If Seller is operating under a trade or assumed name, said name has been filed with the proper authorities and each name has been provided, in writing, to Factor.

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(c) Seller has and will maintain good, clear and undisputed exclusive title to the Accounts offered for sale to Factor hereunder, and such sale will vest absolute ownership to such Accounts in Factor, free and clear of any lien, encumbrances, claims or security interest of any kind or nature including but not limited to Federal and/or Provincial tax liens.

(d) Each Account sold and assigned to Factor shall be an Account based upon a *bona fide* sale and the delivery and acceptance of Goods or performance of services by Seller to an Account Debtor and shall be an unconditional, valid and enforceable obligation of the Account Debtor, with no claim, offset, allowance, discount, deduction, dispute, contingency or counterclaim, which could reduce the amount of such Account, affect the validity thereof, or hinder Factor's ability to collect or receive payment of the full face amount of said Account.

(e) All information furnished by Seller to Factor, including, but not limited to, past histories of the payment of Account Debtors, and any and all information given to Factor in connection with the Accounts, is true, complete and accurate, and contains no material omissions, misstatements or misrepresentations.

(f) Seller is the sole and absolute owner of the Collateral and any other property in which Factor is given a security interest; has good right and authority to grant a security interest to Factor in such Collateral or other property; there is no presently outstanding lien, security interest or encumbrance in or on the Collateral or proceeds and there is no financing statement covering the Collateral or proceeds on file in any public office except as may show on the exhibit 7(f) attached hereto. There are no judgments outstanding against Seller and there are no civil, criminal or administrative actions, charges, suits, proceedings or investigations pending or threatened against Seller or any of its property and none of Seller's inventory has been produced or imported in violation of any applicable law or treaty.

(g) All financial records (including, but not limited to, balance sheets, income statements, federal income tax returns, and Accounts aging, listing or reports) which may have been or may hereafter be furnished to Factor by Seller shall fairly and accurately represent the financial conditions and operating results of Seller as of the dates or for the periods stated thereon. Such financial records shall be accurate and correct in all material respects and complete insofar as necessary to give Factor a true and accurate knowledge of the subject matter.

(h) Seller shall reflect on its books the absolute sale of the Purchased Accounts to Factor. Seller shall furnish Factor, upon request, such information and statements as Factor may request from time to time regarding Seller's business affairs, financial condition and results of its operations. Without limiting the generality of the foregoing, Seller shall provide Factor, on or prior to the thirtieth (30th) day of each month, unaudited financial statements with respect to the prior month and, within ninety (90) days after the end of each of Seller's fiscal years, annual financial statements and such certificates relating to the foregoing as Factor may request including, without limitation, a monthly certificate from the president and chief financial officer of Seller stating whether any Events of Default have occurred and stating in detail the nature of the Events of Default. Seller will furnish to Factor upon request a current listing of all open and unpaid accounts payable and Accounts, and such other items of information that Factor may deem necessary or appropriate from time to time.

(i) If Seller should change the location of the principal office or the offices where the books and records of Seller are kept, Seller shall notify Factor immediately in writing of such change.

(j) The Accounts are due and payable on the selling terms noted on the face of each invoice. None of the Accounts represents a pay when or if paid sale, a pack, bill and hold sale, or a consignment, guaranteed sale, cash on delivery sale or sale to an affiliate of Seller or to any entity to whom Seller has a financial or performance obligation of any kind.

(k) Seller assigns and transfers to Factor, effective upon an Event of Default hereunder, a nonexclusive right and license to use any trade names, marks, and styles used or owned by Seller together with any goodwill associated therewith, to the extent necessary to enable Factor to realize on the assets of Seller in which Factor has been granted a security interest. Such right and license is granted free of charge with no monetary payment requirement to Seller or any third party.

(l) Each Account Debtor's business is solvent to the best of Seller's knowledge.

(m) Seller has paid and will pay all taxes and governmental charges imposed with respect to sale of Goods and furnish to Factor upon request satisfactory proof of payment and compliance with all federal, provincial and local tax requirements.

(n) Seller will promptly notify Factor of (i) the filing of any lawsuit against Seller involving amounts greater than Ten Thousand Dollars (\$10,000), and (ii) any attachment, garnishment or any other legal process levied against Seller.

(o) In no event shall the funds paid to Seller hereunder be used directly or indirectly for personal, family, household or agricultural purposes.

(p) Any invoice or written communication that is issued by Seller to Factor by facsimile, e-mail or other electronic transmission is a duplicate of the original.

(q) Any electronic communication of data, whether by e-mail, tape, disk, or otherwise, Seller remits or causes to be remitted to Factor shall be authentic and genuine.

(r) Seller's principal(s) acknowledge(s) that the duty to accurately complete each Schedule of Accounts is critical to this Agreement and as such, all obligations with respect thereto are non-delegable. Each of Seller's principal(s) acknowledge that he/she shall remain fully responsible for the accuracy of each Schedule of Accounts delivered to Factor regardless of who is delegated the responsibility to prepare and/or complete such Schedule of Accounts.

(s) Seller agrees to execute any and all forms (e.g., Form RC59) that Factor may require in order to enable Factor to obtain and receive tax information issued by Canada Revenue Agency and

other taxing authorities, as applicable, or receive refund payments.

8. **Recourse To Seller.** In the event that:

(a) an Account purchased by Factor is not paid in full by the Account Debtor for any reason (or for no reason), on or before the date when due in accordance with its terms,

(b) an Account Debtor objects to the quality of property sold or services performed by Seller, or rejects, revokes acceptance or fails or refuses to accept or receive any property or services represented by any Account purchased by Factor,

(c) an Account Debtor suspends business, requests a general extension of time within which to pay debts or makes an assignment for the benefit of creditors, or if a voluntary assignment, petition or filing in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or other applicable law is filed by or with respect to an Account Debtor or a receiver or receiver and manger or other agent or official having similar functions is appointed either privately or by a court by or on behalf of a creditors of an Account Debtor, or if any proceedings are commenced under the Companies Creditors Arrangement Act (Canada) or other applicable law, or if an event occurs amounting to a general business failure of an Account Debtor, or

(d) Factor in its sole and absolute discretion determines that any Account is or has become uncollectible,

then, Factor may require the Seller to promptly repurchase such Account from Factor by either (i) making payment to Factor of the amount represented by Factor to be owing on such Account or (ii) by providing Factor with another Account acceptable to Factor in its sole discretion with a face value equal to or exceeding the face value of the unpaid Account (the "**Replacement Account**") in substitution therefor or (iii) by Factor charging Seller's Reserve. The method(s) of repayment or replacement shall be determined by Factor in its sole discretion. The provisions of this paragraph 8 are cumulative to and may be exercised concurrently with any other rights, powers or remedies of Factor.

9. **Power of Attorney.** In order to carry out the intention of the parties hereto, Seller hereby irrevocably appoints Factor, or any person designated by Factor, as its agent and attorney-in-fact, which agency shall be deemed to be coupled with an interest and which appointment shall be irrevocable until all obligations Seller owes Factor are fully satisfied. Factor's express authority under this appointment shall include the rights to (i) sign and endorse on behalf of Seller all cheques, drafts and other forms of payment received by Factor, waiving any notice of presentment and dishonour, whether or not said cheques represent payment on purchased Accounts, (ii) receive, open and dispose of Seller's mail received at Factor's address, (iii) change Seller's address in order to re-route the delivery of all mail to Factor, (iv) strike out Seller's address on any billing or statement sent to an Account Debtor and substitute Factor's address, (v) in Seller's name demand, sue for, collect and give releases for any and all monies due on or to become due on purchased Accounts, (vi) compromise, prosecute, or defend any and all things necessary and proper to carry out this Agreement, specifically including, but not limited to,



executing any documents necessary to perfect or continue the perfection of the security interest granted herein, and (vii) complete and issue any blank notices of assignment of Accounts lodged by Seller with Factor.

10. **Payments Received by Seller.** Should Seller receive payment of all or any portion of an Account sold pursuant to this Agreement, Seller shall immediately notify Factor of the receipt of the payment, hold said payment in trust for Factor separate and apart from Seller's own property and funds, and shall deliver said payment to Factor without delay in the identical form in which received. Should Seller receive a cheque, wire or other instrument of payment representing payment of amounts due to both Factor and Seller, Seller shall immediately surrender said cheque, wire or payment instrument to Factor. Should Seller receive a cheque, wire or other instrument of payment representing payment of amounts due Factor and fail to surrender to Factor, or deposit in a bank account designated by Factor, said cheque, wire or payment instrument within two (2) business days, Seller shall be deemed to have committed a material default in this Agreement. In addition to all other damages to which Factor shall be entitled, Factor shall be entitled, in the event Seller violates its obligations under this paragraph, to charge Seller a misdirected payment fee equal to ten (10%) percent of the misdirected payment or One Thousand Dollars (\$1,000.00), whichever is greater, to compensate Factor for the additional administrative expenses that are likely to be incurred as a result of a breach. In the event any merchandise, the sale of which gave rise to an Account purchased by Factor, is returned to or repossessed by Seller, Seller shall immediately notify Factor and such merchandise shall be held by Seller in trust for Factor, separate and apart from Seller's own property, at Seller's expense, and subject to Factor's sole and exclusive direction and control.

11. **Default.** The term "**Event of Default**" as used in this Agreement shall mean the occurrence of any of the following events:

(a) The failure of Seller to punctually and properly observe, keep or perform any covenant, agreement or condition herein required to be observed, kept or performed; or required under any other agreement or contract that may be executed between Seller and Factor.

(b) A representation or warranty made by Seller in this Agreement shall prove to be untrue or incorrect or any financial statement or other statement purporting to represent the financial condition of Seller proves to be false or incorrect.

(c) The failure of Seller to, within two (2) business days, deliver to Factor or deposit into a bank account designated by Factor, a remittance received by Seller in payment of a purchased Account, regardless of the form of remittance received by Seller.

(d) The failure of Seller to pay any indebtedness owed by Seller to Factor whether or not said indebtedness arises hereunder or under some other agreement or contract by and between Seller and Factor.

(e) The appointment of a receiver or trustee for Seller or the suspension or cessation of Seller's business or operations.

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- (f) Seller becomes insolvent, is unable to pay its debts as they mature or makes an assignment for the benefit of creditors.
- (g) Seller is adjudicated a debtor in bankruptcy or requests, either by way of petition or answer, that Seller be adjudicated a bankrupt or that Seller be allowed or granted any composition, reassignment, extension, reorganization or other relief under any bankruptcy law or any other law for the relief of debtors now or hereafter existing.
- (h) An involuntary petition in bankruptcy is filed by or against Seller or any guarantor of Seller's obligations to Factor.
- (i) A levy(s) or notice(s) of attachment, garnishment, execution(s), tax lien(s) or assessment(s) or similar process is issued against Seller or the Collateral.
- (j) The dissolution of Seller.
- (k) The death or incompetency of any guarantor of Seller's obligations to Factor.
- (l) Factor has reasonable grounds to deem itself insecure.
- (m) If there is a change in the ownership of Seller or Seller sells, leases, transfers or otherwise disposes of all or substantially all of Seller's assets or consolidates with or merges into any other entity.

12. **Remedies Upon Default.** Factor shall have the rights and remedies provided in this Agreement and (without limiting the other rights and remedies exercisable by Factor either prior or subsequent to an Event of Default) as available to a Secured Party under the PPSA or other personal property security law in effect in any applicable jurisdiction in accordance with general law. Upon the occurrence of an Event of Default, Factor may resort to any one or more of the following remedies. The exercise or election of any particular remedy shall not prevent the concurrent or subsequent exercise or election of any other available remedy:

- (a) Declare any indebtedness secured hereby immediately due and payable.
- (b) Exercise its rights as a Secured Party and enforce the security interest granted hereunder pursuant to applicable law, including, but not limited to, Factor's right to establish contact with and instruct any and all of Seller's customers to remit payment(s) due or to become due on Accounts directly to Factor at Factor's address, whether or not said payments relate to Accounts purchased by Factor hereunder. Furthermore, Factor shall have the right to establish contact with and instruct any other party from whom Seller may be entitled to receive monies now due or to become due in the future to remit said monies to Factor at Factor's address. In the event Factor deems it necessary to seek equitable relief, including, but not limited to, injunctive or

receivership remedies, Seller waives any requirement that Factor post or otherwise obtain or procure any bond. Seller also waives any right to legal fees or costs in the event any equitable relief awarded is subsequently, vacated, dissolved or reversed for whatever reason(s).

(c) Immediately terminate this Agreement as to future transactions, without affecting the rights and obligations of the parties occurring with respect to prior transactions.

(d) Enter the premises of Seller and take possession of the Collateral and of records pertaining to the Accounts and the Collateral.

(e) Grant extensions, compromise claims and settle Accounts for less than face value, all without prior notice to or authority of Seller, except as granted herein.

(f) Exercise all other rights conferred by law or equity or under this Agreement and exercise any remedy existing at law or in equity for the collection of any indebtedness secured hereby and for the enforcement of the covenants and agreements contained in this Agreement. Factor shall be entitled to any form of equitable relief that may be appropriate without having to establish any inadequate remedy at law, irreparable harm or other grounds other than to establish that its Collateral is subject to being improperly used, moved, dissipated or withheld from Factor. Factor shall be entitled to freeze, debit and/or effect a set-off against any fund or account Seller may maintain with any bank. In the event Factor deems it necessary to seek equitable relief, including, but not limited to, injunctive or receivership remedies, as a result of an Event of Default, Seller waives any requirement that Factor post or otherwise obtain or procure any bond. Alternatively, in the event Factor, in its sole and exclusive discretion, desires to procure and post a bond, Factor may procure and file with the court a bond in an amount up to and not greater than Ten Thousand Dollars (\$10,000.00) notwithstanding any common or statutory law requirement to the contrary. Upon Factor's posting of such bond it shall be entitled to all benefits as if such bond was posted in compliance with applicable law. Seller also waives any right it may be entitled to, including an award of legal fees or costs, in the event any equitable relief sought by and awarded to Factor is thereafter, for whatever reason(s), vacated, dissolved or reversed. Judgments against Seller shall bear interest at the rate of 18% per annum or such higher rate as may be allowed by law.

13. **Financial Statements.** Seller agrees to keep proper books of record which books shall at all times be open to inspection by Factor. In addition, Seller shall furnish Factor upon request any prior or current income statement, balance sheet, tax return and report, along with any other supplementary financial information requested. Factor shall have the right, at all times during normal business hours, without prior written notice, to examine and make extracts from all books and records of Seller.

14. **Reimbursable Expenses.** In the course of investigating, approving, purchasing and collecting Accounts purchased under this Agreement, Factor may incur routine and/or extraordinary expenses, including, but not limited to long distance telephone, postage, wire transfers, overnight mail delivery, courier delivery, cheque certification, PPSA search and filing fees, other lien search fees, facsimile transmissions, auditing and legal fees, all of which shall be reimbursed to Factor



by Seller upon demand or deducted from the proceeds payable on a purchased Account or from the Reserve.

15. Account Debtor Claims. Seller shall notify Factor of the assertion of any claim, including any defences, dispute or offset by an Account Debtor with respect to an Account purchased by and assigned to Factor or the merchandise or service relating thereto within three (3) days after receiving such information. Seller may settle all such claims with Factor's approval and at Seller's expense. Factor may, in its sole discretion, opt to settle any Account Debtor claim directly with the Account Debtor involved, at the Seller's expense, upon such terms as Factor may deem advisable at which time Seller shall cease any communications with the respective Account Debtor. In the event Factor exercises its right to settle and compromise Account Debtor claims, Seller hereby specifically agrees to the terms, conditions and provisions of any and all settlements, compromises and other agreements, oral or written, entered into by Factor and Factor shall be deemed authorized to execute all releases, settlements or compromise agreements, and receive, for and in Seller's name, all money and property that Factor may receive in settlement, release or compromise of Account Debtor claims. The foregoing is discretionary upon the part of Factor and Seller shall have no right to demand or require Factor's exercise of the aforesaid rights. Factor's failure to agree shall not otherwise adversely affect any right(s) of Factor or Seller's waiver(s) herein. In the event of any claim against an Account by the Account Debtor or a breach by Seller of any representation hereunder as to an Account purchased by and assigned to Factor, Seller shall pay the unpaid balance of said Account subject to and in accordance with the provision of paragraph 8 above.

16. Lawyer's Fees. Seller agrees to pay all reasonable lawyer's fees, court costs, expert witness fees and expenses incurred by Factor or its counsel in the event that Factor retains counsel for the purpose of enforcing any rights arising out of the relationship between Seller and Factor or under this Agreement. Seller also acknowledges that Factor may charge and/or setoff against Seller's Reserve any or all such fees and costs as they are incurred. Notwithstanding the existence of any law, statute, rule, or procedure in any jurisdiction which may provide Seller with a right to lawyer's fees or costs, Seller hereby waives any and all rights to hereafter seek lawyer's fees or costs there under and Seller agrees that Factor exclusively shall be entitled to indemnification and recovery of any and all lawyer's fees or costs in respect to any litigation based hereon, arising out of, or related hereto, whether under, or in connection with, this and/or any agreement executed in conjunction herewith, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party.

17. Notice. Except for routine day to day business communications, any notice or communication required hereunder shall be in writing and given by personal delivery or delivery service or sent by regular or registered mail, postage prepaid to the addressee at the address shown above or at the most current address that the party has from time to time designated in writing.

18. Term. This Agreement shall be effective from the date hereof and shall continue in full force and effect for as long as a balance is owed to Factor from Seller, whether under this Agreement or otherwise. Factor or Seller shall be entitled to terminate this Agreement at any time by giving thirty (30) days prior written notice. In addition, Factor shall have the right for any reason or no

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reason to terminate this Agreement at any time without prior written or oral notice upon the occurrence of an Event of Default. Upon the effective date of termination, all of Seller's obligations, whether incurred under this Agreement or any amendment or supplement thereto or otherwise, shall become immediately due and payable without notice or demand. Notwithstanding any termination, until all of Seller's obligations of every nature whatsoever shall have been fully paid and satisfied, Factor shall retain Factor's security interest in and title to all existing and future Accounts and other Collateral held by Factor hereunder. Until final termination following the notice thereof, Seller shall continue to offer all Accounts to Factor and Factor shall be under no obligation to make any further Advances or purchase any Account. Any termination of this Agreement shall not serve to release any security interest granted herein until all Accounts purchased hereunder and all indebtedness of Seller to Factor have been paid in full nor shall such termination affect any of the obligations incurred by the parties hereto.

19. **Indemnification.** Seller shall indemnify, defend and save Factor harmless from and against any and all liability, claims, suits, demands, damages, judgments, costs, interest and expenses (including, but not limited to legal fees and costs) to which Factor may be subject including any loss arising out of the assertion of any Claim that is made by a party-in-interest in a bankruptcy proceeding that any payment received by Factor from or for the account of an Account Debtor is avoidable under the *Bankruptcy and Insolvency Act* (Canada) or any other debtor relief statute or suffer by reason of any liability or claim arising or resulting from Seller's acts or omission to do any act. This paragraph 19 shall survive termination of this Agreement.

20. **Binding on Future Parties.** The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, estate trustees, personal representatives, successors and assigns. Seller may not assign this Agreement or any of Seller's rights hereunder to any person without Factor's prior written consent and this Agreement shall be deemed to be one of financial accommodation and not assumable by any debtor, trustee or debtor in possession in any bankruptcy proceeding without Factor's express written consent and may be suspended in the event a petition in bankruptcy is filed by or against Seller.

21. **No Waiver.** No failure or delay by Factor in exercising any of Factor's powers or rights hereunder, or under any present or future supplement hereto or under any other agreement between Factor and Seller shall operate as a waiver thereof; nor shall any single or partial exercise of any such power or right preclude other or further exercise thereof or the exercise of any other right or power. Factor's rights, remedies and benefits hereunder are cumulative and not exclusive of any rights, remedies or benefits which Factor may have. No waiver by Factor of any provision hereunder shall be deemed to extend to any other provision hereunder.

22. **Severability.** Each and every provision, condition, covenant and representation contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement. In the event any term or provision of this Agreement shall to any extent be declared illegal, contrary to law, invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and this Agreement shall continue in full force and effect as though such term or provision had not been incorporated herein.

23. Miscellaneous.

(a) This Agreement is deemed made and shall be governed, interpreted and construed in accordance with the laws of the Province of Alberta without reference to its conflicts of law principles.

(b) If two or more individuals, corporations, limited liability companies, partnerships or other business entities or associations (or any combination of two or more thereof) are named above and execute this Agreement as Seller, the liability of each such individual, corporation, partnership, limited liability company or other business entity or association under this Agreement shall be joint and several and the release or discharge by Factor of one shall not release or discharge the others. In like manner, if Seller named in this Agreement is a partnership or other business entity or association, the members of which are by virtue of statutory or general law subject to personal liability, the liability of each such member shall be joint and several and the release or discharge by Factor of one shall not release or discharge the others. This Agreement shall be interpreted to reflect multiple parties being named and executing this Agreement as Seller. By way of example, the term "Account" includes an account receivable for any party or parties named and executing this Agreement as Seller.

(c) Factor's books and records shall be admissible in evidence without objection as authoritative and conclusive evidence of the status of the obligations between Factor and Seller. Each statement, report, or accounting rendered or issued by Factor to Seller shall be deemed conclusively accurate and binding on Seller unless within thirty (30) days after the date of issuance Seller notifies Factor to the contrary by registered or certified mail, setting forth with specificity each reason why Seller believes such statement, report, or accounting or any portion thereof is inaccurate, what Seller believes to be the correct amount(s) therefor, and supplies detailed, written support for Seller's objection(s). Seller's failure to receive any monthly statement shall not relieve it of the responsibility to request such statement and Seller's failure to do so shall nonetheless bind Seller to whatever Factor's records would have reported.

(d) Any legal proceeding with respect to any controversy arising under, out of, or relating to, this Agreement, any amendment or supplement thereto or to any transactions in connection therewith whether asserted by way of claim, counterclaim, cross claim or otherwise shall be brought and litigated only and exclusively in the Province of Alberta or in such other jurisdiction as may be determined by Factor, the selection of which shall be in the exclusive discretion of Factor. Seller hereby irrevocably consents and submits to such jurisdiction, and hereby waives and agrees not to assert, by way of motion, as a defence or otherwise, that any such proceeding, is brought in any inconvenient forum or that the venue thereof is improper.

(e) Seller expressly authorizes Factor to access the systems of and/or communicate with any shipping or trucking company in order to obtain or verify tracking, shipment or delivery status of any merchandise regarding an Account.

(f) Seller acknowledges that there is no, and it will not seek or attempt to establish any, fiduciary relationship between Factor and Seller, and Seller waives any right to assert, now or in the future,

the existence or creation of any fiduciary, partnership or joint venture relationship between Factor and Seller in any action or proceeding (whether by way of claim, counterclaim, cross claim or otherwise) for damages.

(g) This Agreement (including any addenda executed contemporaneously herewith) is a complete and final agreement, reflects Seller's and Factor's mutual understanding, supersedes any prior agreement or understanding between the parties, and may not be modified or amended orally. But for the promises and representations expressly contained in this Agreement, no other promise or representation of any kind has been made to induce either party to execute this Agreement. Furthermore, Seller and Factor acknowledge that if any such promise or representation has been made, neither has relied, nor shall either be entitled to rely, upon any such promise or representation in deciding to enter into this Agreement.

(h) In the event Seller's principals, officers or directors form a new entity, whether corporate, partnership, limited liability company or otherwise, that is engaged in the same or similar business as that of Seller during the term of this Agreement or merge into any other entity (regardless of whether Seller is the surviving entity), such entity shall be deemed to have expressly and irrevocably assumed the obligations due Factor by Seller under this Agreement. Upon the formation of any such entity, Factor shall be deemed to have been granted an irrevocable power of attorney with authority to execute, on behalf of such entity, a PPSA financing statement or amendment and have it filed with the appropriate PPSA filing office. Factor shall be held-harmless and be relieved of any liability by Seller or such entity as a result of Factor's filing any PPSA financing statement or the resulting perfection of a lien or security interest in any of such entity's assets. In addition, Factor shall have the right to notify such entity's account debtors of Factor's security interests and lien rights, its right to collect all Accounts, and to notify any new lender who has perfected a security interest or lien in such entity's assets.

(i) Seller acknowledges that Factor may obtain financing from a bank or other financial institution or financing sources and in connection herewith: (a) consents to Factor's granting such financial institution or financing source a security interest in all of its rights under Agreement, the documents executed in connection therewith and all collateral thereunder; and (b) agrees that such financial institution or financing source shall be a beneficiary of all its representations, warranties and covenants in this Agreement and may exercise any power of attorney given by Seller to Factor under this Agreement or otherwise.

(j) Seller and Factor hereby irrevocably waive any right either may have to a trial by jury in respect of any litigation directly or indirectly at any time arising out of, under or in connection with this Agreement or any transaction contemplated hereby or associated herewith. Seller irrevocably waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages. Seller certifies that no party hereto nor any representative or agent or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers. Seller acknowledges that Factor has been induced to enter into this Agreement and the transactions contemplated hereby, in part, as a result of the mutual waivers




and certifications contained in this paragraph.

24. **Paragraph Headings.** The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope of meaning of the paragraphs hereof.

25. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Signatures may be affixed manually or digitally and delivery of an executed counterpart of the signature pages to this Agreement by facsimile or by electronic means shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of this Agreement or facsimile or electronic means to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

SELLER

Tartan Completion Systems Inc.

By:  _____

Name: Ryan McGillivray

Title: President

Executed May 09, 2018

Tartan Energy Group Inc.

By:  _____

Name: Richard Li

Title: Chairman

Executed May 09, 2018



FACTOR

LIQUID CAPITAL EXCHANGE CORP.

By: _____ *Jonathan Brindley*

Jonathan Brindley, Principal

Ans
Rel.

Discount Rate Schedule

Schedule 1

a.	Initial Rate	0.75 %
b.	Initial Rate Period	1 Days
c.	Further Rate	0.06%
d.	Further Rate Period (if applicable)	per day
e.	Further Rate (if applicable)	NA
f.	Further Rate Period (if applicable)	NA
g.	Maximum Amount	\$2,000,000
h.	Minimum Charge Per Invoice	NA
i.	Per Invoice Fee	NA

DMZ

Rel

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ADDENDUM TO PURCHASE AND SALE AGREEMENT

This **ADDENDUM TO PURCHASE AND SALE AGREEMENT** ("**Addendum**") is dated as of May 09, 2018 between Tartan Completion Systems Inc., a Corporation organized under the laws of the Province of Alberta ("**Seller**"), and Liquid Capital Exchange Corp., a corporation organized under the laws of the Province of Ontario ("**Factor**").

RECITALS

A. The Parties are parties to that certain PURCHASE AND SALE AGREEMENT (the "**Agreement**") dated May 09, 2018 as the same may have been amended from time to time.

B. Factor has purchased, for itself and for the benefit of its affiliates, a credit insurance policy from the Insurer (defined below) for Accounts purchased pursuant to the Agreement (the "**Credit Insurance Policy**").

C. In consideration of payment by Seller of the Premium Reimbursement Amount (defined below), Factor has agreed to pay to Seller the Insurance Proceeds (defined below), if any, paid by Insurer under the Credit Insurance Policy as a result of the submission of a Claim (defined below).

D. The Parties wish that this Addendum be effective as of the Effective Date.

NOW, THEREFORE, in consideration of the premises, and intending to be legally bound hereby, the Parties hereby agree as follows:

AGREEMENT

1. DEFINITIONS.

1.1 All capitalized terms used but not defined herein shall be as defined and shall be as interpreted in the Agreement. The following terms used herein are defined as follows:

1.1.1 "**Agreement**" – See Recital A.

1.1.2 "**Claim**" – A claim submitted by Factor to the Insurer under the Credit Insurance Policy to recover 90% (or such other amount as the Insurer may allow by specific endorsement or otherwise) of a Credit Loss that is not in Dispute.

1.1.3 "**Credit Insurance Policy**" – See Recital B.

1.1.4 "**Credit Loss**" – The aggregate amount of Account(s) unpaid by an Account Debtor due to its Insolvency or its failure to pay amounts owing on the Account(s) for a

period specified in the Credit Insurance Policy, where the unpaid amount exceeds \$10,000.

1.1.5 **"Deductible Amount"** - nil.

1.1.6 **"Effective Date"** - The date hereof.

1.1.7 **"Factor"** - See Preamble.

1.1.8 **"Insolvency"** - The insolvency of an Account Debtor as defined in the applicable Credit Insurance Policy.

1.1.9 **"Insurance Proceeds"** - The amount, if any, paid by Insurer to Factor under the Credit Insurance Policy as a result of a Claim.

1.1.10 **"Insurer"** - Any insurer, selected by Factor in its Permitted Discretion, from which Factor purchases a Credit Insurance Policy.

1.1.11 **"Parties"** - Seller and Factor.

1.1.12 **"Permitted Discretion"** - A determination made in good faith and in the exercise of what Factor believes is reasonable business judgment.

1.1.13 **"Premium Reimbursement Amount"** - 0.5% of the face amount of the Accounts purchased under the Agreement.

1.1.14 **"Seller"** - See Preamble.

1.1.15 **"Termination Date"** - The earlier to occur of (i) the date on which the Agreement terminates or (ii) the date of the occurrence of an Event of Default under the Agreement.

2. PAYMENT OF INSURANCE PROCEEDS.

2.1 In consideration of the payment by Seller of the Premium Reimbursement Amount, Factor shall pay to Seller the Insurance Proceeds that it receives, if any, as a result of the submission of a Claim.

3. PAYMENTS BY SELLER.

3.1 Factor may deduct any portion of the Premium Reimbursement Amount from amounts otherwise due to Seller under the Agreement.

4. SUBMISSION OF CLAIMS AND PAYMENT OF INSURANCE PROCEEDS.

- 4.1 Upon becoming aware of the occurrence of a Credit Loss, whether by notice from Seller or otherwise, Factor may submit a Claim to Insurer under the Credit Insurance Policy.
- 4.2 Seller shall furnish to Factor all information and documentation which Factor deems necessary, in its Permitted Discretion, in order to file a Claim for the Credit Loss.
- 4.3 Factor shall pay to Seller Insurance Proceeds paid as a result of a Claim, if any, less the Deductible Amount and any other amounts owing by Seller to Factor under the Agreement.

5. COVENANTS, REPRESENTATIONS, WARRANTIES, AND NOTICE REQUIREMENTS.

- 5.1 Seller warrants and represents to Factor that it will take such actions, as requested by Factor from time to time in its Permitted Discretion, to ensure compliance with the requirements of the Credit Insurance Policy.
- 5.2 Factor warrants and represents to Seller that it will use its best efforts to maintain with financially sound and reputable Insurers a reasonable and economic Credit Insurance Policy.
- 5.3 If the Credit Insurance Policy is cancelled for any reason, Factor shall notify Seller within 15 days of such cancellation, provided, however, that in the event that Factor fails to so notify Seller, the Seller's damage claim shall be limited to the Premium Reimbursement Amount paid by Seller on account of sales made by Seller subsequent to the date of cancellation.

6. CLAIMS AGAINST FACTOR

- 6.1 Seller agrees that it will not assert against Factor any claim, setoff, defense, counterclaim or recoupment which Seller may have against Factor under this Addendum, including but not limited to, any claim, setoff, defense, counterclaim or recoupment arising from the Insurer's denial of a Claim or the cancellation of the Credit Insurance Policy.

7. EFFECTIVE DATE.

- 7.1 This Addendum shall be effective as of the Effective Date.

RM *AMS*

8. MODIFICATION.

8.1 Except as expressly modified hereby, the Agreement shall remain unchanged and in full force and effect.

9. TERMINATION.

9.1 This Addendum shall become effective upon the execution and delivery hereof by Seller to Factor and shall continue in full force and effect until the Termination Date.

9.2 Factor shall have no obligation to pay to Seller any Insurance Proceeds received subsequent to the Termination Date, with respect to Claims arising prior thereto.

10. CONFLICTS.

10.1 If a conflict exists between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

11. COUNTERPARTS.

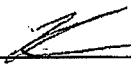
11.1 This Addendum may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of the signature page to this Agreement by facsimile to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

RM JS

SELLER

Tartan Completion Systems Inc., a Alberta
Corporation

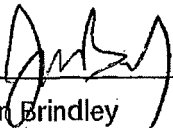
By:  _____

Name: Ryan McGillivray

Title: President

FACTOR

LIQUID CAPITAL EXCHANGE CORP., an Ontario
corporation

By:  _____

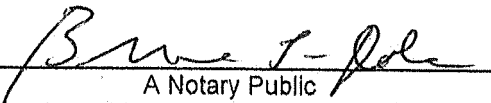
Jonathan Brindley

Liquid Capital Principal

rem

This is Exhibit "D" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


A Notary Public
In and for the Province of Ontario

Tartan Group
Liquid Capital - Buyouts as at Mar 11 2020

FX rate

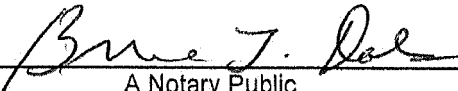
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Client	Currency	Gross AR	Net Funds		Accrued Fees	Net Payout	Per Diem \$
			Employed	Net Payout			
TARTAN COMPLETION SYSTEMS INC. (5008)	CDN	\$ 97,573.92	\$ 59,774.68	\$ 5,191.11	\$ 64,965.79	\$ 58.54	
TARTAN COMPLETION SYSTEMS INC. (LOAN ACCOUNT) (505fCDN)			\$465,517.00	\$ 3,840.52	\$ 469,357.52	\$ 352.02	
TARTAN COMPLETION SYSTEMS CORP. (USD) (5007U)	US	\$146,359.69	\$ 70,517.34	\$ 3,650.56	\$ 74,167.90	\$ 87.82	

As at Mar 11 2020

This is Exhibit "E" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


A Notary Public
In and for the Province of Ontario

GUARANTEE

TO: LIQUID CAPITAL EXCHANGE, CORP.

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment to LIQUID CAPITAL EXCHANGE, CORP. (hereinafter called "LCX") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Tartan Completions Systems Inc., an Alberta registered corporation (hereinafter called the "COMPANY") to LCX or remaining unpaid by the COMPANY to LCX, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between LCX and the COMPANY, and without limiting the generality hereof, in particular under a Purchase and Sale Agreement between LCX and the COMPANY dated May 9, 2018, or by or from any agreement or dealings with any third party by which LCX may be or become in any manner whatsoever a creditor of the COMPANY or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the COMPANY be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities") with interest from the date of demand for payment at the rate of Wall Street Journal Prime Interest Rate plus 12% per annum;

This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to LCX, plus interest thereon from the date of demand at the rate of interest indicated above.

LCX shall not be bound to exhaust its recourse against the COMPANY or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the COMPANY or in the membership or share ownership of the COMPANY through the death or retirement of one or more partners, members or shareholders or the introduction of one or more other parties or otherwise, or by the acquisition of the COMPANY's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the COMPANY, or by the COMPANY being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the term "THE COMPANY" shall include every such firm and corporation.

The payment of all present and future debts of the COMPANY to the Guarantor are hereby postponed and subordinated to LCX as security for any existing and/or future liabilities of the COMPANY to LCX. This subordination shall subsist for the duration of the relationship between the COMPANY and LCX unless otherwise agreed to in writing.

It is agreed that LCX, without the consent of the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from

RL

perfecting securities of, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with the COMPANY and all other persons (including the undersigned, or any one of them, and any other guarantor) and securities, as LCX may see fit.

This guarantee and agreement shall extend to and enure to the benefit of LCX and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or any of them, as in the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

THIS GUARANTEE, THE INTERPRETATION AND CONSTRUCTION OF THIS GUARANTEE AND OF ANY PROVISION OF THIS GUARANTEE AND OF ANY ISSUE RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, NOT INCLUDING CONFLICT OF LAWS RULES.

ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTEE MAY BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE UNDERSIGNED CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE UNDERSIGNED AND LCX IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO VENUE ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH JURISDICTION.

EACH OF THE UNDERSIGNED AND LCX HEREBY IRREVOCABLY WAIVES ITS RESPECTIVE RIGHT TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTEE, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY RELATIONSHIP BETWEEN ANY OF THE PARTIES HERETO AND LCX, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY KIND BROUGHT BY ANY OF THE UNDERSIGNED AGAINST LCX (OR VICE VERSA), WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE UNDERSIGNED AND LCX AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS PARAGRAPH AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTEE OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTEE, WHETHER OR NOT SPECIFICALLY SET FORTH THEREIN.

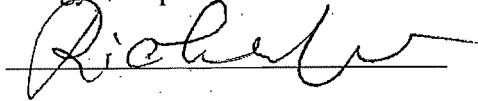
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THIS GUARANTEE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

ACCEPTED, CONFIRMED AND AGREED this 9th day of May, 2018.

Tartan Energy Group Inc.

Per:



Name: Richard Li

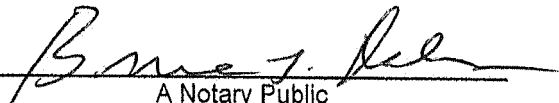
Title:

CEO

I have the authority to bind the Corporation.

This is Exhibit "F" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 12th day
of March, 2020


A Notary Public

In and for the Province of Ontario

PERSONAL GUARANTEE

TO: LIQUID CAPITAL EXCHANGE CORP. (hereinafter called "LIQUID")

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment to LIQUID of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Tartan Completion Systems Inc. (hereinafter called the "COMPANY") to LIQUID or remaining unpaid by the COMPANY to LIQUID, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between LIQUID and the COMPANY, and without limiting the generality hereof, in particular under a Purchase and Sale Agreement between LIQUID and the COMPANY dated May 09, 2018, or by or from any agreement or dealings with any third party by which LIQUID may be or become in any manner whatsoever a creditor of the COMPANY or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the COMPANY be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities") with interest from the date of demand for payment at the rate of the Bank of Nova Scotia's Prime Interest Rate plus eight percent (8%) per annum;

This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to LIQUID, plus interest thereon from the date of demand at the rate of interest indicated above.

LIQUID shall not be bound to exhaust its recourse against the COMPANY or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the COMPANY or in the membership of the COMPANY's firm through the death or retirement of one or more partners or the introduction of one or more other parties or otherwise, or by the acquisition of the COMPANY's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the COMPANY, or by the COMPANY's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "THE COMPANY" shall include every such firm and corporation.

The payment of all present and future debts of the COMPANY to the Guarantor are hereby postponed and subordinated to LIQUID as security for any existing and/or future liabilities of the COMPANY to LIQUID. This subordination shall subsist for the duration of the relationship between the COMPANY and LIQUID unless otherwise agreed to in writing.

It is agreed that LIQUID, without the consent of the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with the COMPANY and all other persons (including the undersigned, or any one of them, and any other guarantor) and

securities, as LIQUID may see fit.

This guarantee and agreement shall extend to and enure to the benefit of LIQUID and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, estate trustees, legal representatives, successors and assigns of the undersigned or of each of them or any of them, as in the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

This guarantee shall be governed by the laws of the Province of Alberta.

Accepted, confirmed and agreed this 14 day of MAY 18


Ryan McGillivray GUARANTOR

1610 Ainslie Lane,
Edmonton, Alberta
T6W 0H5

GUARANTEES ACKNOWLEDGEMENT ACT

(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. Ryan McGillivray, the guarantor in the guarantee dated May 14 2018 made between Liquid Capital Exchange Corp. and Ryan McGillivray, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the guarantee.

2. I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

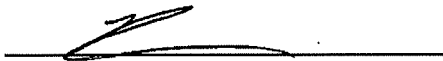
CERTIFIED by Robert S. Riddle, Lawyer at the city of Edmonton in the Province of Alberta, this 14 day of May, 2018.



Signature
Robert S. Riddle
Barrister & Solicitor

STATEMENT OF GUARANTOR

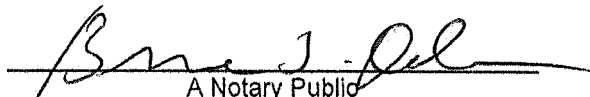
I am the person named in this Certificate.



Signature of Guarantor

This is Exhibit "G" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 17th day
of March, 2020


A Notary Public
In and for the Province of Ontario

VALIDITY GUARANTEE

May 14, 2018

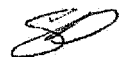
Liquid Capital Exchange Corp.
5734 Yonge Street Suite #400
Toronto, Ontario M2M 4E7

Re: Tartan Completion Systems Inc. ("Seller")

Ladies and Gentlemen:

To induce you to purchase accounts of Seller the undersigned hereby warrants and represents to you as follows:

1. All Seller's accounts which have been or will be reported or sold to you by or on behalf of Seller and in which you hold a security interest ("Accounts"), whether such reports are in the form of Schedules of Accounts, Assignment Schedules collateral reports or financial statements, (i) are and will remain genuine and in all respects what they purport to be, and (ii) will represent bona fide obligations of Seller's customers arising out of the sale and delivery of merchandise sold by Seller (the "Sold Goods") or the rendition of services, or both, in the ordinary course of its business in accordance with and in full and complete performance of customer's (each, a "Customer") order therefor.
2. All original proceeds of the Accounts received by Seller will be held in trust for you and will immediately be forwarded to you upon receipt, in kind, in accordance with the terms of any agreements between you and Seller (the "Agreements").
3. None of the Accounts will be the subject of any offsets, defenses or counterclaims of any nature whatsoever, and Seller will not in any way impede or interfere with the normal collection and payment of the Accounts.
4. Seller is presently solvent.
5. The Sold Goods will be up to the point of sale, the sole property of Seller, and the Accounts and Sold Goods are and will remain free and clear of all liens and security interests, except in your favor.
6. The due dates of the Accounts will be as reported to you by Seller.
7. Seller will promptly report to you all disputes, rejections, returns and re-sales of Sold Goods and all credits allowed by Seller against any Account.
8. All reports that you receive from Seller, including but not limited to those concerning its Accounts, will be true and accurate except for minor inadvertent errors.
9. Seller will not sell its inventory except in the ordinary course of business.
10. All purchase order submitted by Seller to you, whether issued to or by Seller, will be complete, valid, and in full force and effect, and amendments thereto will be immediately reported to you by Seller.



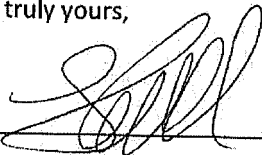
The undersigned indemnifies you and holds you harmless from any direct, indirect, or consequential damage of loss which you may sustain as a result of the breach of any statement contained herein or of your reliance (whether or not such reliance was reasonable) upon any misstatement (whether or not intentional), fraud, deceit or criminal act on the part of any officer, employee, or agent of Seller, or any costs (including reasonable legal fees and expenses) incurred by you in the enforcement of any rights granted to you hereunder ("Covered Losses"). All such sums will be paid by the undersigned to you on demand. It shall be presumed that any obligation of Seller to us arises out of a Covered Loss.

Any action arising hereunder shall, if you so elect, be instituted in any court sitting in the province in which your chief executive office is located (the "Chosen Province"), and in the city in which your chief executive office is located, or if none, any court sitting in the Chosen Province (the "Acceptable Forums"). It is agreed that the Acceptable Forums are convenient, and the undersigned submits to such jurisdiction and waives all objections to jurisdiction or venue. Should such proceeding be initiated in any other forum, the undersigned we waives any right to oppose any motion to transfer such proceeding to an Acceptable Forum.

Nothing herein contained shall be in any way impaired or affected by any change in or amendment of any of the Agreements.

In the event that either of us finds it necessary to retain counsel in connection with the interpretation, defence, or enforcement of this agreement, the prevailing party shall recover its reasonable legal fees and expenses from the unsuccessful party. It shall be presumed (subject to rebuttal only by the introduction of competent evidence to the contrary) that the amount recoverable is the amount billed to the prevailing party by its counsel and that such amount will be reasonable if based on the billing rates charged to the prevailing party by its counsel in similar manner.

Very truly yours,

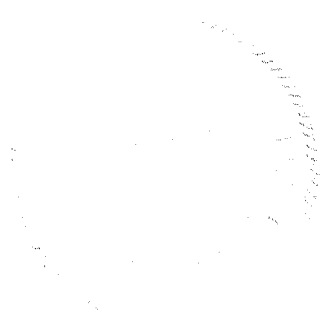


Shane Devlin

20756 61 AVE NW
EDMONTON, AB
T6M 0M1

This is Exhibit "H" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


Bruce J. Paul
A Notary Public
In and for the Province of Ontario

VALIDITY GUARANTEE

May 14, 2018

Liquid Capital Exchange Corp.
5734 Yonge Street Suite #400
Toronto, Ontario M2M 4E7

Re: Tartan Completion Systems Inc. ("Seller")

Ladies and Gentlemen:

To induce you to purchase accounts of Seller the undersigned hereby warrants and represents to you as follows:

1. All Seller's accounts which have been or will be reported or sold to you by or on behalf of Seller and in which you hold a security interest ("Accounts"), whether such reports are in the form of Schedules of Accounts, Assignment Schedules collateral reports or financial statements, (i) are and will remain genuine and in all respects what they purport to be, and (ii) will represent bona fide obligations of Seller's customers arising out of the sale and delivery of merchandise sold by Seller (the "Sold Goods") or the rendition of services, or both, in the ordinary course of its business in accordance with and in full and complete performance of customer's (each, a "Customer") order therefor.

2. All original proceeds of the Accounts received by Seller will be held in trust for you and will immediately be forwarded to you upon receipt, in kind, in accordance with the terms of any agreements between you and Seller (the "Agreements").

3. None of the Accounts will be the subject of any offsets, defenses or counterclaims of any nature whatsoever, and Seller will not in any way impede or interfere with the normal collection and payment of the Accounts.

4. Seller is presently solvent.

5. The Sold Goods will be up to the point of sale, the sole property of Seller, and the Accounts and Sold Goods are and will remain free and clear of all liens and security interests, except in your favor.

6. The due dates of the Accounts will be as reported to you by Seller.

7. Seller will promptly report to you all disputes, rejections, returns and re-sales of Sold Goods and all credits allowed by Seller against any Account.

8. All reports that you receive from Seller, including but not limited to those concerning its Accounts, will be true and accurate except for minor inadvertent errors.

9. Seller will not sell its inventory except in the ordinary course of business.

10. All purchase order submitted by Seller to you, whether issued to or by Seller, will be complete, valid, and in full force and effect, and amendments thereto will be immediately reported to you by Seller.



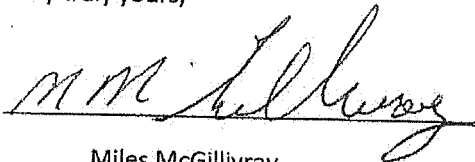
The undersigned indemnifies you and holds you harmless from any direct, indirect, or consequential damage of loss which you may sustain as a result of the breach of any statement contained herein or of your reliance (whether or not such reliance was reasonable) upon any misstatement (whether or not intentional), fraud, deceit or criminal act on the part of any officer, employee, or agent of Seller, or any costs (including reasonable legal fees and expenses) incurred by you in the enforcement of any rights granted to you hereunder ("Covered Losses"). All such sums will be paid by the undersigned to you on demand. It shall be presumed that any obligation of Seller to us arises out of a Covered Loss.

Any action arising hereunder shall, if you so elect, be instituted in any court sitting in the province in which your chief executive office is located (the "Chosen Province"), and in the city in which your chief executive office is located, or if none, any court sitting in the Chosen Province (the "Acceptable Forums"). It is agreed that the Acceptable Forums are convenient, and the undersigned submits to such jurisdiction and waives all objections to jurisdiction or venue. Should such proceeding be initiated in any other forum, the undersigned we waives any right to oppose any motion to transfer such proceeding to an Acceptable Forum.

Nothing herein contained shall be in any way impaired or affected by any change in or amendment of any of the Agreements.

In the event that either of us finds it necessary to retain counsel in connection with the interpretation, defence, or enforcement of this agreement, the prevailing party shall recover its reasonable legal fees and expenses from the unsuccessful party. It shall be presumed (subject to rebuttal only by the introduction of competent evidence to the contrary) that the amount recoverable is the amount billed to the prevailing party by its counsel and that such amount will be reasonable if based on the billing rates charged to the prevailing party by its counsel in similar manner.

Very truly yours,

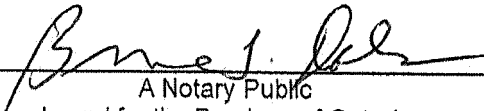


Miles McGillivray

34 - 25515 Twp Rd 511A
Spruce Grove, AB T7Y 1A8

This is Exhibit "I" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


A Notary Public
In and for the Province of Ontario

Search ID #: Z12494997

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #:

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 16101114229

Registration Type: SECURITY AGREEMENT

Registration Date: 2016-Oct-11

Registration Status: Current

Expiry Date: 2021-Oct-11 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TARTAN COMPLETION SYSTEMS INC.
C/O 2445, 10180-101 STREET
EDMONTON, AB T5J 3S4

Current

Secured Party / Parties

Block

Status

1 789357 ALBERTA LTD.
C/O 1704-66 AVENUE
EDMONTON, AB T6P 1M4

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY AND ANY
PROCEEDS THEREOF

Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 18050314705

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-May-03

Registration Status: Current

Expiry Date: 2023-May-03 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

20022806536

Amendment

2020-Feb-28

Debtor(s)

Block

Status

Current

1 TARTAN COMPLETION SYSTEMS INC.
4003 - 53 AVENUE
EDMONTON, AB T6B 3R5

Secured Party / Parties

Block

Status

Deleted by
20022806536

1 LIQUID CAPITAL EXCHANGE CORP.
5734 YONGE STREET, SUITE #400
TORONTO, ON M2M 4E7

Block

Status

Current by
20022806536

2 LIQUID CAPITAL EXCHANGE CORP.
5734 YONGE STREET, SUITE #400
TORONTO, ON M2M 4E7
Email: ppr.alberta@dentons.com

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1GT42TCG0KF158229	2019	GMC 3500HD	MV - Motor Vehicle	Current By 20022806536
2	1GT42TCGXFKF160473	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536

Search ID #: Z12494997

3	1GT42TCG6KF158669	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536
4	1GT42TCG9KF245451	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536
5	1GT42TCG3KF248653	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536
6	1GT42TCGXF246558	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536
7	1GT42TCG2FF247574	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536
8	1GT42TCG25KF248105	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536
9	1GT42TCG6KF248243	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806536

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY AND PROCEEDS.	Current
2	ALL PROCEEDS OF EVERY ITEM OR KIND INCLUDING BUT NOT LIMITED TO TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS AND INSURANCE PAYMENTS, INSTRUMENTS, INVESTMENT PROPERTY, INTANGIBLES, DOCUMENTS OF TITLE, MONEY AND ANY OTHER PROPERTY OR OBLIGATIONS RECEIVED WHEN SUCH COLLATERAL OR PROCEEDS THEREOF ARE SOLD, COLLECTED, DEALT WITH, EXCHANGED OR OTHERWISE DISPOSED OF.	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 18051704520

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-May-17

Registration Status: Current

Expiry Date: 2023-May-17 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

20022806618

Amendment

2020-Feb-28

Debtor(s)

Block

Status

1 TARTAN COMPLETION SYSTEMS INC.
4003 53 AVENUE
EDMONTON, AB T6B3R5

Current

Secured Party / Parties

Block

Status

1 LIQUID CAPITAL EXCHANGE CORP.
5734 YONGE STREET, SUITE 400
TORONTO, ON M2M4E7

Deleted by
20022806618

Block

Status

2 LIQUID CAPITAL EXCHANGE CORP.
5734 YONGE STREET, SUITE 400
TORONTO, ON M2M4E7
Email: ppr.alberta@dentons.com

Current by
20022806618

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1GT42TCG0KF158229	2019	GMC 3500HD	MV - Motor Vehicle	Current By 20022806618
2	1GT42TCGXFKF160473	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618

Search ID #: Z12494997

3	1GT42TCG6KF158669	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618
4	1GT42TCG9KF245451	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618
5	1GT42TCG3KF248653	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618
6	1GT42TCGXF246558	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618
7	1GT42TCG2FF247574	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618
8	1GT42TCG25KF248105	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618
9	1GT42TCG6KF248243	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current By 20022806618

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 18120758808

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-Dec-07

Registration Status: Current

Expiry Date: 2023-Dec-07 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

<u>Block</u>		<u>Status</u>
1	TARTAN COMPLETION SYSTEMS INC. UNIT 908, 903 8TH AVENUE SW CALGARY, AB T2P 0P7	Current

Secured Party / Parties

<u>Block</u>		<u>Status</u>
1	ROYAL BANK OF CANADA 36 YORK MILLS ROAD, 4TH FLOOR TORONTO, ON M2P 0A4	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	All present and after-acquired personal property, all	Current
2	proceeds including, without limitation, all present and	Current
3	after-acquired personal property that may be derived from the	Current
4	sale or other disposition of the collateral, including	Current
5	inventory, equipment, intangibles, money, chattel papers,	Current
6	documents of title, securities, licences, crops and	Current
7	instruments	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 18120758824

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-Dec-07

Registration Status: Current

Expiry Date: 2023-Dec-07 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status
Current

1 TARTAN COMPLETION SYSTEMS INC.
UNIT 908, 903 8TH AVENUE SW
CALGARY, AB T2P 0P7

Secured Party / Parties

Block

Status
Current

1 ROYAL BANK OF CANADA
36 YORK MILLS ROAD, 4TH FLOOR
TORONTO, ON M2P 0A4

Collateral: General

Block

Description

Status

1	ALL MONEY OR AMOUNTS ON DEPOSIT FROM TIME TO TIME WITH ANY OF	Current
2	ROYAL BANK OF CANADA, ROYAL BANK MORTGAGE CORPORATION, ROYAL	Current
3	TRUST CORPORATION OF CANADA OR THE ROYAL TRUST COMPANY.	Current
4	PROCEEDS: A SECURITY INTEREST IS CLAIMED IN ALL PRESENT AND	Current
5	AFTER-ACQUIRED GOODS (INCLUDING TRADE-INS), CHATTEL PAPER,	Current
6	SECURITIES, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY AND	Current
7	INTANGIBLES OF EVERY ITEM OR KIND THAT MAY BE DERIVED FROM	Current
8	THE SALE OR OTHER DISPOSITION OF THE COLLATERAL DESCRIBED	Current
9	ABOVE, ALL INSURANCE PROCEEDS AND ANY PROCEEDS OF ANY OF THE	Current
10	FOREGOING.	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 19053036528

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-May-30

Registration Status: Current

Expiry Date: 2022-May-30 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TARTAN COMPLETION SYSTEMS INC.
C/O 2445, 10180 101 STREET NW
EDMONTON, AB T5J 3S4

Current

Secured Party / Parties

Block

Status

1 RAPID DESIGN GROUP INC.
1700, 10175 - 101 STREET NW
EDMONTON, AB T5J 0H3
Email: serg.arabsky@rapiddesign.ca

Current

Collateral: General

Block

Description

Status

1 Intellectual Property, defined as the Apparatus and Method for Fracturing a Wellbore which is the subject of U.S. Provisional Patent Application 61/675,009, and any amendment, derivative, continuation, or subsequent patent filed in the U.S., Canada or abroad which was derived from the subject of U. S. Provisional Patent Application 61/675,009.

Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 19053040854

Registration Date: 2019-May-30

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-May-30 23:59:59

Inexact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TARTON COMPLETION SYSTEMS INC.
4003 53 AVE
EDMONTON, AB T6B3R5

Current

Secured Party / Parties

Block

Status

1 ALBERTA LEASECO
18325 STONY PLAIN RD
EDMONTON, AB T5S1C6

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1GT42TCG3KF248653	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 19053040963

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-May-30

Registration Status: Current

Expiry Date: 2023-May-30 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 TARTON COMPLETION SYSTEMS INC.
4003 53 AVE
EDMONTON, AB T6B3R5

Current

Secured Party / Parties

Block

Status

1 ALBERTA LEASECO
18325 STONY PLAIN RD
EDMONTON, AB T5S1C6

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1GT42TCGXKF246558	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 19053041338

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-May-30

Registration Status: Current

Expiry Date: 2023-May-30 23:59:59

Inexact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

Current

1 TARTON COMPLETION SYSTEMS INC.
4003 53 AVE
EDMONTON, AB T6B3R5

Secured Party / Parties

Block

Status

Current

1 ALBERTA LEASECO
18325 STONY PLAIN RD
EDMONTON, AB T5S1C6

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1GT42TCG2KF247574	2019	GMC SIERRA 3500HD	MV - Motor Vehicle	Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 19071921243

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Jul-19

Registration Status: Current

Expiry Date: 2021-Jul-19 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TARTAN COMPLETION SYSTEMS INC.
C/O 2445, 10180 - 101 STREET NW
EDMONTON, AB T5J 3S4

Current

Secured Party / Parties

Block

Status

1 RAPID DESIGN GROUP INC.
1700, 10175 - 101 STREET NW
EDMONTON, AB T5J 0H3
Email: serg.arabsky@rapiddesign.ca

Current

Collateral: General

Block

Description

Status

1 All present and after-acquired personal property of the Debtor.

Current

Search ID #: Z12494997

Business Debtor Search For:

TARTAN COMPLETION SYSTEMS INC.

Search ID #: Z12494997

Date of Search: 2020-Mar-10

Time of Search: 13:42:58

Registration Number: 19080913089

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Aug-09

Registration Status: Current

Expiry Date: 2024-Aug-09 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TARTAN COMPLETION SYSTEMS INC.
4003 - 53 AVENUE
EDMONTON, AB T6B 3R5

Current

Secured Party / Parties

Block

Status

1 TARTAN ENERGY GROUP INC.
1520, 101 - 6 AVENUE SW
CALGARY, AB T2P 3P4

Current

Collateral: General

Block

Description

Status


1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY THAT MAY BE DERIVED FROM THE SALE OR OTHER DISPOSITION OF THE COLLATERAL, INCLUDING INVENTORY EQUIPMENT, INTANGIBLES, MONEY, CHATTEL PAPERS, DOCUMENTS OF TITLE, SECURITIES, LICENSES, CROPS AND INSTRUMENTS.

Current

Result Complete

This is Exhibit "J" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 14th day
of March, 2020


A Notary Public
In and for the Province of Ontario



PRIORITIES AGREEMENT

(Blanket excluding only any Secured Party Priority Collateral)

THIS AGREEMENT made as of the 16th day of May, 2018.

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

5734 Yonge St. Suite 400,
Toronto, Ontario M2M 4E7

(hereinafter called "**Liquid Capital**")

OF THE FIRST PART

- and -

789357 Alberta Ltd.

1704-66 Avenue
Edmonton, Alberta
T5J 3S4

(hereinafter called the "**Secured Party**")

OF THE SECOND PART

-and-

Tartan Completion Systems Inc.

4003 - 53rd Avenue
Edmonton, Alberta
T6B 3R5

(hereinafter called the "**Client**")

OF THE THIRD PART

WHEREAS as continuing collateral security for the debts, liabilities and obligations of the Client to the Secured Party (collectively, the "**Secured Party Indebtedness**"), the Client has granted or may hereafter grant to the Secured Party security interests in some or all of the Client's present and after-acquired personal property (collectively, the "**Secured Party Security**"), including, without limitation, those security interests now or hereafter perfected by registration under the Alberta Personal Property Security Act (the "**PPSA**") as more particularly described in Schedule "A" annexed hereto;

AND WHEREAS as continuing collateral security for the debts, liabilities and obligations of the Client to Liquid Capital (collectively, the "**Liquid Capital Indebtedness**"), the Client has granted or may hereafter grant to Liquid Capital security interests in some or all of the Client's present and after acquired personal property (collectively, the "**Liquid Capital Security**");

AND WHEREAS the parties hereto consider that it is desirable to establish and record that the Liquid Capital Security shall at all times be considered to have priority over the Secured Party Security in respect of all present and after-acquired personal property of the Client and all proceeds thereof except for any personal property and proceeds described on Schedule "B" annexed hereto (the "**Secured Party Priority Collateral**"), with the Secured Party Security remaining in priority to the Liquid Capital Security solely in respect of the Secured Party Priority Collateral;

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and the sum of ONE DOLLAR of lawful money of Canada now paid by each of the parties hereto to the other (the receipt and sufficiency of which is hereby acknowledged by each party), **IT IS HEREBY DECLARED AND AGREED AS FOLLOWS:**

1. The Secured Party hereby consents to the Client granting to Liquid Capital of the Liquid Capital Security and to the registration of the Liquid Capital Security under the PPSA.
2. The Secured Party hereby agrees that the Liquid Capital Security shall at all times rank in priority, to the extent of the Liquid Capital Indebtedness, over the Secured Party Security save and except solely with respect to the Secured Party Priority Collateral. This priority ranking shall apply notwithstanding that some portion of the Liquid Capital Indebtedness may have been advanced after some portion of the Secured Party Indebtedness may have been advanced and notwithstanding that the Secured Party Security shall have been provided by the Client to the Secured Party prior to the Liquid Capital Security. Liquid Capital acknowledges and agrees that the Secured Party Security shall at all times rank in priority, to the extent of the Secured Party Indebtedness, over the Liquid Capital Security in respect of the Secured Party Priority Collateral.
3. The Secured Party acknowledges that the Client has agreed to enter into a factoring or purchase and sale agreement (the "**Factoring Agreement**") with Liquid Capital under which Liquid Capital will purchase some or all of the Client's accounts receivable included in the Liquid Capital Priority Collateral against payment by Liquid Capital to the Client of the purchase price thereof (the "**Purchase Price**") as provided in the Factoring Agreement (accounts receivable of Client purchased by Liquid Capital are hereinafter referred to as "**Purchased Accounts Receivable**"). The Secured Party hereby agrees that upon payment by Liquid Capital to the Client of the Purchase Price of any Purchased Accounts Receivable, the Secured Party Security over, and all of the Secured Party's right, title and interest in and to, such Purchased Accounts Receivable and all proceeds thereof, shall thereby be released and discharged. The Secured Party further agrees that, in the event that any sale represented by a Purchased Account Receivable is cancelled or rescinded, the Secured Party Security over, and all of the Secured Party's right, title and interest in and to, the specific inventory and property in stock corresponding to such Purchased Account Receivable and all proceeds thereof, shall be released and discharged.
4. The priorities of the Secured Party Security and the Liquid Capital Security provided for in this Agreement are applicable irrespective of the time or order of attachment or perfection thereof, the method of perfection, the time or order of registration, the filing of financing statements or taking of possession, recording of mortgages or other instruments, assignments or agreements

or the giving of or the failure to give notice of the acquiring of any charge, lien or security interest.

5. This Agreement cannot be waived or amended, except by a writing signed by the party to be bound. This Agreement shall enure to the sole benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, estate trustees, other legal personal representatives, successors and permitted assigns and no other entity shall have any right, benefit, priority or interest hereunder. Secured Party shall not transfer or assign any of the Secured Party Security without obtaining from the transferee or assignee an agreement in favour of Liquid Capital to be bound by the provisions of this Agreement.

6. This Agreement may be executed and delivered in several counterparts and delivered by fax or other means of electronic transmission, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

7. The Secured Party hereby authorizes Liquid Capital or its lawyers to register a financing change statement against the Client on behalf of the Secured Party under the PPSA to record the subordination and priorities set out in this Agreement.

8. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

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

LIQUID CAPITAL EXCHANGE CORP. (Liquid Capital)

By: _____

Jonathan Brindley

I have the authority to bind Liquid Capital.

789357 Alberta Ltd (Secured Party)

By: _____

Name: JAMES CLISH

Title: PRESIDENT

I have the authority to bind the Secured Party.

Tartan Completion Systems Inc. (Client)

By: _____

Ryan McGillivray

President

I have the authority to bind the Client.

RM
JL

SCHEDULE "A"
Security Registrations of the Secured Party

Registration Number: 16101114229
Registration Type: SECURITY AGREEMENT
Registration Date: 2016-Oct-11
Expiry Date: 2026-Oct-11 23:59:59

RM
FLB


SCHEDULE "B"
SECURED PARTY PRIORITY COLLATERAL

NIL

RM
JLO

This is Exhibit "K" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


A Notary Public
In and for the Province of Ontario

Tuck, Michelle

To: Hitesman, Dean
Subject: RE: Crescent Point AR CDN \$43,223

----- Forwarded message -----

From: **Ryan McGillivray** <ryanm@tartanenergygroup.com>
Date: Wed, Jan 8, 2020 at 1:27 PM
Subject: RE: Crescent Point AR CDN \$43,223
To: Jonathan Brindley <jbrindley@liquidcapitalcorp.com>, Shane Devlin <sdevlin@tartanenergygroup.com>
Cc: Pia Banister <pbanister@liquidcapitalcorp.com>, Tammy Kemp <tkemp@liquidcapitalcorp.com>

Jonathan,

We have the Crescent Point money as of yesterday but I have asked over 20 times about the Bellatrix payment and have received absolutely nothing. This is not fair to us. We were charged insurance and paid for it. We want that settled asap. You are also holding 30k in cash reserves in the United States. Please help settle the Bellatrix with us.

Ryan McGillivray
Tartan Completions
President
780-991-4613
www.tartancompletions.com

----- Original message -----

From: Jonathan Brindley <jbrindley@liquidcapitalcorp.com>
Date: 2020-01-08 11:24 a.m. (GMT-07:00)
To: Shane Devlin <sdevlin@tartanenergygroup.com>, Ryan McGillivray <ryanm@tartanenergygroup.com>
Cc: Pia Banister <pbanister@liquidcapitalcorp.com>
Subject: Re: Crescent Point AR CDN \$43,223

Hi Ryan + Shane

We have just been advised by Crescent Point AP that these invoices were paid to Tartan on Dec 18, 2019. (See email below)

Please confirm that these funds were received and when you will be remitting us payment so we can clear the invoices from our system.

Please also advise if any other factor invoice payments have been received in error from debtors.

Thanks

----- Forwarded message -----

From: **Vendor Inquiries** <vinquiries@crescentpointenergy.com>
Date: Wed, Jan 8, 2020 at 1:03 PM
Subject: FW: *EXTERNAL* Tartan Completion Systems - Crescent Point Energy - Liquid Capital
To: ekoruntoff@liquidcapitalcorp.com <ekoruntoff@liquidcapitalcorp.com>

Hi Eve,

Both of these Invoices were paid to Tartan on December 18th 2019 on deposit 6451012

Gracilia Rebeiro

Accounts Payable

Direct / 403-231-4452

Suite 2000, 585 – 8th Ave SW, Calgary, AB T2P 1G1

www.crescentpointenergy.com

Jonathan Brindley CPA CA
Liquid Capital Advance Corp.

Tel: 416-727-4521
Toll Free: 1-800-778-0133
Fax: 289-201-0178

Email: jbrindley@liquidcapitalcorp.com
www.liquidcapitaladvancecorp.com



If you do not wish to receive future commercial electronic messages from Liquid Capital, please reply to this email and type "REMOVE" in the subject line

On Wed, Jan 8, 2020 at 11:28 AM Jonathan Brindley <jbrindley@liquidcapitalcorp.com> wrote:

Hi Shane

Has Tartan received payment for the Crescent Point AR which are now overdue?

Please advise. Thanks

CRESCENT POINT ENERGY CORP		43,223.96
---	--	-----------

Invoice#	Invoice Date	Funded Date	Batch#
3402	11/6/2019	11/12/2019	10077
3403	11/11/2019	11/12/2019	10078

Regards

Jonathan Brindley CPA CA
Liquid Capital Advance Corp.

Tel: 416-727-4521
Toll Free: 1-800-778-0133
Fax: 289-201-0178


Email: jbrindley@liquidcapitalcorp.com
www.liquidcapitaladvancecorp.com



If you do not wish to receive future commercial electronic messages from Liquid Capital, please reply to this email and type "REMOVE" in the subject line

This is Exhibit "L" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 17th day
of March, 2020


A Notary Public
In and for the Province of Ontario

Subject: Change of remittance bank account

?

Shane Devlin <sdevlin@tartanenergygroup.com>
to AP Dept Support, Aysha Byers, Rod Parlett, Robin Boggs

Thu, Feb 6,

You are viewing an attached message. Liquid Capital Corp Mail can't verify the authenticity of attached messages.

Dear Sir or Madam

Please accept this email as authority for Bayswater to remit payments to Tartan Completion Systems Corp to the following bank account with immediate effect:

Company Name: Tartan Completions Systems Corp
Company Address: PO Box 1710, Casper, Wyoming 82602

Bank Name: Jonah Bank of Wyoming
Bank Address: 777 W. 1st Street, Casper, WY 82601
A/C Numer: 12020343
Routing/ABA: 102307119

Please no longer send payments to Liquid Capital Exchange Corp as that factoring facility has been terminated.

Please let me know if there are any problems.

Kind Regards

Shane

Shane Devlin

Financial Controller

(O) 780 463-3366

(C) 780 278-5664

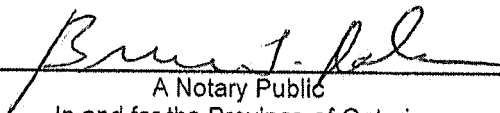
(E) sdevlin@tartanenergygroup.com

tartancompletions.com



This is Exhibit "M" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 17th day
of March, 2020


A Notary Public
In and for the Province of Ontario



Liquid Capital Advance Corp
2680 Matheson Blvd East, Suite 102
Mississauga, Ontario L4W 5K4
Telephone: 289-201-0177
Fax: 289-201-0178
Toll free: 1-800-778-0133
www.liquidcapitaladvancecorp.com

Sent Via email

February 5, 2020

Tartan Completion Systems Inc. &
Tartan Completion Systems Corp.
4003 53 Avenue,
Edmonton, AB
T6B 3R5

Attention: Ryan McGillivray (President),

Re: Factoring Facility for Tartan Completion Systems Inc. and Tartan Completion Systems Corp.

Dear Ryan

Pursuant to the terms of the factoring agreements between Tartan Completion Systems Inc. and Tartan Completion Systems Corp. ("Tartan") and Liquid Capital Exchange Corp ("Liquid Capital") dated May 9, 2018 all customer payments for factored invoices are to be received and processed by Liquid Capital.

Further to our factoring breach notice on November 21, 2019 we recently discovered that subsequently several more customer payments for Tartan Completion Systems Corp. totaling US\$16,750 (Devon Energy) and Tartan Completion Systems Inc. totaling CDN \$48,653 (Cardinal Energy + Crescent Point) for factored invoices were received by Tartan and not remitted to Liquid Capital. Thereby breaching the factoring agreements and resulting in a misdirection of funds.

Schedule 1 details all known misdirected payments, totaling US \$160,737 and CDN \$56,346.

In accordance with Clause 10 of the Purchase and Sale Agreement "Payments received by seller" all misdirected payments on factored invoices are subject to a penalty calculated as the greater of 10% of the misdirected payment or \$1,000.

As result of these continued breaches in the terms of our factoring agreement we have cancelled your factoring facility.

In future any payments received directly from customers for factored invoices need to be sent immediately to Liquid Capital at 5734 Yonge Street, Suite 400, North York, Ontario, M2N 4E7 for processing.

Yours truly,

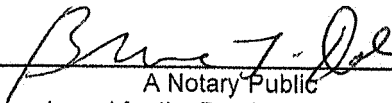
A handwritten signature in black ink, appearing to read 'Jonathan Brindley', is written over a light blue horizontal line.

Jonathan Brindley CPA, CA
Principal
Liquid Capital Exchange Corp.

Cc: Shane Delvin
Richard Li

This is Exhibit "N" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 11th day
of March, 2020


A Notary Public
In and for the Province of Ontario



Liquid Capital Advance Corp
2680 Matheson Blvd East, Suite 102
Mississauga, Ontario L4W 5K4
Telephone: 289-201-0177
Fax: 289-201-0178
Toll free: 1-800-778-0133
www.liquidcapitaladvancecorp.com

Sent Via email

February 24, 2020

Tartan Completion Systems Inc. &
Tartan Completion Systems Corp.
4003 53 Avenue,
Edmonton, AB
T6B 3R5
Attention: Ryan McGillivray (President), Richard Li

Re: Breach of Factoring Facility for Tartan Completion Systems Inc. and Tartan Completion Systems Corp.

Dear Ryan & Richard

Pursuant to the terms of the factoring agreements between Tartan Completion Systems Inc. and Tartan Completion Systems Corp. ("Tartan") and Liquid Capital Exchange Corp ("Liquid Capital") dated May 9, 2018 all customer payments for factored invoice accounts are to be received and processed by Liquid Capital.

Further to our prior factoring breach notices on November 21, 2019 and February 5, 2020 we recently discovered yet another misdirected customer payment by Tartan. This instance was a misdirection of a payment from Bayswater Exploration for invoices totaling US\$114,665.

Meaning further funds are being received by Tartan and not remitted to Liquid Capital, in spite of numerous written notifications that all funds are to be remitted to Liquid Capital. Thereby breaching the factoring agreements again and resulting in another misdirection of funds.

Schedule 1 details all known misdirected payments, now totaling US \$275,402 and CDN \$56,346.

In accordance with Clause 10 of the Purchase and Sale Agreement "Payments received by seller" all misdirected payments on factored invoices are subject to a penalty calculated as the greater of 10% of the misdirected payment or \$1,000.

As result of these continued breaches in the terms of our factoring agreement we have cancelled your factoring facility and we will be pursuing all legal remedies against the Tartan legal entities and guarantors for the recovery of these misdirected funds.

In future any payments received directly from customers for factored invoice accounts need to be sent immediately to Liquid Capital at 5734 Yonge Street, Suite 400, North York, Ontario, M2N 4E7 for processing.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jonathan Brindley', written over a white background.

Jonathan Brindley CPA, CA
Principal

Liquid Capital Exchange Corp.

Cc: Shane Delvin

Dean Hitesman- Dentons LLP

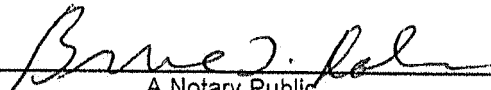


Liquid Capital Advance Corp
 2680 Matheson Blvd East, Suite 102
 Mississauga, Ontario L4W 5K4
 Telephone: 289-201-0177
 Fax: 289-201-0178
 Toll free: 1-800-778-0133
www.liquidcapitaladvancecorp.com

Tartan Summary of Misdirected Funds As at Feb 24 2020						
Debtor	Currency	Invoice #	Invoice Date	Amount	Factor	Breach Notice sent
Bayswater Exploration & Production	US \$	4815	11/11/2019	9,824.05	Yes	
Bayswater Exploration & Production	US \$	4841	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4842	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4843	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4844	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4845	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4846	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4847	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4848	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4849	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4850	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4851	1/31/2020	8,736.72	Yes	
Bayswater Exploration & Production	US \$	4852	1/31/2020	8,736.72	Yes	
				\$ 114,664.69		
DEVON ENERGY CORPORATION	US \$	4747	2019-08-20	\$ 16,100.00	Yes	
DEVON ENERGY CORPORATION	US \$	4748	2019-08-21	\$ 1,510.00	Yes	
DEVON ENERGY CORPORATION	US \$	4750	2019-08-26	\$ 1,510.00	Yes	
DEVON ENERGY CORPORATION	US \$	4776	2019-09-03	\$ 5,162.50	Yes	
DEVON ENERGY CORPORATION	US \$	4777	2019-09-03	\$ 5,162.50	Yes	
DEVON ENERGY CORPORATION	US \$	4778	2019-09-03	\$ 5,162.50	Yes	
DEVON ENERGY CORPORATION	US \$	4784	2019-09-06	\$ 16,100.00	Yes	
DEVON ENERGY CORPORATION	US \$	4786	2019-09-11	\$ 1,510.00	Yes	
DEVON ENERGY CORPORATION	US \$	4829	2019-12-19	\$ 6,250.00	Yes	
DEVON ENERGY CORPORATION	US \$	4830	2019-12-19	\$ 5,250.00	Yes	
DEVON ENERGY CORPORATION	US \$	4831	2019-12-19	\$ 5,250.00	Yes	
				\$ 68,967.50		
FELIX ENERGY	US \$	4736	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4737	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4738	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4739	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4740	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4741	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4742	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4743	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4744	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4745	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4746	2019-08-15	\$ 7,572.50	Yes	
FELIX ENERGY	US \$	4790	2019-09-20	\$ 8,472.50	Yes	
				\$ 91,770.00		
VESTA ENERGY LTD.	CDN \$	3364	17-09-19	\$ 7,692.30	Yes	
CRESCENT POINT ENERGY CORP	CDN \$	3402	06-11-19	\$ 23,732.91	Yes	
CRESCENT POINT ENERGY CORP	CDN \$	3403	11-11-19	\$ 19,491.05	Yes	
				\$ 43,223.96		
CARDINAL ENERGY LTD.	CDN \$	3423	20-11-19	\$ 5,430.00	Yes	
Total Misdirected Debtor payments						
Tartan Completion Systems Corp	US \$			\$ 275,402.19		
Tartan Completion Systems Inc.	CDN \$			\$ 56,346.26		

This is Exhibit "O" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 17th day
of March, 2020


A Notary Public
In and for the Province of Ontario



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-2618433
Estate No. 25-2618433

In the Matter of the Notice of Intention to make a
proposal of:

Tartan Completion Systems Inc.
Insolvent Person
MNP LTD / MNP LTÉE
Licensed Insolvency Trustee

Date of the Notice of Intention: February 14, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 14, 2020, 16:50

E-File/Dépôt Electronique

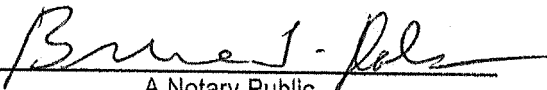
Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

This is Exhibit "P" referred to in the
Affidavit of JONATHAN BRINDLEY

Sworn before me this 12th day
of March, 2020

A handwritten signature in cursive script, reading "Bruce J. Pals", written over a horizontal line.

A Notary Public

In and for the Province of Ontario



Dean A. Hitesman
Partner
dean.hitesman@dentons.com
D +1 780 423 7284

Dentons Canada LLP
2500 Stantec Tower
10220 - 103 Avenue NW
Edmonton, AB, Canada T5J 0K4

dentons.com

February 19, 2020

File No.: 512190-new

DELIVERED VIA REGISTERED MAIL

Tartan Energy Group Inc.
c/o Registered Office
908, 903 - 8 Avenue SW
Calgary AB T2P 0P7

Dear Sir/Madam:

RE: Indebtedness to Liquid Capital Exchange Corp.

We are the solicitors for Liquid Capital Exchange Corp. Please find enclosed a copy of the demand letter and Notice sent on behalf of our client to Tartan Completion Systems Inc. ("Tartan Completion") provided to you as a guarantor.

You guaranteed to our client payment of the indebtedness of Tartan Completion by way of a Guarantee dated May 9, 2018

On behalf of our client we hereby demand payment of your indebtedness pursuant to your Guarantee, being the sum of \$513,926.18 plus accruing fees at a rate of \$384.97 per day from and after February 5, 2020.

On behalf of our client we hereby demand payment of the above-noted Indebtedness. Payment is to be made to our client care of this office within 10 days of the date of this letter, failing which legal action and/or realization proceedings may be commenced to recover same.

Please note that our client reserves the right to accelerate the time for payments set out in this letter if it comes to believe that it is in its interest to do so.

Yours truly,
Dentons Canada LLP

Dean A. Hitesman
Partner

DAH/mgt

cc : *client (via email)*



Dean A. Hitesman
Partner
dean.hitesman@dentons.com
D +1 780 423 7284

Dentons Canada LLP
2500 Stanlec Tower
10220 - 103 Avenue NW
Edmonton, AB, Canada T5J 0K4

dentons.com

February 6, 2020

File No.: 512190-482

DELIVERED VIA REGISTERED MAIL AND EMAIL (bob@rsiddle.com)

Tartan Completion Systems Inc.
c/o Registered Office
2445,10180 – 101 Street
Edmonton, AB T5J 3S4

Attention: Robert S. Riddle

Dear Sir:

RE: Indebtedness to Liquid Capital Exchange Corp.

We are the solicitors for Liquid Capital Exchange Corp. ("Liquid Capital"). Liquid Capital entered into a Purchase and Sale Agreement (the "Agreement") with Tartan Completion Systems Inc. ("Tartan") dated May 9, 2019. Pursuant to the Agreement Liquid Capital purchased certain accounts of Tartan (the "Accounts").

Our client has come to learn that, among other things: (i) payments in respect of the Accounts sold by Tartan to our client have been made to Tartan without Tartan remitting such payments to our client as required by the Agreement, and (ii) Tartan has directed certain customers to whom sold Accounts have been issued to pay such Accounts to Tartan instead of to our client. Such actions by Tartan constitute a breach of the Agreement. Tartan is hereby notified that by the terms of the Agreement, all funds received by it in respect of the Accounts are held by it in trust for Liquid Capital and that any dealings by it with those funds in breach of that trust.


We are advised by Liquid Capital that as of February 5, 2020 the sum of \$513,926.18 is owed by Tartan with additional fees accruing thereon at a rate of \$384.97 per day.

On behalf of our client we hereby demand payment within 10 days of the date of this letter of the sum of \$513,926.18 plus accruing fees from and after February 5, 2020 at a rate of \$384.97 per day. Payment is to be made to our client care of this office within 10 days of the date of this letter, failing which legal action and/or realization proceedings may be commenced to recover same.

Please find enclosed for service upon you a notice of intention to enforce security pursuant to the *Bankruptcy and Insolvency Act*.

Please note that our client reserves the right to accelerate the time for payments set out in this letter and the time set out in the attached Notice if it comes to believe that it is in its interest to do so.

Yours truly,
Dentons Canada LLP

For: 

Dean A. Hitesman
Partner

DAH/mgt
Enclosure

cc: *client (via email)*

FORM 86

Notice of Intention to Enforce a Security
(Rule 124)

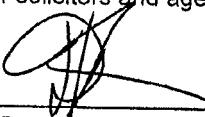
To: Tartan Completion Systems Inc., an insolvent person

Take notice that:

1. Liquid Capital Exchange Corp., a secured creditor, intends to enforce its security on the insolvent person's property described below:
 - (a) All present and after acquired personal property.
2. The security that is to be enforced is the following:
 - (a) General Security Agreement dated May 9, 2019.
3. The total amount of indebtedness secured by the security as at February 6, 2020 is indebtedness in the amount of \$513,926.18 plus interest, plus costs.
4. The Secured Party will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent, unless otherwise ordered by the Court of Queen's Bench in the Province of Alberta or unless the insolvent person consents to an earlier enforcement.

Dated at Edmonton, Alberta, this 6th day of February, 2020.

LIQUID CAPITAL EXCHANGE CORP.
By their solicitors and agents, Dentons Canada LLP

Per: 

Dean A. Hitesman

February 19, 2020

File No.: 512190-new

DELIVERED VIA REGISTERED MAIL

Ryan McGillivray
1610 Ainslie Lane
Edmonton AB T6W 0A5

Dear Sir:

RE: Indebtedness to Liquid Capital Exchange Corp.

We are the solicitors for Liquid Capital Exchange Corp. Please find enclosed a copy of the demand letter and Notice sent on behalf of our client to Tartan Completion Systems Inc. ("Tartan Completion") provided to you as a guarantor.

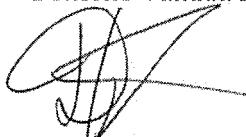
You guaranteed to our client payment of the indebtedness of Tartan Completion by way of a Guarantee dated May 14, 2018

On behalf of our client we hereby demand payment of your indebtedness pursuant to your Guarantee, being the sum of \$513,926.18 plus accruing fees at a rate of \$384.97 per day from and after February 5, 2020.

On behalf of our client we hereby demand payment of the above-noted Indebtedness. Payment is to be made to our client care of this office within 10 days of the date of this letter, failing which legal action and/or realization proceedings may be commenced to recover same.

Please note that our client reserves the right to accelerate the time for payments set out in this letter if it comes to believe that it is in its interest to do so.

Yours truly,
Dentons Canada LLP



Dean A. Hitesman
Partner

DAH/mgt

cc : *client (via email)*



Dean A. Hitesman
Partner
dean.hitesman@dentons.com
D +1 780 423 7284

Dentons Canada LLP
2500 Stantec Tower
10220 - 103 Avenue NW
Edmonton, AB, Canada T5J 0K4

dentons.com

February 6, 2020

File No.: 512190-482

DELIVERED VIA REGISTERED MAIL AND EMAIL (bob@rsiddle.com)

Tartan Completion Systems Inc.
c/o Registered Office
2445,10180 – 101 Street
Edmonton, AB T5J 3S4

Attention: Robert S. Riddle

Dear Sir:

RE: Indebtedness to Liquid Capital Exchange Corp.

We are the solicitors for Liquid Capital Exchange Corp. ("Liquid Capital"). Liquid Capital entered into a Purchase and Sale Agreement (the "Agreement") with Tartan Completion Systems Inc. ("Tartan") dated May 9, 2019. Pursuant to the Agreement Liquid Capital purchased certain accounts of Tartan (the "Accounts").

Our client has come to learn that, among other things: (i) payments in respect of the Accounts sold by Tartan to our client have been made to Tartan without Tartan remitting such payments to our client as required by the Agreement, and (ii) Tartan has directed certain customers to whom sold Accounts have been issued to pay such Accounts to Tartan instead of to our client. Such actions by Tartan constitute a breach of the Agreement. Tartan is hereby notified that by the terms of the Agreement, all funds received by it in respect of the Accounts are held by it in trust for Liquid Capital and that any dealings by it with those funds in breach of that trust.

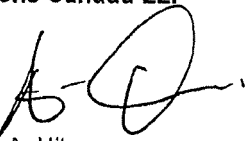
We are advised by Liquid Capital that as of February 5, 2020 the sum of \$513,926.18 is owed by Tartan with additional fees accruing thereon at a rate of \$384.97 per day.

On behalf of our client we hereby demand payment within 10 days of the date of this letter of the sum of \$513,926.18 plus accruing fees from and after February 5, 2020 at a rate of \$384.97 per day. Payment is to be made to our client care of this office within 10 days of the date of this letter, failing which legal action and/or realization proceedings may be commenced to recover same.

Please find enclosed for service upon you a notice of intention to enforce security pursuant to the *Bankruptcy and Insolvency Act*.

Please note that our client reserves the right to accelerate the time for payments set out in this letter and the time set out in the attached Notice if it comes to believe that it is in its interest to do so.

Yours truly,
Dentons Canada LLP

For 

Dean A. Hitesman
Partner

DAH/mgt
Enclosure

cc: *client (via email)*

FORM 86

Notice of Intention to Enforce a Security
(Rule 124)

To: Tartan Completion Systems Inc., an insolvent person

Take notice that:

1. Liquid Capital Exchange Corp., a secured creditor, intends to enforce its security on the insolvent person's property described below:
 - (a) All present and after acquired personal property.
2. The security that is to be enforced is the following:
 - (a) General Security Agreement dated May 9, 2019.
3. The total amount of indebtedness secured by the security as at February 6, 2020 is indebtedness in the amount of \$513,926.18 plus interest, plus costs.
4. The Secured Party will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent, unless otherwise ordered by the Court of Queen's Bench in the Province of Alberta or unless the insolvent person consents to an earlier enforcement.

Dated at Edmonton, Alberta, this 6th day of February, 2020.

LIQUID CAPITAL EXCHANGE CORP.
By their solicitors and agents, Dentons Canada LLP

Per: 

Dean A. Hitesman

February 6, 2020

File No.: 512190-482

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c/o Registered Office
2445, 10180 – 101 Street
Edmonton, AB T5J 3S4

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Yours truly,
Dentons Canada LLP

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Dean A. Hitesman
Partner

DAH/mgt
Enclosure

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Dated at Edmonton, Alberta, this 6th day of February, 2020.

LIQUID CAPITAL EXCHANGE CORP.
By their solicitors and agents, Dentons Canada LLP

Per: 

Dean A. Hitesman