

COURT FILE NUMBER 25-2618433

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, OF TARTAN COMPLETION SYSTEMS INC.

APPLICANT TARTAN COMPLETION SYSTEMS INC.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
**STIKEMAN ELLIOTT LLP**  
4300 Bankers Hall West  
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Fax Number: (403) 266-9034  
File No.: 147292.1001

**Counsel for the Applicant, Tartan Completion Systems Inc.**

Clerk's Stamp:

This application will be heard as shown below:

DATE: March 12, 2020

TIME: 2:00 p.m.

WHERE: Calgary Courts Centre  
601-5 Street SW  
Calgary, AB T2P 5P7

BEFORE WHOM: The Honourable Justice P.R. Jeffrey

## I. INTRODUCTION

1. On February 14, 2020, the Applicant, Tartan Completion Systems Inc. ("**Tartan**"), filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**") and MNP Ltd. was appointed as the proposal trustee under the NOI (the "**Trustee**").
2. The NOI was filed with a view to developing and eventually initiating, with the assistance of the Trustee and supervision of this Court, a sale, refinancing and/or investment solicitation process ("**SISP**") in respect of Tartan's assets (collectively, the "**Assets**"), and filing thereafter, a proposal to Tartan's creditors (a "**Proposal**").
3. As a result of the filing of the NOI, all proceedings against Tartan and its assets have been automatically stayed for an initial period of thirty (30) days (i.e. until March 15, 2020) (the "**Stay Period**").
4. For the reasons further described herein, Tartan hereby seeks from this Court the issuance of an order, substantially in the form of the draft Order filed as Schedule "A" to the present Application, providing for, *inter alia*:
  - (a) an Order extending the Stay Period for an additional period of forty-five (45) days from the expiry of the initial Stay Period (i.e. until April 30, 2020);
  - (b) an Order to abridge the time for delivery and to deem service of this Application to be good and sufficient;
  - (c) an Order (i) authorizing Tartan to obtain and borrow under a debtor-in-possession credit facility an amount not to exceed \$850,000 (the "**Interim Financing Facility**"), so as to finance its working capital requirements and other general corporate purposes and capital expenditures, and (ii) granting the lender of the Interim Financing Facility a priority charge over Tartan's assets in order to secure the reimbursement of said Interim Financing Facility;
  - (d) an Order granting each of the following professionals a priority charge over Tartan's assets to secure the payment of their respective fees and disbursements incurred in connection with these proceedings up to an amount of \$200,000: (i) Tartan's counsel; (ii) the Trustee; and (iii) the Trustee's counsel, if and when applicable (the "**Administration Charge**").
5. Additionally, for the reasons described further herein, Tartan hereby seeks from this Court the issuance of an Order, substantially in the form of the draft Order filed as Schedule "B" for the return of (i) the four (4) seacans and their loaded equipment, which are currently located at Rapid Design Group Inc.'s Leduc premises.

## II. BACKGROUND

### A. The Tartan Business

6. Tartan was incorporated on October 9, 2012 pursuant to the *Business Corporations Act* (Alberta) under its current name. It currently maintains its registered office in Calgary, Alberta. 51% of the voting securities of Tartan are currently held by Tartan Energy Group Inc. ("TEGI").
7. Tartan is in the business of engineering and manufacturing innovative, customized downhole solutions for the energy industry in Canada, the United States, China, and the Middle East. Its downhole solutions include: completions systems, thru tubing, directional drilling and motors.

### B. Tartan's Indebtedness

8. The NOI was filed in a context where, *inter alia*:
  - (a) As of March 10, 2020, the principal outstanding indebtedness of Tartan, on a consolidated basis, was approximately as follows:

Nature of Debt	Amount of Indebtedness
Secured Debt	\$2,500,369
Unsecured Debt	\$1,355,901
Total	\$3,856,270

- (b) The unsecured debt primarily consists of amounts due and owing to trade vendors of Tartan arising in the normal course of business;
- (c) The secured debt is primarily held by four corporations, (i) 789357 Alberta Ltd. totalling approximately \$650,953, (ii) Liquid Capital Exchange Corp. ("Liquid") totalling approximately \$455,576, and (iii) Rapid Design Group Inc. ("Rapid") totalling approximately \$369,347, and (iv) TEGI totalling approximately \$1,024,493;
- (d) Since 2018, Tartan has been experiencing financial difficulties due to declines in the North American oil and gas exploration industry. As a result, Tartan has incurred significant losses over the past few years, and more recently, has been prevented from accessing adequate liquidity in the normal course;

- (e) Prior to filing the NOI, Tartan sought to restructure its financial affairs by implementing administrative expense reductions. These reductions were realized by reducing personnel and certain other administrative expenses. Tartan currently maintains fifteen (15) employees as a result of this restructuring;
- (f) On February 6, 2020, Tartan's largest and senior secured creditor, Liquid, advised Tartan that it intended to enforce on its security pursuant to the BIA at the earliest on February 16, 2020;
- (g) On February 13, 2020, one day prior to Tartan filing the NOI, counsel for Rapid sent a letter alleging that:
  - (i) Tartan had failed to pay, when due, the "Consulting Fee" as the term is defined in the consulting agreement between Tartan, Rapid, Serhiy Arabsky and Nicholas Bihun dated as of November 9, 2010 (the "Consulting Agreement");
  - (ii) Tartan's above-noted failure to pay constituted a "Contract Default" as defined in the Consulting Agreement and provided Rapid the option to purchase "certain intellectual property" from Tartan "pursuant to Section 4.1 of the "Consulting Agreement"; and
  - (iii) The letter constituted the "Option Notice" as defined in the Consulting Agreement and Rapid was exercising its "option right to re-purchase the intellectual property under Section 4.1, thereof".

The Letter further alleged that the "Intellectual Property" as defined in the Consulting Agreement included (i) US Patent No. 9,297,241, (ii) ( US Patent No. 10,077,628 (incorrectly identified as "U.S. Provisions Patent No. 10,077,628"), (iii) Canadian Patent No. 2,809,946, and (iv) Canadian Patent No. 2,983,696 (incorrectly identified as "Canadian Provisional Patent No. 2983696" (collectively, the "Patents"); and

- (h) Tartan disputes the termination of the Consulting Agreement and immediate exercise of the option to purchase the Intellectual Property. The Patents represent a valuable asset to Tartan's business operations and enterprise.
9. Considering the fact that Tartan is insolvent, and is no longer able to meet its obligations as they become due, nor is it able to secure agreements for a refinancing of its indebtedness, Tartan was left with no other choice than to file an NOI with a view to initiating a sale, refinancing and investment solicitation process ("SISP"), and eventually, submitting a proposal to its creditors (the "Proposal").

### III. RESTRUCTURING EFFORTS SINCE THE FILING OF THE NOI

#### A. Efforts to Restructure and Secure Tartan's Main Assets

10. Since the filing of the NOI, the Trustee has prepared and sent:
  - (a) A notice to all known creditors of Tartan advising them of the filing by Tartan of the NOI and of the stay of proceedings resulting therefrom; and
  - (b) A notice of stay of proceedings to such persons with whom Tartan was involved in litigation proceedings as at the date of the filing of the NOI.
11. Throughout the Stay Period, Tartan has continued its operations as a going concern, namely through emergency funding provided by TEGI, Tartan's controlling shareholder.
12. Tartan has taken steps to significantly reduce its office lease area at its Edmonton office in order to reduce administration costs.
13. On February 20, 2020, Tartan fired its President and CEO, Ryan McGillivray, for cause due to material breaches of his employment contract and duties to Tartan.
14. On February 21, Mr. McGillivray is alleged to have unlawfully misappropriated computers, equipment and local servers from Tartan's Edmonton warehouse located at 4003-53 Ave NW, Edmonton, Alberta, in breach of both his contractual and fiduciary obligations to Tartan. Tartan continues to pursue the misappropriated Assets.
15. On March 2, 2020, in violation of the Stay Period and the NOI, Rapid served a statement of claim against Tartan in the Alberta Court of Queen's Bench in Edmonton alleging, *inter alia*, that the Consulting Agreement had been terminated and the Option exercised on February 13, 2020 and seeking a declaration of ownership over the Intellectual Property. Tartan vigorously disagrees with the allegations contained in the Rapid statement of claim.
16. On March 3, 2020, Rapid delivered a letter to the Trustee advising that Rapid intended to seek a lifting of the Stay Period with retroactive effect to pursue its action for ownership of the Intellectual Property.
17. On March 4, 2020, Tartan and the Trustee were advised by Container King, one of Tartan's suppliers, that four (4) out of five (5) seacan storage units containing approximately \$3,000,000 worth of Tartan's assets had been relocated from Tartan's premises to Rapid's Leduc premises without its permission. Tartan sought assistance from the RCMP and Edmonton Police Service to ensure the protection and return of the seacan units. Tartan sent a letter demanding the return of the seacans in its possession on that date.

18. On March 5, 2020, counsel for Rapid responded to the letter, confirming that the seacans were being held at Rapid's premises at the request of Ryan McGillivray and confirming that Rapid wanted the seacans removed from its premises within the day. Tartan responded by bringing sufficient equipment to remove the seacans from Rapid's premises on the afternoon of March 5, 2020, at which point a representative of Rapid refused to allow Tartan to retake possession of the seacans and asserting that it was holding them as security for its creditor position.
19. On March 6, 2020, Mr. McGillivray confirmed by email that he had relocated the Container King seacans, and that the fifth seacan had been relocated to NCS Multistage Holdings Inc. Mr. McGillivray additionally stated that Miles McGillivray had instructed Rapid and Ryan McGillivray to seize the four seacans located at Rapid's premises as security for an alleged first priority secured position under a general security agreement. Rapid was copied on the email.
20. Tartan has not been able to confirm whether Rapid is continuing to enforce the lien alleged on behalf of Miles McGillivray, or in the alternative as collateral for its own secured position.
21. Tartan has taken steps to reclaim possession of its misappropriated assets to maintain the value associated with the Intellectual Property, including filing a police report with respect to the seacans. The RCMP has informed Tartan's staff that the equipment may only be returned to Tartan through civil court action.

#### ***B. Interim Financing***

22. Tartan has also engaged with the Trustee and TEGI, to secure the Interim Financing Facility to ensure continued operations on the terms and conditions of an interim financing facility commitment letter (the "**Commitment Letter**"), which will provide Tartan with a non-revolving credit facility in a principal amount to be determined by the Trustee in consultation with Tartan, but not exceeding \$850,000, to be guaranteed and secured by a super-priority charge (the "**Interim Financing Charge**") on all present and after-acquired property of Tartan. A copy of the Commitment Letter is filed as Exhibit "N" to the Affidavit of Bill Chu, sworn on March 10, 2020.
23. The Interim Financing Facility will be used, to the extent required, to, *inter alia*:
  - (a) fund, on a limited basis, working capital and for other general corporate purposes; and
  - (b) pay costs and expenses in connection with these proceedings.
24. Tartan's directors intend to approve the Interim Financing Facility in due course.

25. The Interim Financing Facility is not only critical to Tartan's ongoing operations, including the development and initiation of a SISP, but will also be beneficial to Tartan's stakeholders as a whole as it will allow it to ensure that all efforts are taken so as to maximize the value of its assets.

#### IV. GROUNDS FOR THE REQUESTED ORDERS

##### A. Stay Extension

26. In light of the foregoing, Tartan requires an extension of the Stay Period in order to, *inter alia*, finalize a SISP, which will be presented to the Court for approval shortly, and assess whether it is feasible, under the circumstances to make a viable proposal to its creditors.
27. Management of Tartan, in consultation with the Trustee, continue to work in good faith on a restructuring path forward, which will include the cutting of costs, maximization of returns, pursuit of accounts receivable and the initiation of a SISP.
28. An extension of the Stay Period for a further period of forty-five (45) days will allow the company to finalize and initiate the proposed SISP, as well as continue with ongoing restructuring efforts.
29. Tartan further submits that no creditor will be materially prejudiced as a result of the extension of the Stay Period. In fact, to the contrary, absent an extension of the Stay Period:
- (a) Tartan will likely be forced to shut-down its operations, terminate its employee, effective immediately, and file or be deemed to have filed a voluntary assignment in bankruptcy;
  - (b) Tartan's efforts to structure a SISP and provide Tartan's creditors with a reasonable Proposal will be abruptly terminated; and
  - (c) all of Tartan's assets will have to be liquidated in the context of a bankruptcy scenario, on a piecemeal basis, where their value is expected to be significantly reduced.
30. As a result of these factors, Tartan submits that should the present proceedings be turned into bankruptcy proceedings, it is expected that the position of Tartan's creditors will materially deteriorate.
31. In the interim, all creditors of Tartan will be kept apprised of the progress of Tartan's efforts to structure the SISP and the Proposal and this progress will be reported on by the Trustee.

32. Tartan submits that it has acted and continues to act in good faith and with due diligence, with a view of potentially securing one or more offer(s) in respect of its Assets, for the benefit of all of Tartan's stakeholders, including its secured and unsecured creditors.
33. Tartan understands that the Trustee intends to file, in advance of the hearing of the present Application, a report (the "**First Report**") to the Court supporting the extension of the Stay Period, as requested herein.
34. Tartan respectfully submits that this Application should be granted in accordance with its conclusions, as it is well founded in fact and law.

*B. Interim Financing*

35. As further detailed in this Application, and as set out in the First Report filed in connection with this application, Tartan's current financial situation is difficult, including its cash position specifically.
36. As a result, Tartan respectfully submits that the Interim Financing Facility is necessary and constitutes its only feasible alternative in the circumstances, and that taking into consideration the foregoing, its term and conditions are fair, reasonable and adequate, and should be approved by this Court.
37. With regard to the approval of the Commitment Letter, the Interim Financing Facility and the Interim Financing Charge, subsection 50.6(5) of the BIA provides that in deciding whether or not to approve an interim financing facility and its related super-priority charge, a court is to consider, among other things:
  - (a) the period during which the debtor is expected to be subject to proceedings under the BIA;
  - (b) how the debtor's business and financial affairs are to be managed during the proceedings;
  - (c) whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor; and
  - (d) the First Report.
38. These factors support the granting of the Interim Financing Charge. If the Order approving the Interim Financing Facility is granted, Tartan will be able to access the liquidity needed to fund the SISP proceedings, as well as its ongoing operations. The Interim Financing Facility will be beneficial to Tartan's stakeholders as a whole, as it will



allow Tartan to fund the SISP and ensure that all efforts are taken so as to maximize the value of its assets.

39. Additionally, the proposed Interim Financing Facility is on commercially reasonable terms, and considering the foregoing factors, the relief sought by Tartan with respect to the Interim Financing Facility and the related charge is necessary and appropriate in the circumstances.
40. As set out in the Commitment Letter and the draft order attached hereto as Schedule "A", the Interim Financing Facility is to rank in priority to all other encumbrances other than the Administration Charge.

*C. Administration Charge*

41. Both the Trustee and Tartan's counsel are essential to Tartan's restructuring. Accordingly, Tartan seeks a \$200,000 Administration Charge, which shall affect its assets and secure the payments to be made to the Trustee, counsel to the Trustee, and counsel to Tartan.

**V. REMEDY SOUGHT:**

42. Considering the above, Tartan submits that all of the applicable legal requirements have been met, and that it is therefore appropriate for this Court, under the circumstances, to take the following actions:
  - (a) issue an order substantially in the form attached hereto as Schedule "A" to:
    - (i) extend the stay of proceedings from March 16, 2020 to April 30, 2020;
    - (ii) abridge the time for delivery of this Application and deem service of this Application to be good and sufficient;
    - (iii) approve the Interim Financing contemplated in the Commitment Letter between Tartan and TEGI as well as the Interim Financing Charge intended to guarantee Tartan's obligations under the Commitment Letter and the priorities as set out therein;
    - (iv) approve the Administration Charge contemplated in the draft order in favour of the undersigned counsel, the Trustee and its counsel in order to secure the payment of their fees in the context of the present BIA proceedings; and
    - (v) approve the priorities as set out in the order in order to establish priority as between the Administration Charge and the Interim Financing Charge, and ensure that each charge will rank ahead of any and all charges, security interests and encumbrances against Tartan's assets.

- (b) issue an order substantially in the form attached hereto as Schedule "B" to:
  - (i) require Rapid to immediately return the four (4) seacans and their loaded equipment located at Rapid's Leduc premises; and
- (c) provide such other relief as may seem just and reasonable to this Honourable Court.

**Affidavit or other evidence to be used in support of this application:**

- 43. The Affidavit of Bill Chu, sworn on March 10, 2020.
- 44. The First Report of the Trustee.
- 45. Such further information as counsel may advise and as this Honourable Court may permit.

**Applicable Acts and Regulations:**

- 46. Rules 1.2, 1.3, 3.2(2)(d), 3.8, 11.27 and 13.5 of the *Alberta Rules of Court*, Alta Reg 124/2010.
- 47. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.

**Any Irregularity Complained of or Objection Relied on:**

- 48. None

**How the Application is proposed to be heard or considered:**

- 49. In person.

**WARNING**

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the Applicant and against all persons claiming under the Applicant. You will be bound by any order that the Court makes, or another order might be given or other proceedings taken which the Applicant is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the Applicant(s) a reasonable time before the application is to be heard or considered.

**Schedule A**  
**(Please see attached)**

Court File Number 25-2618433  
Court COURT OF QUEEN'S BENCH OF ALBERTA  
Judicial Centre CALGARY

Clerk's stamp

Matter  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS  
AMENDED, OF TARTAN COMPLETION SYSTEMS INC.

Applicant TARTAN COMPLETION SYSTEMS INC.

Respondent Not Applicable

Document ORDER

Address for Service and Contact  
Information of Party Filing this Document  
STIKEMAN ELLIOTT  
4300 Bankers Hall West  
888 - 3<sup>rd</sup> Street S.W.  
T2P 5C5

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GOMasson@stikeman.com  
File Number: 147292.1001

**Counsel for the Applicant, Tartan Completion Systems Inc.**

**DATE ON WHICH ORDER WAS PRONOUNCED:** March 12, 2020

**NAME OF JUDGE WHO MADE THIS ORDER:** Justice P.R. Jeffrey

**LOCATION OF HEARING:** Calgary, AB

UPON THE APPLICATION (the "Application") of Tartan Completion Systems Inc. (the "Applicant"); AND UPON HAVING READ MNP Ltd.'s (the "Trustee") first report (the "First Report"), acting in its capacity as the proposal trustee to the Notice of Intention to Make a Proposal of the Applicant (the "NOI") filed in support thereof, and the affidavit of Bill Chu, sworn March 10, 2020 (the "Affidavit") and the documents referred to therein; AND UPON

HAVING READ the proposed interim financing facility commitment letter; AND UPON HEARING from some or all counsel for the parties present at the hearing of the Application; AND UPON NOTING the provisions of the *Bankruptcy and Insolvency Act* (the "BIA");

**IT IS HEREBY ORDERED THAT:**

1. The Application is granted.

**Service**

2. The time for service of the Application for this order (the "Order") is hereby abridged and deemed good and sufficient.

**Extension of NOI Stay of Proceedings**

3. The stay of proceedings resulting from the filing by the Debtor of its *Notice of Intention to Make a Proposal* pursuant to the BIA on February 14, 2020, is hereby extended until April 30, 2020.

**Interim Financing**

4. The Applicant shall be and is hereby authorized to borrow, repay and reborrow from Tartan Energy Group Inc. ("**TEGI**") such amounts from time to time as the Applicant may consider necessary or desirable, up to a maximum principal amount of \$850,000 outstanding at any time (the "**Interim Financing Facility**"), on the terms and conditions as set forth in the Commitment Letter filed as Exhibit "**N**" of the Affidavit of Bill Chu, filed as of March 10, 2020 (the "**Commitment Letter**"), to fund the ongoing expenditures of the Applicant and to pay such other amounts as are permitted by this Order and by the Commitment Letter, the terms of which are hereby ratified.
5. The Applicant is hereby authorized to execute and deliver such other documents, as may be required by TEGI in connection with the Interim Financing Facility and Commitment Letter (collectively, the "**Interim Financing Documents**"), and the Applicant is hereby authorized to perform all of its obligations under the Interim Financing Documents.

6. The Applicant shall pay to TEGI, when due, all amounts owing under the Commitment Letter and shall perform all of its other obligations to TEGI pursuant to the Commitment Letter, the Interim Financing Documents and this Order.
7. All of the Applicant's present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated (collectively, the "**Property**") is hereby subject to a charge and security for an aggregate amount of \$850,000 (such charge and security is referred to herein as the "**Interim Financing Charge**") in favour of TEGI as security for all of the Applicant's obligations under or in connection with the Commitment Letter and the Interim Financing Documents. The Interim Financing Charge shall have the priority established by paragraphs 14 and 15 of this Order.
8. The claims of TEGI pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to any proposal or these proceedings and TEGI, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any such proposal.
9. TEGI may:
  - (a) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Financing Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and
  - (b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to the Applicant if the Applicant fails to meet the provisions of the Interim Financing Facility and the Interim Financing Documents.
10. TEGI shall not take any enforcement steps under the Interim Financing Documents or the Interim Financing Charge without providing at least 5 business days written notice (the "**Notice Period**") of a default thereunder to the Applicant, the Trustee and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, TEGI shall be entitled to take any and all steps under the Interim Financing Documents and the

Interim Financing Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA.

11. Subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 4 to 11 hereof unless either (a) a notice of a motion for such order is served on TEGI by the moving party within seven (7) days after that party was served with this Order or (b) TEGI applies for or consents to such order.

#### **Administration Charge**

12. The Applicant shall pay the reasonable fees and disbursements of the Trustee, the Trustee's legal counsel and the Applicant's legal counsel (collectively the "**Professionals**"), which are directly related to these proceedings, as defined in the Application, whether incurred before or after the Order (collectively, the "**Professional Fees**").
13. The Professionals shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$200,000 (the "**Administration Charge**"), as a security for the payment of the Professional Fees. The Administration Charge shall have the priority set out in paragraphs 14 and 15 of this Order.

#### **Priorities and General Provisions Relating to Charges**

14. The priorities of the Interim Financing Charge and the Administration Charge (collectively, the "**Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
  - (a) First, the Administration Charge; and
  - (b) Second, the Interim Financing Charge.
15. Each of the Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature of kind (collectively, the "**Encumbrances**") affecting the Property.

16. Except as otherwise expressly provided for herein, the Applicant shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicant obtains the prior written consent of the Trustee and the approval of the Court.
17. Each of the Charges shall attach, as of the date hereof, to all present and future Property of the Applicant, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
18. The Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and any declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Applicant or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Applicant; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Applicant (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
  - (a) the creation of any of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Third Party Agreement to which it is a party; and
  - (b) any of the beneficiaries of the Charges shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Charges.
19. Notwithstanding: (i) these proceedings and any declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Applicant and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Applicant; and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Applicant pursuant to the Order and the granting of the Charges, do not



and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

20. The Charges shall be declared valid and enforceable as against all Property of the Applicant and against all persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Applicant, for all purposes.

### **General**

21. The Applicant and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses.
22. Unless otherwise provided herein, under the BIA, or ordered by this Court, no document, order or other material need be served on any person in respect of these proceedings, unless such person has served a notice of appearance on the solicitors for the Applicant and the Trustee and has filed such notice with this Court, or appears on the service list prepared by the Trustee or its attorneys, save and except when an order is sought against a person not previously involved in these proceedings.
23. The Applicant or the Trustee may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
24. The Order and all other orders in these proceedings are declared to have full force and effect in all provinces and territories in Canada.
25. The Applicant, with the prior consent of the Trustee, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the U.S.

Bankruptcy Code, for which the Trustee shall be the foreign representative of the Applicant. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Trustee as may be deemed necessary or appropriate for that purpose.

26. The aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America or elsewhere is requested in order to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
27. The provisional execution of this Order is ordered to be rendered notwithstanding any appeal and without the necessity of furnishing any security.
28. There shall be no costs associated with this Order.

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Justice of the Court of Queen's  
Bench of Alberta

**Schedule B**  
**(Please see attached)**

Court File Number 25-2618433  
Court COURT OF QUEEN'S BENCH OF ALBERTA  
Judicial Centre CALGARY

Clerk's stamp

Matter  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, OF TARTAN COMPLETION SYSTEMS INC.

Applicant TARTAN COMPLETION SYSTEMS INC.

Respondent Not Applicable

Document ORDER

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Information of Party Filing this Document  
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File Number: 147292.1001

**Counsel for the Applicant, Tartan Completion Systems Inc.**

DATE ON WHICH ORDER WAS PRONOUNCED: March 12, 2020

NAME OF JUDGE WHO MADE THIS ORDER: Justice P.R. Jeffrey

LOCATION OF HEARING: Calgary, AB

UPON THE APPLICATION (the "**Application**") of Tartan Completion Systems Inc. (the "**Applicant**"); AND UPON HEARING from some or all counsel for the parties present at the hearing of the Application; AND UPON HAVING READ the Affidavit of Bill Chu, sworn on March 10, 2020; AND UPON NOTING the provisions of the *Bankruptcy and Insolvency Act* (the "**BIA**");

**IT IS HEREBY ORDERED THAT:**

1. The four (4) seacans owned by Container King and leased to the Applicant which are currently in the possession of Rapid Design Group Inc., and all items, goods and assets contained therein, shall immediately be returned to the Applicant's premises by Rapid Design Group Inc.
  
2. There shall be no costs associated with this Order.

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Justice of the Court of Queen's  
Bench of Alberta.