

Clerk's Stamp

COURT FILE NO. 25-2618433

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF: TARTAN COMPLETION SYSTEMS INC.

DOCUMENT **FIRST REPORT OF MNP LTD., PROPOSAL TRUSTEE**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING  
THIS DOCUMENT

PROPOSAL TRUSTEE  
MNP LTD.  
1500, 640 – 5 AVENUE SW  
CALGARY, AB T2P 3G4

ATTN: VICTOR P. KROEGER  
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## APPENDICES

APPENDIX A Trustee's report on Cash Flow Statement by Person Making a Proposal (Forms 29 and 30) for the Projected Statement of Cash Flow for the Period Ending March 27, 2020.

APPENDIX B Trustee's report on Cash flow forecast for the period February 14, 2020 to May 15, 2020 (Forms 29 and 30).

## INTRODUCTION AND LIMITATIONS

1. On February 14, 2020, Tartan Completion Systems Inc. ( the "Company" or the "TCSI") filed a Notice of Intention to Make a Proposal ("NOI") pursuant to the Bankruptcy and Insolvency Act ("BIA") and MNP Ltd. consented to act as trustee of the proposal (the "Trustee").
2. This is the Trustee's first report to the Court of Queen's Bench of Alberta (the "Court") (the "First Report"). All references to currency are in Canadian dollars unless otherwise stated.
3. In preparing the First Report and making the comments herein, the Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and information from other third-party sources (collectively, the "Information"). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance or other standards established by the Chartered Professional Accountants of Canada.
4. A copy of the First Report and other relevant documents in the Company's restructuring proceedings will also be available on the Trustee's website at <https://mnpdebt.ca/en/corporate/Engagements/tartan-completion-systems-inc>

## PURPOSE OF THE REPORT

5. The purpose of the First Report is to provide the Court and other interested parties with:
  - a. Background information on TCSI, its operations, creditors, current financial state and restructuring efforts to date;
  - b. Information on the Company's application seeking the Court's approval of an extension of the time period for the Company to file its proposal; and
  - c. The Trustee's position with respect to TCSI's application for an interim financing facility.

## BACKGROUND

6. TCSI, headquartered in Calgary, Alberta, is a privately held company, incorporated under the *Business Corporations Act (Alberta)*. Mr. Richard Li was authorized in a meeting of TCSI's board of directors to sign the notice of intention of the Company to make a proposal.
7. The Company is engaged in oilfield services and downhole tool manufacturing within Canada and the United States of America. The Company is the 100% shareholder of Tartan Completion Systems Corp. which is registered in Wyoming. Revenues and expenses in the US are transacted through TCSI.
8. According to the Company, it has been experiencing financial difficulty since 2018 when oil and gas exploration in North America declined significantly.
9. Prior to the filing of the NOI, the Company took steps to restructure its financial affairs, including implementing administrative expense reductions by way of reducing personnel and the reduction of other administrative expenses. The Company is also working to preserve its interest in certain intellectual property.

## CREDITOR CLAIMS

10. The potential creditor claims against the Company, based on the NOI filing documents, are summarized as follows:

Secured debt           \$2,500,369

Unsecured debt:   \$1,355,901

11. The secured debt consists primarily of amounts due to 789357 Alberta Ltd. ("789") totaling approximately \$650,953; due to Liquid Capital Corp ("Liquid Capital") totaling approximately \$455,576; due to Rapid Design Group Ltd. ("Rapid Design") totaling approximately \$369,347 and Tartan Energy Group totaling approximately \$1,024,493.
12. We have not yet obtained a security opinion on the secured creditor interests; however, we have recently engaged legal counsel to start preparing such opinions.
13. The unsecured debt primarily consists of amounts due to trade vendors.
14. Rapid Design has circulated notice that it seeks to close a transaction relating to the TCSI intellectual property. Title and ownership of the intellectual property remains in question and is currently in dispute between Rapid Design and the Company. The stay of proceedings will allow the intellectual property to be addressed between the Company, Rapid Design and the other creditors of TCSI.
15. The Trustee has also received notification that assets of TCSI may have been removed and secreted from TEG and other creditors. Four sea cans of assets are reportedly on the premises of Rapid Design. The Trustee is working with the Company to determine what assets have been moved and under what type of agreement those assets have been moved under. One additional sea can of assets is currently unaccounted for.

## CASH FLOW STATEMENT AND VARIANCE ANALYSIS

16. The Company prepared its projected statement of cash flow (the "Cash Flow Statement") for the period February 14, 2020 to March 27, 2020 (the "Period") which are attached to its Report on Cash Flow Statement (Form 30). Copies of these documents are attached as Appendix A.

17. The Trustee has monitored the Company's actual cash receipts and disbursements for the four-week period ending March 5, 2020 and provides the following variance analysis:

Description	Projection	Actual	Variance	Notes
A/R	\$ 69,903	\$ -	\$ (69,903)	a
Investment	30,000	100,000	70,000	b
Other	110,000	13,000	-97,000	c
	<u>209,903</u>	<u>113,000</u>	<u>-96,903</u>	
Credit Card payment	-	1,800	1,800	d
Trucking and Hotshot	3,000	-	-3,000	e
Staff Expenses	-	-	-	
401K (US)	92,602	-	-92,602	f
Liquid Capital	-	-	-	
Payroll	28,540	50,778	22,238	f
Payroll Taxes (Source deductions)	58,374	6,877	-51,497	f
Insurance	6,000	4,000	-2,000	g
Utilities	500	-	-500	
IT/phone	-	-	-	
Rent & Lease	20,764	27,414	6,650	h
Restructuring costs	-	-	-	
Contingency	-	-	-	
	<u>\$ 209,780</u>	<u>\$ 90,869</u>	<u>\$ (118,912)</u>	
Surplus (Shortfall)	123	22,131	22,008	
Beginning Cash	2,800	2,800	-	
Closing Cash	<u>\$ 2,923</u>	<u>\$ 24,931</u>	<u>\$ 22,008</u>	

18. Notes to the Variance Analysis:

- A/R – No funds were collected during the period of the week ending February 14 and February 28, 2020.
- Investment – The budgeted investment of \$30,000 in the week ending February 21, 2020 was not made because payment of all of the expenses for that week was moved to the week ending March 6, 2020 as outlined in the updated cash flow projection.
- Other – the SRED credit expected has been adjusted to reflect a filing fee to Ryan ULC.
- Credit card payment – TCSI is paying overdraft payments on company credit cards that were not accounted for on the original cash flow projection.
- Trucking and Hotshot – Services were not required.
- Payroll and related expenses – Wages, and the related remittances, for staff in the United States was deferred from the week of February 21, 2020 to March 6, 2020 and reflects the actual amounts paid in the week.
- Insurance – Deferred to the week of March 6, 2020 and adjusted to account for revised office space requirements in Edmonton.

- h. Rent & Lease – Adjusted for revised premises arrangement in Edmonton office.

### **CONTINUING OPERATIONS**

- 19. The Company has continued operations as a going concern during the Period, which it believes is essential to preserving the Company's value. Funding of the operations has been provided by Tartan Energy Group, ("TEG"), the Company's parent. This funding is represented as an investment in the Company's cash flow projections (the "Interim Financing") and is being provided subject to the issuance by the Court of an interim financing charge (the "Interim Financing Charge").
- 20. The Interim Financing is necessary for the Company to continue its operations, resolve certain claims surrounding the ownership of the TCSI intellectual property and to fund the NOI proceedings in order to give it time to formulate a proposal to its creditors.

### **PROJECTED STATEMENT OF CASH FLOW**

- 21. The Company's cash flow projection for the period February 14, 2020 to May 15, 2020 is attached as Appendix B and is updated from the original Period cash flow in Appendix A.
- 22. The Trustee has reviewed the cash flow projection and has the following comments:
  - a. The Company is projecting cash flow shortfalls that are being funded by TEG as required through the Interim Financing (if approved by the Court). TEG's Interim Financing will be used to fund TCSI expenses such as payroll, source deduction and other operational costs that TCSI expects to encounter over the March 6, 2020 to May 15, 2020 period.
  - b. The Company is forecasting the collection of accounts receivable, however, these collections may vary in timing.
  - c. The Company has a payment due to Liquid Capital for a factoring arrangement prior to the filing of the NOI.
  - d. The cash flow forecast indicates that TCSI will require funding of \$530,000 for the period ending May 15, 2020.
  - e. TEG has advised the Company, and the Trustee, that it will provide funding during the NOI to pay all costs incurred by the Company to allow the Company to make its proposal, subject to it obtaining the Interim Financing Charge.
  - f. Without the TEG funding referred to in e. above, TCSI will not have sufficient cash to maintain operations for the period ending May 15, 2020.

### **REQUEST FOR EXTENSION**

- 23. Pursuant to the BIA, the Company must file a Proposal no later than March 15, 2020 unless an application is made to the Court for an extension.
- 24. Since the date of the NOI the Company has been taking steps towards its restructuring efforts including TEG taking over the management of the Company to gain control of costs and address interim funding

requirements in order to develop and launch a sale and investment solicitation process and to eventually file a proposal to the Company's creditors.

25. The Company is requesting an extension of the stay of proceedings until April 30, 2020.
26. The Trustee is of the view that continued operations of the Company should enhance the value of the Company for the creditors, and more generally, is in the best interest of all of the Company's stakeholders. In addition:
  - a. The Company will likely be able to make a viable proposal if the extension is granted;
  - b. The \$538,000 Interim Financing Facility is required to allow TCSI to develop and run a sale and investment solicitation process (which, we understand, will be presented to the Court for approval prior to its initiation) and to operate should the requested extension of the stay of proceedings be granted; and
  - c. No creditor would be materially prejudiced if the extension were granted.

All of which is respectfully submitted this 10<sup>th</sup> day of March, 2020.

**MNP Ltd.** in its capacity as Trustee in the Notice of Intention to Make a Proposal of Tartan Completion Systems Inc. and not in its personal capacity

Per: \_\_\_\_\_

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

# APPENDIX A



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

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

The attached statement of projected cash flow of Tartan Completion Systems Inc., as of the 24th day of February, 2020 consisting of a cash flow projection for the week ending February 14, 2020 to March 27, 2020, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

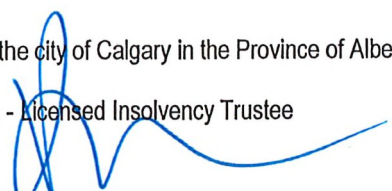
(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 24th day of February 2020.

MNP Ltd. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Victor Kroeger - Licensed Insolvency Trustee  
1500, 640 - 5 Avenue SW  
Calgary AB T2P 3G4  
Phone: (403) 538-3187 Fax: (403) 537-8437

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

- FORM 30 -  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

I, Tartan Completion Systems Inc., have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 24th day of February, 2020, consisting of

Projected cash inflows and projected outflows are provided for the initial Stay period. The cash flow projections are based on historical information and the assumptions documented as support of the cash flow projections.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 24th day of February 2020.

  
\_\_\_\_\_  
Tartan Completion Systems Inc.  
Debtor

Terry Lau / Director  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

Tartan Completion Systems Inc. (the "Company")  
Statement of Weekly Projected Cash Flow  
For the period from February 14, 2020 to March 27, 2020

Notes	14-Feb	21-Feb	28-Feb	06-Mar	13-Mar	20-Mar	27-Mar
<b>Opening Balance</b>	\$ 2,800	\$ 2,800	\$ 6,289	\$ 6,289	\$ 2,923	\$ 2,923	\$ 159,930
<b>Inflows</b>							
1 A/R	\$ -	\$ 69,903	\$ -	\$ -	\$ -	\$ 207,507	\$ -
2 Investment	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ (30,000)	\$ -
3 Other	\$ -	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ -
<b>Outflows</b>							
4 Trucking and Hotshot	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
5 Staff Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 401K (US)	\$ -	\$ -	\$ 92,602	\$ -	\$ -	\$ -	\$ -
7 Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Payroll	\$ -	\$ 28,540	\$ -	\$ -	\$ -	\$ 20,000	\$ -
9 Payroll Taxes (Source deductions)	\$ -	\$ 58,374	\$ -	\$ -	\$ -	\$ -	\$ -
10 Insurance	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -
11 Utilities	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ -
12 Rent & Lease	\$ -	\$ -	\$ -	\$ 20,764	\$ -	\$ -	\$ -
13 Restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000
14 Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
<b>Closing Balance</b>	\$ 2,800	\$ 6,289	\$ 6,289	\$ 2,923	\$ 2,923	\$ 159,930	\$ 89,930

Purpose:

The Statement of Projected Cash Flow has been prepared by the Company's management pursuant to Section 504(2) of the *Bankruptcy and Insolvency Act* (the "BIA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be In addition, the Statement of Projected Cash Flow has been prepared based on assumptions regarding future events, therefore actual results may

Tartan Completion Systems Inc.

MNP Ltd. in its capacity as Trustee under the Proposal of  
Tartan Completion Systems Inc., and not in its personal capacity

Per: Terry La

Per: Victor P. Kroeger  
Senior Vice President


**General Notes & Assumptions**

1. Unless otherwise stated, all amounts are based on historical data and management estimates.
2. As the Company is in the process of developing its proposal pursuant to the BIA (the "Proposal"), the Statement of Projected Cash Flow does not include any payments to the Company's creditors pursuant to this proposal
4. All amounts include applicable GST.

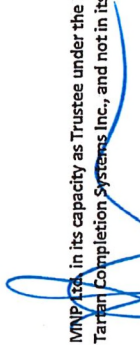
**Specific Notes & Assumptions**

1. TCS will receive \$277,411 of funds from customers per the payment term of 30 days.
2. \$30,000 of cash injection is required from investors on week of Feb 21, 2020 and it should be repaid on the week of Mar 20, 2020.
3. \$110,000 of SRED refund expected to be received on week of March 6, 2020.
4. Approximately \$3,000 of trucking expenses is required to meet current customer obligations.
5. No staff expenses are anticipated in the Stay period.
6. TCS reports and pays \$92,602 of payroll including 401(k) contributions for US employees of TCS Corp.
7. No sales tax returns are due or payable in the Stay period.
8. Approximately \$48,540 of payroll for Canadian and US based employees.
9. Approximately \$58,374 of source deductions for Canadian and US based employees, remitted to CRA and IRS.
10. Approximately \$6,000 of insurance premiums required to maintain operations.
11. Approximately \$500 of utilities for company locations each month end.
12. Approximately \$20,764 of rent and lease payments for facility in Canada and US for equipment and office machine rentals.
13. Restructuring costs to MNP as the Trustee (MNP) and its counsel are estimates based on TCS being able to file its proposal, or seek an extension as required.
14. Approximately \$5,000 of contingency fee for unforeseen expenses that may arise during the Stay period.

Tartan Completion Systems Inc.

  
Per: Terry Jau

MNP Ltd. in its capacity as Trustee under the Proposal of  
Tartan Completion Systems Inc., and not in its personal capacity

  
Per: Victor P. Kroeger  
Senior Vice President

# APPENDIX B

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

FORM 29  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

The attached statement of projected cash flow of Tartan Completion Systems Inc., as of the 6th day of March 2020, consisting of updated cash flow projections from February 14, 2020 to May 15, 2020, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

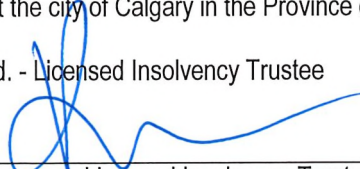
(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 6th day of March 2020.

MNP Ltd. - Licensed Insolvency Trustee  
Per:

  
\_\_\_\_\_  
Victor Kroeger - Licensed Insolvency Trustee  
1500, 640 - 5 Avenue SW  
Calgary AB T2P 3G4  
Phone: (403) 538-3187 Fax: (403) 537-8437

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

FORM 30  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

I, Tartan Completion Systems Inc., have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 6th day of March, 2020, consisting of .

Updated cash flow projections from February 14, 2020 to May 15, 2020. Assumptions have been updated and the cash flow projections updated to reflect funding that will be provided by Tartan Energy Group, the debtor's parent company.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 6th day of March 2020.

  
\_\_\_\_\_  
Tartan Completion Systems Inc.  
Debtor

\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

Tartan Completion Systems Inc. (the "Company")  
Statement of Weekly Projected Cash Flow  
For the period from February 14, 2020 to May 15, 2020

Notes	14-Feb	21-Feb	28-Feb	06-Mar	13-Mar	20-Mar	27-Mar	03-Apr	10-Apr	17-Apr	24-Apr	01-May	08-May	15-May
Opening Balance	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,800	\$ 24,931	\$ 24,631	\$ 71,829	\$ 68,829	\$ 92,475	\$ 85,598	\$ 84,970	\$ 101,554	\$ 26,740	\$ 26,740
Inflows														
1 A/R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,758	\$ 15,000	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 100,000
2 Investment	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 230,000	\$ 50,000	\$ 100,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ (30,000)
3 Other	\$ -	\$ -	\$ -	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outflows														
4 Credit Card payment	\$ -	\$ -	\$ -	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Staff Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,612
6 401K (US)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,289	\$ -	\$ -	\$ -	\$ -	\$ 10,289	\$ -	\$ -	\$ -
7 Liquid Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Payroll	\$ -	\$ -	\$ -	\$ 50,778	\$ -	\$ 39,855	\$ -	\$ 39,855	\$ -	\$ 39,855	\$ -	\$ 39,855	\$ -	\$ 44,293
9 Payroll Taxes (Source deductions)	\$ -	\$ -	\$ -	\$ 6,877	\$ -	\$ 7,916	\$ -	\$ 12,313	\$ 6,877	\$ 10,773	\$ 7,916	\$ 10,773	\$ -	\$ 10,773
10 Insurance	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 IT/phone	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 300	\$ -
12 Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -
13 Rent & Lease	\$ -	\$ -	\$ -	\$ 27,414	\$ -	\$ -	\$ -	\$ 24,186	\$ -	\$ -	\$ -	\$ 24,186	\$ -	\$ -
14 Restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
15 Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance	\$ 2,800	\$ 2,800	\$ 2,800	\$ 24,931	\$ 24,631	\$ 71,829	\$ 68,829	\$ 92,475	\$ 85,598	\$ 84,970	\$ 101,554	\$ 26,740	\$ 26,740	\$ 15,061

Purpose:

The Statement of Projected Cash Flow has been prepared by the Company's management pursuant to Section 50.4(2) of the *Bankruptcy and Insolvency Act* (the "BIA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes.

In addition, the Statement of Projected Cash Flow has been prepared based on assumptions regarding future events, therefore actual results may vary from the estimates presented herein and these variances may be material.

Tartan Completion Systems Inc.

Per: Terry Laj

MNP Ltd. in its capacity as Trustee under the Proposal of Tartan Completion Systems Inc., and not in its personal capacity.

Per: Victor P. Kloeger  
Senior Vice President



Tartan Completion Systems Inc. (the "Company")  
Statement of Weekly Projected Cash Flow  
For the period from February 14, 2020 to May 15, 2020

Court No.: 25-2618433  
Estate No.: 25-2618433

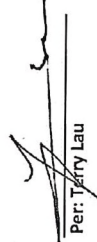
**General Notes & Assumptions**

1. Unless otherwise stated, all amounts are based on historical data and management estimates.
2. As the Company is in the process of developing its proposal pursuant to the BIA (the "Proposal"), the Statement of Projected Cash Flow does not include any payments to the Company's creditors pursuant to this proposal
4. All amounts include applicable GST.

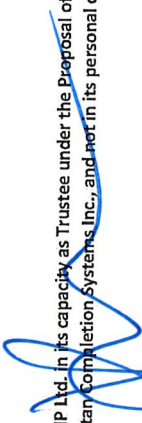
**Specific Notes & Assumptions**

1. TCS will receive \$5,758 of funds from Shield resources per the payment term of 60 days for sales in previous period. TCS will receive \$165,000 for TCS will receive \$165,000 for sales from Mar to May 2020.
2. \$500,000 of net cash injection is required from investors.
3. \$13,000 of SRED (\$18,000 - \$5,000 fee to Ryan ULC) refund expected to be received on week of March 6, 2020
4. Approximately \$1,800 is required for repay the overdraft of RBC credit cards.
5. Approximately \$26,612 of staff expenses are anticipated in the Stay period.
6. TCS reports and pays \$20,578 of payroll including 401(k) contributions for US employees of TCS Corp.
7. TCS pays \$130,000 to Liquid Capital due to factoring arrangement in previous period.
8. Approximately \$254,491 of payroll for Canadian and US based employees.
9. Approximately \$74,219 of source deductions for Canadian and US based employees, remitted to CRA and IRS.
10. Approximately \$4,000 of insurance premiums required to maintain operations.
11. Approximately \$300 of IT/Phone cost for company locations each month end.
12. Approximately \$500 of utilities for company locations in mid of each month.
13. Approximately \$75,786 of rent and lease payments for facility in Canada and US for equipment and office machine rentals.
14. Approximately \$90,000 of restructuring costs to MINP as the Trustee (MNP) and its counsel are estimates based on TCS being able to file its proposal, or seek an extension as required.
15. Approximately \$3,000 of contingency fee for unforeseen expenses that may arise during the Stay period.

Tartan Completion Systems Inc.

  
Per: Terry Lau

MNP Ltd. in its capacity as Trustee under the Proposal of  
Tartan Completion Systems Inc., and not in its personal capacity

  
Per: Victor P. Kroeger  
Senior Vice President