

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 ORDER

Address for Service and Contact Information of Party Filing this Document
STIKEMAN ELLIOTT LLP
4300 Bankers Hall West
888 - 3rd Street S.W.
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I hereby certify this to be a true copy of the original order

Dated this 11 day of June, 2020

[Signature]
for Clerk of the Court

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File Number: 147292.1001

Counsel for the Applicant, Tartan Completion Systems Inc.

DATE ON WHICH ORDER WAS PRONOUNCED: June 9, 2020
NAME OF JUDGE WHO MADE THIS ORDER: Justice P.R. Jeffrey
LOCATION OF HEARING: Calgary, AB

UPON THE APPLICATION (the "Amended Third Stay Application") of Tartan Completion Systems Inc. (the "Applicant"); AND UPON HAVING READ MNP Ltd.'s (the "Trustee") third report (the "Third Report") dated June 8, 2020, filed, 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 UPON HAVING READ the affidavit of Bill Chu, sworn June 5, 2020 and the affidavit of Bill Chu, sworn June 8, 2020; AND UPON HEARING from some or all counsel for the parties present at the hearing of the Amended Third Stay Application; AND UPON NOTING the provisions of the *Bankruptcy and Insolvency Act* (the "BIA");

IT IS HEREBY ORDERED THAT:

Service

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

Extension of NOI Stay of Proceedings

2. The stay of proceedings resulting from the filing by the Applicant of its *Notice of Intention to Make a Proposal* pursuant to the BIA on February 14, 2020, is hereby extended until July 24, 2020.

Sale and Investment Solicitation Process

3. The sale and investment solicitation process (the "SISP"), as described in the Applicant's Amended Third Stay Application, as well as the SISP procedures related thereto which are attached at Schedule "A" hereto (the "SISP Procedures"), are hereby approved, subject to:
 - (a) the disclosure by any non arm's-length Potential Bidder, as defined in the SISP Procedures, to the Trustee of any relevant information about the Applicant's Business in its knowledge and possession, including the current status of the Applicant's operations, the Applicant's assets, or with respect to the Applicant's prospective business opportunities; and

- (b) any non-material amendments which the Applicant and the Trustee may agree upon in respect of the SISP or the SISP Procedures, and the Applicant and the Trustee are hereby authorized to take such steps as they deem necessary or advisable to carry out the SISP, provided that any transaction in respect of the Applicant or its assets outside of the ordinary course of its business shall remain subject to the prior approval of this Court.
4. The Applicant and the Trustee and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of their duties under the SISP, except to the extent of such losses, claims, damage or liabilities resulting from the gross negligence or willful misconduct of the Applicant or the Trustee, as applicable, as determined by the Court.
5. At any time during the SISP, the Trustee or the Applicant may apply to the Court for directions with respect to the SISP.

Amendments to the March 12, 2020 Order

6. Paragraph 4 of the order rendered by this Court in the present matter on March 12, 2020, and entered into on April 2, 2020 (the "**Extension & DIP Order**"), is hereby amended and replaced as follows:
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 \$1,500,000 outstanding at any time (the "**Updated Interim Financing Facility**"), on the terms and conditions as set forth in the Commitment Letter filed as Exhibit "**D**" of the Third Chu Affidavit (the "**Updated Commitment Letter**"), which Updated Commitment Letter may be revised to reflect the quantum of Updated Interim Financing Facility approved by this Court, to fund the ongoing expenditures of the Applicant and to pay such other amounts as are permitted by this Order or any other order of this Court and by the Updated Commitment Letter, the terms of which are hereby ratified.

7. Paragraph 7 of the Extension & DIP Order is hereby amended and replaced as follows:

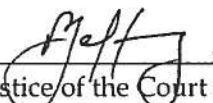
7. All of the Applicant's present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated (collectively, the "Property") is hereby subject to a charge and security for an aggregate amount of \$1,600,000 (such charge and security is referred to herein as the "Updated Interim Financing Charge") in favour of TEGI as security for all of the Applicant's obligations under or in connection with the Updated Commitment Letter and the Updated Interim Financing Documents, which may be revised to reflect the quantum of Updated Interim Financing Facility approved by this Court. The Updated Interim Financing Charge shall have the priority established by paragraphs 14 and 15 of this Order.

8. Paragraph 13 of the Extension & DIP Order is hereby amended and replaced as follows:

13. The Professionals shall be entitled to the benefit to the benefit of an are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$500,000 (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.

General

8. There shall be no costs associated with this Order.



Justice of the Court of Queen's
Bench of Alberta

Schedule A
SISP Procedures

(Please see attached)

SALE AND INVESTMENT SOLICITATION PROCEDURES

Preamble

1. This Sales and Investment Solicitation Process (the "**SISP**") will be implemented under the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") in the notice of intention to make a proposal (the "**NOI**") proceedings (the "**NOI Proceedings**") initiated by Tartan Completions Systems Inc. ("**Tartan**" or the "**Company**") on February 14, 2020 and within which MNP Ltd. has been appointed as the proposal trustee (the "**Proposal Trustee**").
2. This SISP was approved by an order (the "**Approval Order**") on application by the Company to the Court of Queen's Bench of Alberta (the "**Court**") on **June 9, 2020** and shall be concluded by no later than **July 31, 2020**, or such later date (if any) as may be agreed to in writing by the Company and the Proposal Trustee (the "**Completion Date**").
3. The Approval Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of or investment in assets of the Company, a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Company, or some combination thereof.
4. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

5. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in **Schedule "A"** hereto.

Sale and Investment Solicitation Process

6. These SISP Procedures describe, among other things:
 - (a) The manner and timelines by which any interested party (each a "**Prospective Bidder**") may gain access to due diligence materials concerning the Company and its business (the "**Business**");
 - (b) The manner and timelines by which Prospective Bidders may submit an offer for an investment in or an offer to purchase some or all of the Company's assets, property and undertakings;
 - (c) The manner and timeline for Qualified Bids to be submitted for participation in the SISP and the required content for any Qualified Bids; and
 - (d) The process for obtaining approval of one or more Successful Bids by the Court.

Conduct of SISP Procedures

7. The Proposal Trustee shall implement the SISP Procedures as outlined herein. Certain stages of the SISP Procedures may be conducted in conjunction with the preparation, solicitation or confirmation of a proposal to the creditors involving the Company. In addition, the closing of any transaction or transactions may involve additional intermediate steps or transactions to facilitate consummation of such transaction, including additional Court filings.
8. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures or the responsibilities of any Person hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions upon application of the Company, the Proposal Trustee, or any other interested Person.
9. A potential transaction with the Company may involve a Person making an investment or financing of the Company, including through a proposal or plan of arrangement that is made to its creditors (each a "**Restructuring Bid**") or through an offer to purchase some or all of the Business or assets of the Company (each an "**Asset Bid**").

"As Is, Where Is"

10. Any transaction involving the assets of the Company will be on an "**as is, where is**" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Proposal Trustee or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the Person who is a counterparty to such a transaction.

Free of Any and All Claims and Interests

11. All of the right, title and interest of the Company in and to any assets sold or transferred within the NOI Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of any security, charge or other restriction (collectively, the "**Claims and Interests**") pursuant to approval and vesting orders made by the Court under section 65.13 of the BIA. Contemporaneously with such approval and vesting orders being made, all such Claims and Interests shall attach to the net proceeds of the sale of such assets (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant agreement with the Person who is a counterparty to such a transaction and approved by the Court.

Solicitation of Interest

12. As soon as reasonably practicable after the granting of the Approval Order, the Proposal Trustee will prepare a list of Prospective Bidders. Such list will include both strategic and financial parties who, in the reasonable business judgment of the Proposal Trustee and the Company, may be interested in and have the financial capacity to make a Restructuring Bid or an Asset Bid.
13. Concurrently, the Proposal Trustee will prepare an initial offering summary (the "**Teaser**") notifying Potential Bidders of the existence of the SISP Procedures and inviting the Prospective Bidders to express their interest in making a Restructuring Bid or an Asset Bid.

14. After the issuance of the Approval Order, the Proposal Trustee shall:
 - (a) Within five (5) Business Days, cause a notice regarding the SISP Procedures and such other relevant information which the Proposal Trustee considers appropriate to be published in some or all of the following (each as the Proposal Trustee deems appropriate in its sole discretion), The Globe & Mail, The National Post, The Calgary Herald and The Edmonton Journal; and
 - (b) starting on **June 12, 2020**, distribute to the Prospective Bidders the Teaser, as well as a draft form of confidentiality and non-disclosure agreement that is satisfactory to the Proposal Trustee acting reasonably, and which shall enure to the benefit of any Person who completes a Restructuring Bid or an Asset Bid with the Company (the "**Confidentiality Agreement**").

Participation Requirements

15. Unless otherwise ordered by the Court, any Person who wishes to participate in this SISP must deliver the following to the Proposal Trustee:
 - (a) an executed Confidentiality Agreement with the Proposal Trustee and the Company;
 - (b) a specific indication of the anticipated sources of capital and/or credit for such Person and satisfactory evidence of the availability of such capital and/or credit so as to demonstrate that such Person has the financial capacity to complete a transaction; and
 - (c) an executed letter acknowledging receipt of a copy of the Approval Order (including these SISP Procedures) and agreeing to accept and be bound by the provisions contained therein.
16. If, in the opinion of the Proposal Trustee, a Person has complied with each of the requirements described in section 15 of these SISP Procedures, such Person shall be deemed a "**Potential Bidder**" hereunder.
17. The Proposal Trustee will provide a confidential information memorandum (prepared with the assistance of the Company) describing the opportunity to make an Asset Bid or a Restructuring Bid to each Potential Bidder as soon as practicable after the determination that such Person is a Potential Bidder. Each Potential Bidder shall also have such due diligence access to information relating to the assets, the property and the business of the Company as the Proposal Trustee, in its reasonable business judgment, deems appropriate, including access to any online data room created for the SISP.
18. At the discretion of the Proposal Trustee due diligence access may include, access to online data rooms, on-site inspections and such other matters as a Potential Bidder may reasonably request and that are agreed to by the Proposal Trustee.
19. Neither the Proposal Trustee nor the Company is responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder. The Proposal Trustee, the Company and their respective advisors do not make any representations or warranties whatsoever as to the information or the materials provided.

Bid Deadline

20. In order to continue to participate in this SISP from and after the Bid Deadline, a Potential Bidder must deliver a binding and definitive agreement to the Proposal Trustee by no later than 12:00 p.m. (Alberta time) on **July 17, 2020** (the "**Bid Deadline**"). A binding offer will only qualify as a qualified bid (each a "**Qualified Bid**") in the event that it contains, meets or includes all of the following:
- (a) it is received by the Proposal Trustee on or before the Bid Deadline;
 - (b) it includes either:
 - i) a fully binding and definitive agreement, duly authorized and executed, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, financing and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction (a "**Definitive Restructuring Agreement**"); or,
 - ii) a fully binding and definitive agreement, duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto (a "**Definitive Asset Purchase Agreement**");
 - (c) it is irrevocable for a minimum of thirty (30) days following the Bid Deadline;
 - (d) it provides for the completion of the transactions contemplated therein on or before the Completion Date;
 - (e) it is not conditional on (i) the outcome of unperformed due diligence and/or (ii) obtaining any credit, capital or other form of financing;
 - (f) other than a Qualified Bid made by a Credit Bidder (as defined herein), is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Proposal Trustee), payable to the Proposal Trustee in trust, in an amount equal to ten percent (10%) of the total consideration to be paid, including the cash consideration, the amount to be financed or invested, and/or the amount of debt to be assumed and to be paid pursuant to the Qualified Bid, to be held and dealt with in accordance with these SISP Procedures;
 - (g) it includes written evidence of a firm and irrevocable commitment for all required funding and/or financing from a creditworthy Person to consummate the proposed transaction;
 - (h) it fully discloses the identity of each Person that is bidding or that will otherwise be sponsoring or participating in the Qualified Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;

- (i) it includes evidence, in form and substance reasonably satisfactory to the Proposal Trustee, of compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals; and
 - (j) such other information reasonably requested by the Proposal Trustee, in consultation with the Company.
21. The Proposal Trustee may waive non-compliance with any one or more of the requirements specified in section 20 of these SISP Procedures and may deem any non-compliant Definitive Restructuring Agreement or Definitive Asset Purchase, as the case may be, a Qualified Bid.
 22. The Proposal Trustee will assess any Definitive Restructuring Agreement or Definitive Asset Purchase Agreement as the case may be, that has qualified as a Qualified Bid and will determine whether any such Definitive Restructuring Agreement or Definitive Asset Purchase Agreement constitutes a Qualified Bid. Such assessment will be made as promptly as practicable but no later than three (3) Business Days after the Bid Deadline (the "**Qualified Bid Assessment Deadline**").
 23. After the Qualified Bid Assessment Deadline, the Proposal Trustee shall have discretion to engage with, discuss and request that any Qualified Bid provide further clarity on the terms or amount of its Qualified Bid and where the Proposal Trustee, acting reasonably, determines it necessary to assist in selecting a Successful Bid, ask any one or more of the Qualified Bids to further submit a revised form of their Qualified Bid in order to assist the Proposal Trustee in selecting a Successful Bid.
 24. The Proposal Trustee shall (to the extent that there is more than one Qualified Bid) consider and determine which is the best Qualified Bid (the "**Successful Bid**") and apply to the Court to approve such Successful Bid and such approval shall be obtained by no later than July 31, 2020, subject to court availability. The Company shall thereafter complete the transactions contemplated by such selected Successful Bid in accordance with the terms thereof and any order issued by the Court.

Deposits

25. All Deposits shall be retained by the Proposal Trustee in a trust account with a bank in Canada. If there is a Qualified Bid that constitutes a Successful Bid, the Deposit paid by the Person making such Successful Bid shall be applied to the consideration to be paid by such Person upon closing of the transaction constituting the Qualified Bid.
26. The Deposit(s) of all Persons not making the Qualified Bid that constitutes a Successful Bid shall be returned to such Persons within five (5) Business Days of the earlier of the date that the Court approves a Qualified Bid as a Successful Bid.
27. If the Person making a Qualified Bid selected as the Successful Bid breaches or defaults on its obligation to close the transaction in respect of Successful Bid it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Company; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Proposal Trustee or the Company has in respect of such breach or default.

28. If the Company is unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) than the Deposit shall be returned to the Successful Bidder.

Notice

29. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "B" hereto. A bid and all associated documentation shall be delivered to the Proposal Trustee by electronic mail, personal delivery or courier. Persons requesting information about these SISP Procedures should contact the Proposal Trustee at the contact information contained in Schedule "B".

Reservation of Rights by Proposal Trustee

30. The Proposal Trustee, may reject or choose not to accept, at any time, any bid, offer or proposal made in respect of the Company or its assets.

Credit Bid

31. Any secured creditor of the Company shall be entitled to participate in this SISP as a credit bidder (the "**Credit Bidder**"). For the purposes of any credit bid submitted by a Credit Bidder, such Credit Bidder shall be entitled to credit all or any portion of its security as part of its bid but must either (a) irrevocably pay, in cash and in full, all of the obligations in priority (the "**Priority Obligations**") to the Credit Bidder's debt, including for reference any amounts that are priority charges (the "**Priority Charges**") under the NOI Proceedings (the Administration Charge and the Updated Interim Financing Charge); or (b) assume or otherwise satisfy any of the Priority Obligations on terms and conditions acceptable to the beneficiary of the security for such Priority Obligations (except for the Administration Charge, which must be paid in cash and in full if there are amounts owing on it at the conclusion of the NOI Proceedings). Any credit bid shall be accompanied by a refundable Deposit in the form of a wire transfer (to a trust account specified by the Proposal Trustee), payable to the Proposal Trustee in trust, in an amount equal to ten percent (10%) of the total cash consideration to be paid pursuant to the credit bid and the amount of the Priority Obligations to be assumed (except if such amounts have been advanced by the Credit Bidder to the Company, then no deposit is required to be paid for those amounts that form part of the credit bid). Any such Deposit is to be held by the Proposal Trustee and dealt with in accordance with these SISP Procedures.

Further Orders

32. At any time during these SISP Procedures, the Proposal Trustee or the Company may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder, including to terminate this SISP if deemed to be necessary by the Proposal Trustee, acting reasonably.

Schedule "A" – Defined Terms

"**Approval Order**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Asset Bid**" has the meaning given to it section 9.

"**BIA**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Business**" has the meaning given to it in section 6(a).

"**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are open for business in the City of Calgary.

"**Claims and Interest**" has the meaning given to it in section 11.

"**Company**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Completion Date**" means July 31, 2020, or such later date agreed to in writing by the Company and the Proposal Trustee.

"**Confidentiality Agreement**" means a confidentiality agreement in favour of the Company and the Proposal Trustee executed by a Prospective Bidder, in form and substance satisfactory to the Proposal Trustee, which shall enure to the benefit of any Prospective Bidder.

"**Court**" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"**Credit Bidder**" has the meaning given to it in section 31.

"**Definitive Asset Purchase Agreement**" has the meaning set out in section 20(b)(ii).

"Definitive Hybrid Agreement" has the meaning set out in section 20(b)(iii).

"Definitive Restructuring Agreement" has the meaning set out in section 20(b)(i).

"Deposit" has the meaning set out in section 20(f).

"NOI Proceedings" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"Person" means any individual, firm corporation, limited or unlimited liability company general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity.

"Bid Deadline" has the meaning set out in section 20.

"Potential Bidders" has the meaning given to it in section 16.

"Priority Obligations" has the meaning given to it in section 31.

"Priority Charges" has the meaning given to it in section 31.

"Proposal Trustee" means MNP Ltd. in its capacity as proposal trustee in the NOI Proceedings and not in its personal or corporate capacity.

"Prospective Bidders" has the meaning set out in section 6(a).

"Qualified Bid" and "Qualified Bids" have the meaning set out in section 20.

"Qualified Bidder" has the meaning set out in section 20.

"SISP" means has the meaning set out in the Preamble to these Sale and Investment Solicitation Procedures.

"SISP Procedures" has the meaning given to it in the Preamble to these Sale and Investment Solicitation Procedures.

"Successful Bid(s)" has the meaning set out in section 24.

"Teaser" has the meaning given to it in section 13.

Schedule "B"

Address for Notices and Deliveries

To the Proposal Trustee:

MNP Ltd.
1500, 640 - 5th Avenue SW
Calgary, AB, T2P 3G4

Attention: Victor Kroeger/ Rick Anderson
Email: Victor.Kroeger@mnp.ca / Rick.Anderson@mnp.ca

With a copy to:

MLT Aikins LLP
2100, 222-3rd Ave S.W., Calgary, AB T2P 0B4

Attention: Ryan Zahara
Email: rzahara@mltaikins.com