

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.

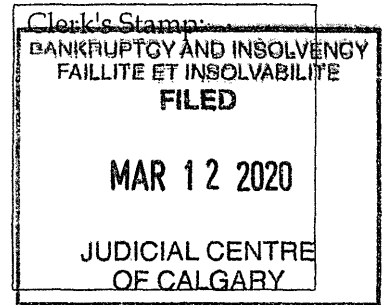
DOCUMENT SUPPLEMENTAL AFFIDAVIT OF BILL CHU

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Counsel for the Applicant, Tartan Completion Systems Inc.



SUPPLEMENTAL AFFIDAVIT OF BILL CHU
Sworn on March 11, 2020

I, Bill Chu, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the Chief Operating Officer of Tartan Completion Systems Inc. ("**Tartan**") and I am authorized to swear this affidavit on its behalf. I have personal knowledge of the matters and facts herein deposed, except where based on information and belief, in which case I believe the same to be true.
2. Capitalized terms used but not defined herein shall have the meaning assigned in the first affidavit of Bill Chu (the "**First Affidavit**").
3. Since the swearing of the First Affidavit of March 10, 2020, Tartan has engaged in further discussions with MNP Ltd. (the "**Trustee**") as well as Liquid Capital Exchange Corp. ("**Liquid**"), the first-ranking secured creditor of Tartan. During the course of those discussions, Liquid raised concerns regarding the quantum of the Interim Financing Facility, the length of the Stay Period relief requested and the potential for prejudice of their position as first-ranking secured creditor.
4. Additionally, I am advised by counsel for Tartan, and do verily believe, that on March 10, 2020, counsel for Liquid informed counsel for Tartan that Liquid had provided instructions to appoint a receiver over the assets of Tartan, and that a hearing date of March 17, 2020 has been reserved before the Honourable Justice M.J. Lema on the Edmonton Commercial List for that purpose.
5. As a result of the foregoing discussions with Liquid and the Trustee, and in order to avoid and otherwise minimize the potential for any prejudice to Tartan's creditors, while maintaining the ability to operate Tartan in order to maintain the value of its assets, Tartan seeks to amend the relief sought in the within Application as follows:
 - (a) reduce the length of the Stay Period extension from forty-five (45) days (i.e., April 30, 2020) to eighteen (18) days (i.e., April 3, 2020); and
 - (b) reduce the quantum of the Interim Financing Facility from \$850,000 to \$200,000, which would allow Tartan to continue its ongoing operations for a period of three weeks. Attached hereto and marked as **Exhibit "A"** are revised cashflow projections setting out Tartan's cashflow requirements to April 3, 2020.(collectively, the "**Revised Relief**").
6. In addition to the foregoing, Tartan Energy Group Inc. will be making a payment to Liquid in the amount of \$130,000 owed by Tartan Completion Systems Corp., a U.S. based subsidiary of Tartan.
7. I have been advised by counsel for Tartan, and do verily believe, that the Trustee is supportive of the Revised Relief.

- 8. The Revised Relief, in addition to allowing Tartan to continue operations on an ongoing basis, will allow Tartan to seek expedited adjudication of Rapid's claim to ownership of the Patents, as discussed at paragraph 10 of the First Affidavit.
- 9. Without a determination of Rapid's Patent claim, Tartan is unable to proceed with the development and execution of a SISP and will be unable to put forward a Proposal to its creditors.

CONCLUSION

- 10. This Supplemental Affidavit is sworn in support of Tartan's Application for an Order extending the Stay Period, and for no other or improper purpose.

SWORN before me in the City of)
 Calgary, in the Province of Alberta, on)
 this 11th day of March, 2020.)


 _____)

A Commissioner of Oaths in and for the
 Province of Alberta



Bill Chu

Conrad Gibbs
 Student-at-Law

This is **Exhibit "A"** referred to in the Supplemental Affidavit of Bill Chu, SWORN before me in the City of Calgary, in the Province of Alberta, on this 11th day of March, 2020.



A Commissioner for Oaths in and for the
Province of Alberta

Conrad Gibbs
Student-at-Law

	Notes	13-Mar	20-Mar	27-Mar	03-Apr
Opening Balance		\$ (1,346)	\$ 16,699	\$ 31,484	\$ 13,629
Inflows					
A/R	1	\$ -	\$ 5,758	\$ -	\$ -
Investment	2	\$ 70,000	\$ 80,000	\$ 50,000	\$ -
Other	3	\$ -	\$ 13,000	\$ -	\$ -
Outflows					
Credit Card payment	4	\$ 1,800	\$ -	\$ -	\$ -
Staff Expenses	5	\$ -	\$ -	\$ -	\$ 3,000
401K (US)	6	\$ -	\$ 10,289	\$ -	\$ -
Payroll and Tax for US subsidiaries	7	\$ 39,855	\$ -	\$ 39,855	\$ -
Payroll and Tax for Canada subsidiaries	8	\$ -	\$ 35,998	\$ -	\$ -
Insurance	9	\$ -	\$ 3,000	\$ -	\$ -
IT/phone	10	\$ 300	\$ -	\$ -	\$ -
Utilities	11	\$ -	\$ 500	\$ -	\$ -
Rent & Lease	12	\$ -	\$ 24,186	\$ -	\$ -
Manufacturing outsource	13	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Restructuring costs	14	\$ -	\$ -	\$ 25,000	\$ -
Contingency	15	\$ -	\$ -	\$ 3,000	\$ -
Closing Balance		\$ 16,699	\$ 31,484	\$ 13,629	\$ 629

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.

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

Per: Terry Lau

Per: Vicki P. Kroeger
 Senior Vice President

Tartan Completion Systems Inc. (the "Company")
Statement of Weekly Projected Cash Flow
For the period from February 14, 2020 to April 3, 2020

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.
2. \$200,000 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 \$3,000 of staff expenses are anticipated in the Stay period.
6. TCS reports and pays \$10,289 of 401(k) contributions for US based employees.
7. Approximately \$79,710 of payroll for US based employees, including contribution and taxation remitted to IRS.
8. Approximately \$35,998 of payroll for Canadian based employees, including contribution and tax remitted to CRA.
9. Approximately \$3,000 of insurance premiums required to maintain operations.
10. Approximately \$300 of IT/Phone cost for company locations each month end.
11. Approximately \$500 of utilities for company locations in mid of each month.
12. Approximately \$24,186 of rent and lease payments for facility in US and Canada for equipment and office machine rentals in each month.
13. Approximately \$30,000 of manufacturing outsource payments for operation of US subsidiary.
14. Approximately \$25,000 of 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.
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