Court File No. CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERICAL LIST)

STRONACH CONSULTING CORP

Applicant

BIONX CANADA INC

Respondent

APPLICATION RECORD
(Returnable February 27, 2018)

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TO: THE SERVICE LIST

Court File No. CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERICAL LIST)

STRONACH CONSULTING CORP

Applicant

BIONX CANADA INC

Respondent

SERVICE LIST
FEBRUARY 23, 2018

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ONTARIO
SUPERIOR COURT OF JUSTICE
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	Exhibit J - Demand Letter addressed to Fred Gingl of BionX Canada Inc. dated February 15, 2018
	Exhibit K – Demand Letter and 244 Notice addressed to Fred Gingl of BionX Canada Inc. dated February 19, 2018
	Exhibit L - Letter from Stikeman Elliott LLP to Fred Gingl of BionX Canada Inc. dated February 22, 2018
	Exhibit M – Acknowledgment and Consent of BionX Canada Inc. dated February 22, 2018
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TAB 1

Court File No.: CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

BETWEEN:

SUPERIOR COURT OF JUSTICE
COUR SUPÉRIEURE DE JUSTICE

STRONACH CONSULTING CORP.

Applicant

- and -

BIONX CANADA INC.

Respondent

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on Tuesday, February 27th, 2018, at 10:00 a.m., at 330 University Ave., Toronto, Ontario on the 8th floor.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: February 23, 2018

Issued by ______________________
Local registrar

Address of court office «court office address»

TO: The Service List

330 UNIVERSITY AVENUE
7th FLOOR
TORONTO, ONTARIO
M5G 1R7

APPLICATION

1. The applicant makes application for an Order substantially in the form attached to the Motion Record at tab 3:

(a) abridging the time for service of the Notice of Application and Application Record and declaring that this motion is properly returnable on Tuesday, February 27th, 2018 and dispensing with further service thereof;

(b) appointing Grant Thornton Limited ("**GT**" or the "**Proposed Receiver**") as receiver, over the assets, property and undertakings of BionX (the "**Property**") pursuant to section 101 of the *Courts of Justice Act,* R.S.O. 1990, c. C-43, as amended, ("***CJA***") and subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the "***BIA***");

(c) approving the marketing and sale process (the "**Proposed Sale Process**") proposed by the Proposed Receiver in its pre-filing report (the "**Pre-filing Report**");

(d) granting a super-priority charge over the assets of BionX in favour of the Receiver to secure the payment of its fees and disbursements and the fees and disbursements of its counsel (the "**Receiver's Charge**");

(e) granting a super-priority charge over the assets of BionX to secure the payment of amounts borrowed to fund the Receivership(the "**Receiver's Borrowings Charge**"); and

(f) such further and other relief as may be just and equitable.

2. The grounds for the application are:

APPOINTMENT OF GT AS RECEIVER

(a) BionX is a company incorporated under the laws of Ontario that designs and manufactures electronic propulsion systems for bicycles. BionX is headquartered and operates out of a facility located in Aurora, Ontario and employs approximately 80 employees (the "**Employees**") and 11 contractors. The Employees are not unionized or members of a registered pension plan;

(b) BionX is indebted to the Lender pursuant to a non-interest bearing demand grid note dated January 15, 2018 (the "**Grid Note**") recording advances made by SCC to BionX from time to time. BionX has granted a security interest in substantially all of its assets to the Lender in respect of its indebtedness;

(c) As of February 23, 2018, the aggregate indebtedness of BionX to the Lender under the Grid Note was $21,857,408.52 (the "**Indebtedness**");

(d) As of December 31, 2017, the total book value of BionX's liabilities exceeded the book value of its assets, excluding goodwill, by approximately $54.7 million and BionX held only $230,514 of cash, net of outstanding cheques.

(e) BionX's financial situation has continued to deteriorate and on February 1, 2018, General Motors of Canada Company ("**GM**"), one of BionX's primary customers, notified BionX that it was considering commencing a claim against BionX in the approximate amount of USD $5.3 million for alleged breaches of their purchase contract;

(f) On February 15, 2018, the Lender made demand on BionX pursuant to the Grid Note. BionX defaulted in payment of the Grid Note. On February 19, 2018, SCC delivered a letter notifying BionX of the default and giving notice of SCC's intention to enforce its security pursuant to section 244 of the BIA;

(g) SCC advanced further funds to BionX under the Grid Note on February 21, 2018 and on February 22, 2018 made demand for same;

(h) On February 22, 2018, BionX acknowledged the indebtedness and consented to the enforcement of SCC's security.

(i) All procedural formalities required of the Lender to commence this enforcement proceeding have been completed, and BionX consents to the appointment of the Proposed Receiver pursuant to the Order sought;

(j) GT is a well-respected firm with significant experience in court appointed officer roles. GT has reviewed the financial statements provided to SCC by BionX and is familiar with the operational and financial circumstances of BionX, all of which will result in efficiencies in a receivership proceeding.

(k) GT is a trustee within the meaning of section 2 of the BIA and has consented to act as Receiver;

(l) Appointing GT as receiver on the terms sought is just and convenient and will (a) maximize the potential for a going concern solution for BionX in a stable and transparent court-supervised process, and (b) give any potential purchaser the benefit of an approval and vesting order for the conveyance of the Property. In addition, commencing this receivership proceeding will potentially provide a mechanism to permit the payment of employee liabilities including payment in lieu of notice and severance funded by the Lender;

APPROVAL OF SALE PROCESS

(m) If appointed, the Proposed Receiver intends to run the Proposed Sale Process in order to find a purchaser for all or part of the BionX business and assets;

(n) The Proposed Sale Process will proceed over a 90 day period. During this time the Receiver intends to:

    (i) send potential bidders a solicitation letter and non-disclosure agreement ("**NDA**");

    (ii) advertise the Proposed Sale Process in a Canadian newspaper;

(iii) prepare a data room to permit those potential bidders who execute the NDA access to information regarding BionX;

(iv) send an information memorandum to those potential bidders who execute the NDA;

(v) provide a form of offer and form of agreement of purchase and sale to potential bidders; and

(vi) review all bids received to determine the offer with the greatest realization on the Property.

(o) The Proposed Sale Process is supported by SCC and is fair and reasonable in the circumstances;

APPROVAL OF SUPER-PRIORITY CHARGES

(p) SCC is prepared to fund the fees and expenses of the Proposed Receiver and its legal counsel in completing the Proposed Sales Process and the receivership mandate up to a maximum of $1,250,000 accruing interest at 5% per annum by way of receivership certificates provided such indebtedness is secured by a court-ordered Receiver's Borrowings Charge;

(q) The super-priority Receiver's Borrowings Charge and Receiver's Charge are fair and reasonable and consistent with the standard relief set out in the Commercial List Model Order with respect to the appointment of a Receiver;

(r) Section 101 of the *CJA*;

(s) Subsection 243(1) of the BIA;

(t) Rules 1.04, 2.03, 3.02, 16.08 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and

(u) such further grounds as this Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

(a) The Affidavit of John Simonetti sworn February 23;

(b) The Pre-filing report of the proposed Receiver, to be filed;

(c) the consent of GT to act as the Receiver; and

(d) such other material as is required and this Court may permit.

February 23, 2018

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STRONACH CONSULTING CORP.
Applicant

and

BIONX CANADA INC.
Respondent

Court File No.: CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF APPLICATION

STIKEMAN ELLIOTT LLP
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Lawyers for the Applicant

TAB 2

Court File No.: CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

BETWEEN:

STRONACH CONSULTING CORP.

Applicant

- and -

BIONX CANADA INC.

Respondent

AFFIDAVIT OF JOHN SIMONETTI
(Sworn February 23, 2018)

I, John Simonetti, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Chief Financial Officer of Stronach Consulting Corp. ("**SCC**" or the "**Lender**"), the senior secured lender to BionX Canada Inc. ("**BionX**"), as borrower. Accordingly, I have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on my direct personal knowledge, I have stated the source of that information and believe such information to be true.

2. This affidavit is sworn in support of an application (the "**Application**") for an Order:

a) appointing Grant Thornton Limited ("**GT**" or the "**Proposed Receiver**") as receiver, over the assets, property and undertakings of BionX (the "**Property**") pursuant to section 101 of the *Courts of Justice Act* and subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**");

b) approving the marketing and sale process (the "**Proposed Sale Process**") proposed by the Proposed Receiver in its pre-filing report (the "**Pre-filing Report**");

c) granting a super-priority charge over the assets of BionX in favour of the Receiver to secure the payment of its fees and disbursements and the fees and disbursements of its counsel; and

d) granting a super-priority charge over the assets of BionX to secure the payment of amounts borrowed to fund the Receivership.

3. Unless otherwise indicated, all references to dollars or "$" in this Affidavit shall be a reference to Canadian dollars.

A. OVERVIEW

4. BionX is a company incorporated under the laws of Ontario that designs, manufactures and sells electronic propulsion systems for bicycles. BionX is headquartered and operates out of a facility located in Aurora, Ontario and employs approximately 80 employees (the "**Employees**").

5. BionX is indebted to the Lender pursuant to a non-interest bearing demand grid note dated January 15, 2018 (the "**Grid Note**"). The Grid Note properly recorded the loan advances made by SCC to BionX since 2014. On January 15, 2018, BionX granted a security interest in substantially all of its assets to the Lender in respect of such indebtedness.

6. As of February 23, 2018, the aggregate indebtedness of BionX to the Lender under the Grid Note was $21,857,408.52 (the "**Indebtedness**").

7. On or about September 14, 2017, SCC, through consultants, commenced a strategic review the business with respect to options for BionX including considering a going concern, out-of-court sale of the BionX business (the "**Strategic Review**").

8. SCC continued to fund the operations of BionX during the Strategic Review; however BionX's financial situation continued to deteriorate and on February 1, 2018, General Motors of Canada Company ("**GM**"), one of BionX's primary customers, notified BionX that it was considering commencing a legal action against BionX in the approximate amount of USD $5.3 million for alleged breaches of their purchase contract.

9. On February 15, 2018, the Lender made demand on BionX pursuant to the terms of the Grid Note. BionX defaulted in payment of the Grid Note. On February 19, 2018, SCC delivered a letter notifying BionX of the default and giving notice of SCC's intention to enforce its security pursuant to section 244 of the BIA. BionX has acknowledged the indebtedness and consented to SCC enforcing its security.

10. SCC is of the view that the granting of the relief sought in this Application will (a) maximize the potential for a going concern solution for BionX in a stable and transparent court-supervised process, (b) give any potential purchaser the benefit of an approval and vesting order for the conveyance of the Property and (c) permit the full payment of employee severance funded by the Lender.

11. The proposed sales process will be discussed in greater detail in evidence to be provided to the Court by the Receiver's Pre-filing Report.

12. All procedural formalities required of the Lender to commence this enforcement proceeding have been completed, and BionX consents to the appointment of the Proposed Receiver pursuant to the Order sought.

B. BIONX BACKGROUND

13. BionX, together with its related companies, designs, manufactures and sells electronic propulsion systems for bicycles. A corporate chart illustrating the structure of BionX and its related companies is attached hereto as **Exhibit "A"** (the "**Corporate Chart**"). Attached hereto as **Exhibit "B"** is a corporate profile report for BionX.

14. BionX operates out of a light industrial facility located at 455 Magna Drive, Aurora, Ontario where it leases 58,020 square feet. This facility is owned by SCC. BionX employs 80 employees. BionX does not have any unionized employees and is not the sponsor of a registered pension plan.

15. As indicated in the Corporate Chart, 60.5% of the common shares of BionX's parent company, BionX International Corp. ("**BIC**"), are owned by SCC. The remaining 39.5% of BionX shares are owned by the sole director and officer of BIC and BionX, Fred Gingl.

16. BionX has four wholly owned subsidiaries (the "**Subsidiaries**"). Based on my review of the BionX records and discussions with the Employees, including Fred Gingl, I understand that the current status of each of the subsidiaries is as follows::

(a) Bionx America Inc, a company incorporated under the laws of Delaware. BionX America Inc. engages four contract sales people whose salaries are charged back through to BionX;

(b) Bionx Europe GmbH, a company incorporated under the laws of Austria. BionX Europe GmbH is in the process of being wound down. It currently has one employee;

(c) Bionx GmbH, a company incorporated under the laws of Germany. BionX GmbH continues to operate and employs 11 full-time employees and 2 part-time employees; and

(d) Innovator Propulsion Systems (Suzhou) Co, Ltd., a company incorporated under the laws of China. Innovator Propulsion Systems (Suzhou) Co, Ltd. does not have any ongoing operations, employees or contractors. BionX has attempted to find a purchaser for its assets, primarily a small inventory of paddle boats, but has not successfully completed a transaction at this time.

17. BionX designs, manufactures and sells electronic propulsion systems for bicycles. The BionX business has two main divisions including (a) electric bicycle conversion kits (the "**BionX System**") and (b) pursuant to various agreements with GM, the design and manufacture of an electronic propulsion system to be used on a dedicated bike produced by GM (the "**GM System**")

i) The BionX System Division

18. The BionX System is composed of an electric motor which attaches to the back wheel hub of a bicycle combined with a lithium ion battery for power. The BionX System is sold under the BionX name and brand to both original equipment manufacturer customers ("**OEM Customers**") and directly to consumers.

19. The OEM Customers incorporate the BionX System on bicycles manufactured by them. These OEM Customers include third parties such as Trek-Bike Europe B.V. and Trek Farrah Ganesh (operating as Trek), Wheeler Industrial Co., Ltd. (operating as Wheeler) and MIFA-Bike, Gesellschaft mbH and Daimler AG (operating as Smart). In addition, the BionX System is used in bicycles manufactured and sold by 2384543 Ontario Inc, a sister company wholly-owned by an affiliated of SCC, and operating under the brand name Elby.

20. The BionX System kits sold directly to consumers are used by them to convert their conventional bicycles into electronic bicycles.

21. BionX continues to operate the BionX System Division but has total payables to suppliers of approximately $7.2 million of which approximately $6.5 million is overdue. At this time, some critical suppliers are withholding supplies. SCC anticipates BionX will imminently run out of parts to produce any further units and the BionX System Division's operations will cease.

ii) GM System Division

22. BionX entered into agreements with GM to design and manufacture a mid-drive electric propulsion system for bicycles manufactured by GM.

23. Pursuant to the agreements, GM pays BionX for the design and engineering of the GM System, and agreed to purchase 8,000 units in 2018 at approximately USD$1,000 per unit (the "**Purchase Contract**"). However, BionX projects that the per unit cost for production will be approximately USD$1,400. In addition, BionX is required to fund $2.4 million in capital and engineering to support the project without reimbursement from GM.

24. BionX has addressed its concerns regarding the economics of the Purchase Contract with GM. GM responded by giving notice to BionX that BionX had defaulted under the Purchase Contract and that GM intended to make a claim against BionX in the approximate amount of USD $5.3 million. Further details of GM's claim are set out below.

C. FINANCIAL POSITION

25. BionX has been experiencing significant financial difficulties for some time.

26. The financial position of BionX is evidenced by its Balance Sheet as at December 31, 2017 (the "**Balance Sheet**"), attached hereto and marked as **Exhibit "C".** As set out in the Balance Sheet, BionX incurred a net loss of approximately $4.5 million in 2017, and has negative shareholder's equity of approximately $48.6 million. BionX's cash reserves are also depleted. As of December 31, 2017, BionX held unrestricted cash and cash equivalents of only approximately $230,000.

27. Since its inception, BionX's operations have been funded by regular advances from the Lender as set out in the schedule to the Grid Note, attached hereto as **Exhibit "D".** BionX is not able to repay its obligations under the Grid Note at this time.

D. BIONX ASSETS

28. BionX's primary assets consist of:

(a) Shares in each of its four wholly owned subsidiaries;

(b) Inventory in the form of materials to make conversion kits;

(c) Accounts and other receivables;

(d) Intercompany receivables;

(e) Fixed assets;

(f) Intellectual Property in the electrical propulsion units it designed; and

(g) Prepaid expenses and amounts.

29. The total book value of BionX's assets at December 31, 2017 excluding goodwill, as set out in the Balance Sheet, was approximately $19.7 million.

E. BIONX'S LIABILITIES

i) History of BionX debt to SCC

30. 2255681 Ontario Inc ("**225 Ontario**"), a predecessor of SCC, had been a secured creditor of BIC pursuant to numerous credit agreements, with BionX acting as guarantor of the debt. The credit agreements evidencing BionX's debt to 225 Ontario are as follows:

a) a Loan Agreement dated September 1, 2011;

b) a Working Capital Bridge Loan Agreement dated July 16, 2012;

c) a Demand Loan Agreement dated Feb 11, 2013; and

d) the Assignment Agreement dated February 11, 2013 between Adena North Enterprises Inc. ("**Adena**") and 225 Ontario assigning a loan agreement dated November 30, 2010 between Adena, as lender, BIC, as borrower and BionX as guarantor from Adena to 225 Ontario.

31. On November 30, 2014, 225 Ontario forgave BIC's indebtedness. At that time the total aggregate indebtedness of BIC to 225 Ontario was $44,207,410. Attached hereto as **Exhibit "E"** is the Debt Forgiveness Agreement dated November 30, 2014.

32. 225 Ontario continued to fund the operations of BionX through further advances in 2014 and 2015 that were made directly to BionX and not BIC. On October 31, 2015, 225 Ontario was wound up into SCC and SCC and 225 Ontario entered into a General Conveyance & Assumption Agreement, through which 225 Ontario assigned to SCC all of its undertaking, property assets and rights. Attached hereto as **Exhibit "F"** is the General Conveyance & Assumption Agreement dated October 31, 2015.

i) Current BionX liabilities

33. The primary secured debt obligation of BionX is the Indebtedness under the Grid Note. The Indebtedness is secured pursuant to a general security agreement in favour of SCC dated January 15, 2018 and attached hereto as **Exhibit "G"** (the "**GSA**"). The GSA grants SCC a security interest in substantially all of the Property (the "**Security Interest**").

34. SCC registered its security interest in respect of BionX under the PPSA on January 12, 2018. Attached hereto as **Exhibit "H"** is a copy of the PPSA search of BionX dated February 16, 2018 showing SCC's registration (the "**PPSA Search**").

35. In addition, BionX has executed:

e) a confirmation of security interest in intellectual property with respect to patents and industrial designs dated February 5, 2018 executed and delivered in favour of SCC; and

f) a confirmation of security interest in intellectual property with respect to trademarks dated February 5, 2018 executed and delivered in favour of SCC.

36. As indicated by the PPSA Search, the only other registered security interest over BionX's property is a registration by Ford Credit Canada Leasing, a division of Canadian Road Leasing Company over a motor vehicle.

37. A review of the Balance Sheet shows that, with the exception of the obligations under the Grid Notes that is due at December 31, 2017 of $20.4 million, the liabilities of BionX are approximately $54.0 million as at December 2017. These liabilities are primarily intercompany debt to BIC of approximately $47 million and trade debt of $7 million, including $0.5 million of rent payable to SCC.

F. <u>GM CLAIM AND ENFORCEMENT</u>

38. As a result of its financial difficulties and unfavourable economics with respect to the GM Business, BionX entered into discussions with GM to renegotiate the Purchase Contract. These discussions culminated in a meeting on February 1, 2018 where GM indicated that (a) it would not renegotiate the terms of the Purchase Contract and (b) it would commence a claim against BionX for approximately USD $5.3 million (the "**GM Claim**"). That same day, GM delivered a letter to BionX alleging that BionX had defaulted under the Purchase Contract. Attached hereto as **Exhibit "I"** is the February 1, 2018 letter from Mark Fischer of GM to Fred Gingl.

39. As a result of (a) the need for significant payments to be made to BionX System suppliers for operations to continue, (b) the unfavourable economics of the GM System

business and (c) the prospect of the GM Claim, SCC was unwilling to provide further funding to continue the BionX business outside of a receivership proceeding to market and sell the Property.

40. Pursuant to the Grid Note, SCC is entitled to make demand upon BionX at any time and BionX must pay the outstanding indebtedness within three (3) days. On February 15, 2018, SCC sent a letter to BionX demanding payment of the Indebtedness within three days pursuant to the terms of the Grid Note (the "**Demand Letter**"). Attached hereto as **Exhibit "J"** is a copy of the Demand Letter addressed to Fred Gingl.

41. BionX made no payment of the Indebtedness and accordingly, the Indebtedness is currently due and payable. On February 19, 2017, SCC delivered to BionX a further demand for payment notifying BionX of the default as well as a notice of its intention to enforce its security pursuant to section 244 of the BIA (the "**244 Notice**"). Attached hereto and marked as **Exhibit "K"** is a copy of the letter dated February 19, 2018 and the 244 Notice.

42. On February 21, 2018, SCC made a further advance under the Grid Note of $375,000 to finance BionX's payroll requirements (the "**February 21 Advance**"). On February 22, 2018, SCC sent a further demand letter to BionX, demanding payment of the February 21 Advance. Attached hereto as **Exhibit "L"** is a copy of the letter from SCC's counsel, Stikeman Elliott LLP, to Fred Gingl dated February 22, 2018.

43. On February 22, 2018, BionX executed an acknowledgment with respect to the Indebtedness under the Grid Note and consented to the enforcement of SCC's security interest (the "**Acknowledgment and Consent**"). Attached hereto and marked as **Exhibit "M"** is a copy of the Acknowledgment and Consent.

44. SCC's security interest under the GSA is now enforceable. This includes the appointment of a receiver over the assets of BionX. No payments of the Indebtedness have been made as of the date of this affidavit.

G. APPOINTMENT OF GT AS RECEIVER

45. In SCC's view, the appointment of GT as the Proposed Receiver is appropriate in the circumstances. GT is a well-respected firm with significant experience in court appointed officer roles.

46. In December of 2017, Michael Creber of GT was engaged by SCC to consider strategic options with respect to BionX and, in particular, provide its recommendation with respect to any insolvency proceedings. Accordingly, GT has reviewed the financial statements provided to SCC by BionX and is familiar with the operational and financial circumstances of BionX, all of which will result in efficiencies in a receivership proceeding.

47. I am advised by Michael Creber that GT is a trustee within the meaning of section 2 of the *BIA*.

48. BionX's sole director supports the application for the appointment of GT as Receiver and has indicated his intention to cooperate with the receivership.

49. GT has consented to act as Proposed Receiver and BionX has consented to the appointment of GT as receiver.

H. SALES PROCESS

50. Since December 2017, BIC and BionX have engaged in an informal process to find a purchaser of its shares or assets. This process resulted in discussions with six potential purchasers but ultimately no successful transaction.

51. Prior to commencing this proceeding, GT had the benefit of reviewing the BionX assets and the Strategic Review. It is my understanding that, if appointed, the Proposed Receiver intends to run the Proposed Sale Process in order to find a purchaser for all or part of the BionX business and assets.

52. In the interest of efficiency, SCC is seeking to have the Proposed Sale Process approved by the court at the same time as GT's appointment as receiver. This will inform the court and public of the Proposed Sale Process without a separate and

unnecessary court appearance. The terms of the proposed sales process will be outlined in the Pre-Filing Report of the Proposed Receiver.

I. FINANCING OF THE RECEIVERSHIP AND RECEIVER'S CHARGE

53. SCC has been in discussions with the Proposed Receiver regarding the estimated cost of the Receivership. In order to permit the Proposed Sale Process to proceed. SCC is prepared to costs associated with completing the Proposed Sales Process and the receivership mandate up to a maximum of $1.25 million accruing interest at 5% per annum by way of receivership certificates secured by a court-ordered first ranking charge over the Property. Accordingly, SCC seeks an order that this funding be secured through a receiver's borrowing charge pursuant to section 31 of the BIA

54. It is proposed that the fees and expenses of the Proposed Receiver and its legal counsel in carrying out the Receiver's duties, once appointed, will be secured by a "Receiver's Charge" over the Property which will rank ahead of the Security Interest.

J. FUNDING EMPLOYEE WAGES, VACATION PAY, NOTICE AND SEVERANCE AMOUNTS

55. SCC is exploring funding a payment to the Employees, by BionX, of part or all of any wages and vacation pay owed by BionX and any payments that may arise with respect to notice, and severance (collectively, the "**Employee Entitlements**").

56. At this time, SCC is unable to ascertain the total amount of Employee Entitlements either currently payable or that will arise over the course of the Receivership. This calculation will depend, among other things, on whether a going concern solution is reached with respect to the BionX business, however SCC anticipates that there will be significant terminations upon the appointment of the Receiver.

57. SCC is not seeking relief with respect to payments to employees at this time. SCC intends to continue investigating the extent of BionX's liability with respect to Employee Entitlements and may seek relief at a future date permitting the Receiver to pay Employee Entitlements, on behalf of BionX, from funds advanced by SCC to BionX for the purpose of satisfying part of all of the Employee Entitlements.

K. CONCLUSION

58. This affidavit is made in support of SCC's Application for the appointment of GT as the Proposed Receiver over the Property of BionX, together with the proposed ancillary and related relief as set out in the draft Receivership Order filed, and for no other or improper purpose.

SWORN AFFIRMED BEFORE ME at the City of Toronto, this 23rd day of February, 2018.

A Commissioner for taking Affidavits *(or as may be)*

John Simonetti

THIS IS EXHIBIT "A"

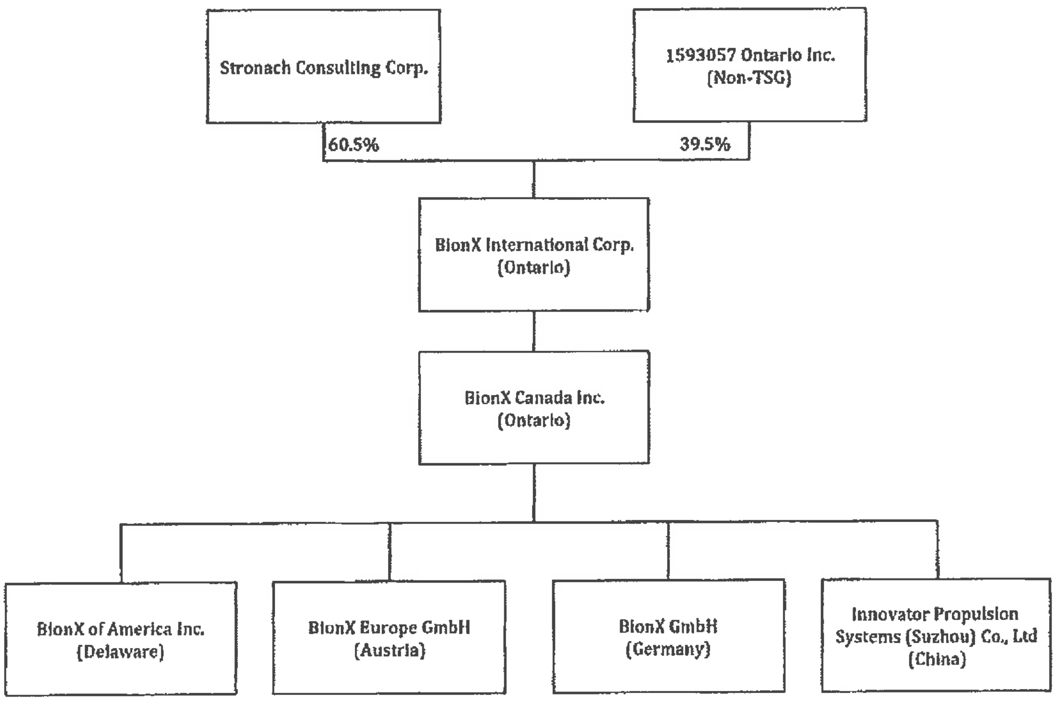
to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

BionX International Corp. and subsidiaries



2

THIS IS EXHIBIT "B"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Certified a true copy of the data as recorded on the Ontario Business Information System.

Barbara Aachitt

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name		Amalgamation Date
1846283	BIONX CANADA INC.		2011/03/31
			Jurisdiction
			ONTARIO
Corporation Type	**Corporation Status**		**Former Jurisdiction**
ONTARIO BUSINESS CORP.	ACTIVE		NOT APPLICABLE

Registered Office Address

455 MAGNA DRIVE

AURORA
ONTARIO
CANADA L4G 7A9

Mailing Address

455 MAGNA DRIVE

AURORA
ONTARIO
CANADA L4G 7A9

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	A
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	Number of Directors Maximum	Date Commenced in Ontario	Date Ceased in Ontario
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

Certified a true copy of the data as recorded on the Ontario Business Information System.

Barbara Backitt

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1846283	BIONX CANADA INC.

Corporate Name History	Effective Date
BIONX CANADA INC.	2011/04/12
BIONX INTERNATIONAL INC.	2011/03/31

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Amalgamating Corporations

Corporation Name	Corporate Number
SYSTEMES D'ENERGIE ET PROPULSION EPS INC. EPS ENERGY AND PROPULSION SYSTEMS INC.	1774835
BIONX INTERNATIONAL INC.	2132631

Certified a true copy of the data as recorded on the Ontario Business Information System.

Barbara Dackitt

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
1846283	BIONX CANADA INC.

Administrator:
Name (Individual / Corporation)

JOANNE
ELIZABETH
GILLESPIE

Address

455 MAGNA DRIVE

AURORA
ONTARIO
CANADA L4G 7A9

Date Began	**First Director**	
2011/03/31	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	OTHER	

Administrator:
Name (Individual / Corporation)

MANFRED

GINGL

Address

115 EDEN VALE DRIVE

KING CITY
ONTARIO
CANADA L7B 1L9

Date Began	**First Director**	
2011/03/31	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1846283	BIONX CANADA INC.

Administrator:
Name (Individual / Corporation)

MANFRED

GINGL

Address

115 EDEN VALE DRIVE

KING CITY
ONTARIO
CANADA L7B 1L9

Date Began	First Director	
2011/03/31	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

Administrator:
Name (Individual / Corporation)

MANFRED

GINGL

Address

115 EDEN VALE DRIVE

KING CITY
ONTARIO
CANADA L7B 1L9

Date Began	First Director	
2011/03/31	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	CHIEF EXECUTIVE OFFICER	Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Barbara Bachitt

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1846283	BIONX CANADA INC.

Administrator:
Name (Individual / Corporation)

SHARMILEE

PATEL

Address

31 VAN ALLEN WAY

AURORA
ONTARIO
CANADA L4G 0J5

Date Began	First Director	
2015/05/08	NOT APPLICABLE	

Designation	Officer Type	Resident Canadian
OFFICER	OTHER	

Certified a true copy of the data as recorded on the Ontario Business Information System.

Barbara Aschitt

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1846283	BIONX CANADA INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2015/06/01

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

PLEASE NOTE THAT WHEN THE SAME INDIVIDUAL HOLDS MULTIPLE 'OTHER UNTITLED' OFFICER POSITIONS, AS INDICATED ON A FORM 1 UNDER THE *CORPORATIONS INFORMATION ACT*, ONLY ONE OF THESE 'OTHER UNTITLED' POSITIONS HELD BY THAT INDIVIDUAL WILL BE REFLECTED ON THIS REPORT.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

THIS IS EXHIBIT "C"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Bionx Canada Inc.
Balance Sheet as at December 31, 2017
Canadian dollars

Assets	
Cash In Bank	277,671
Outstanding Cheques	(47,157)
Bank and Cash	230,514
Trade A/R, before Provision	2,976,802
Bad Debt Provision	(157,157)
Trade A/R, Net of Provision	2,819,645
Other Receivables	302,391
Inventory before Reserve	4,279,362
Obsolete Inventory Reserve	(53,718)
Inventory, Net Reserve	4,225,644
Prepaid Projects	709,836
Prepaid Expenses	134,746
Prepaid to Suppliers	439,075
Prepaid Expenses and Prepayments	1,283,657
Total Current Assets	8,861,851
Fixed Assets, Cost	6,302,862
Fixed Assets, AD	(5,188,211)
Fixed Assets, Net Book Value	1,114,651
Intercompany receivables - Bionx subsidiaries	7,999,400
Intercompany receivables - Elby entities	1,492,998
Other Long Term Assets	43,584
Goodwill	6,112,700
Equity Investment	214,868
Long Term Assets	15,863,549
Total Assets	**25,840,051**
Liabilities & Shareholders Equity	
Current liabilities	
Trade AP	5,987,876
Other Payables & Accruals	493,897
Income Taxes Payable	(54,932)
Intercompany payables - Stronach Consulting Corp.	20,972,527
Intercompany payables - BionX International Corp.	47,014,327
Total Current Liabilities	74,413,696
Total Liabilities	74,413,696
Share Capital & Contributed Surplus	9,096,441
Opening Retained Earnings	(53,157,433)
Retained Earnings Current Year	(4,512,653)
Total Shareholders Equity	(48,573,645)
Total Liabilities & Shareholders Equity	**25,840,051**

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Bionx Canada Inc.

Balance Sheet as at December 31, 2017

Canadian dollars

Intercompany receivables/payables:

Due from:	
BionX of America Inc.	2,573,220
BionX Europe GmbH (Austria)	1,437,153
BionX GmbH (Munich)	3,989,027
Subtotal BionX subsidiaries	7,999,400
2384543 Ontario Inc. (Elby NA)	1,268,338
Elby Bike Europe GmbH (Elby EU)	224,659
	9,492,397
Due to:	
Stronach Consulting Corp.	20,419,498
Stronach Consulting Corp.(rent/other)	553,029
Subtotal - Stronach Consulting Corp.	20,972,527
BionX International Corp.	47,014,327
	67,986,855
Net payable	58,494,458

THIS IS EXHIBIT "D"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

BIONX CANADA INC.

NON-INTEREST BEARING DEMAND GRID NOTE

Date: January 15, 2018

FOR VALUE RECEIVED, the undersigned, **BIONX CANADA INC.** (the "**Borrower**"), having its principal office and place of business at 455 Magna Drive, Aurora, Ontario, Canada, L4G 7A9, **PROMISES TO PAY** to or to the order of **STRONACH CONSULTING CORP.** (the "**Lender**") at its offices at 455 Magna Drive, Aurora, Ontario, Canada, L4G 7A9, or at such other place as the Lender may designate, the principal amount outstanding as recorded by the Lender in the column headed "Unpaid Principal Balance" on the record (the "**Grid**") attached to and forming part of this Note (the "**Principal Amount**") in accordance with the terms and conditions hereof.

The Lender shall and is unconditionally and absolutely authorized and directed by the Borrower to record on the Grid (i) the date and amount of each advance made by the Lender and the resulting increase of the Principal Amount, and (ii) the date and amount of each repayment on account of the principal paid to the Lender and the resulting decrease of the Principal Amount. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the Lender to record the same shall not affect the obligations of the Borrower to pay such amounts to the Lender.

The Principal Amount shall become due and payable on the earlier of the following dates (the "**Maturity Date**"): (a) the date that is three (3) days after the Lender has demanded repayment thereof; and (b) the date on which any bankruptcy, compromise, arrangement, insolvency or other proceeding for the relief of debtors or creditors is instituted by or against the Borrower, or any act is taken by or against the Borrower to appoint a receiver, receiver-manager, interim receiver, custodian or similar person of all or any portion of the undertaking, property or assets of the Borrower.

The Principal Amount, or any part thereof, may be voluntarily prepaid by the Borrower at any time, and from time to time, without notice, penalty or premium.

If the Borrower defaults in the repayment of the Principal Amount on the Maturity Date as required hereunder, the Borrower shall also be indebted for, and hereby promises to pay, all costs (including legal costs and expenses on a solicitor and his own client basis) incurred by the Lender in connection with the enforcement of its rights hereunder.

The Borrower hereby irrevocably waives, to the fullest extent permitted by applicable laws, presentment for payment, notice of non-payment, protest, notice of protest and grace periods permitted by statute or common law and defences based upon indulgences which may be granted by the Lender to the Borrower hereunder.

[*The remainder of the page is intentionally left blank*]

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Borrower has executed this Note.

BIONX CANADA INC.

By: ____________________________
Authorized Signing Officer

By: ____________________________
Authorized Signing Officer

Stronach Consulting Corp. - Loan Receivable from Bionx Canada Inc.

History of Canadian and US Dollar advances, as of February 21, 2018

Stated in Canadian Dollars unless noted

Date	Opening balance	Advances in USD and CAD: *USD advances* Amount	*USD advances* CAD Equiv.	*CAD advances*	*Total advances (CAD)*	Unpaid principal balance	Comments
17-Dec-14	-	n/a	-	2,645,000.00	2,645,000.00	2,645,000.00	
17-Dec-14	2,645,000.00	n/a	-	(2,133,731.00)	(2,133,731.00)	511,269.00	
17-Dec-14	511,269.00	1,210,000.00	1,407,109.00	-	1,407,109.00	1,918,378.00	
31-Dec-14	1,918,378.00	n/a	-	378,082.19	378,082.19	2,296,460.19	
02-Mar-15	2,296,460.19	2,000,000.00	2,507,000.00	-	2,507,000.00	4,803,460.19	
22-May-15	4,803,460.19	1,000,000.00	1,228,800.00	-	1,228,800.00	6,032,260.19	
10-Sep-15	6,032,260.19	500,000.00	660,949.99	-	660,949.99	6,693,210.18	
07-Oct-15	6,693,210.18	900,000.00	1,173,240.00	-	1,173,240.00	7,866,450.18	*Closing balance transferred to SCC from 2255681 upon wind up*
17-Nov-15	7,866,450.18	600,000.00	799,440.01	-	799,440.01	8,665,890.19	
10-Dec-15	8,665,890.19	1,000,000.00	1,359,900.00	-	1,359,900.00	10,025,790.19	
22-Jan-16	10,025,790.19	n/a	-	150,000.00	150,000.00	10,175,790.19	
22-Jan-16	10,175,790.19	450,000.00	636,795.00	-	636,795.00	10,812,585.18	
18-Feb-16	10,812,585.18	850,000.00	1,166,285.00	-	1,166,285.00	11,978,870.18	
21-Mar-16	11,978,870.18	600,000.00	784,140.00	-	784,140.00	12,763,010.18	
30-May-16	12,763,010.18	500,000.00	653,050.00	-	653,050.00	13,416,060.18	
20-Dec-16	13,416,060.18	n/a	-	580,000.00	580,000.00	13,996,060.18	
21-Dec-16	13,996,060.18	500,000.00	670,050.00	-	670,050.00	14,666,110.18	
27-Jan-17	14,666,110.18	500,000.00	655,400.00	-	655,400.00	15,321,510.18	
10-Feb-17	15,321,510.18	500,000.00	659,545.34	-	659,545.34	15,981,055.52	
01-Mar-17	15,981,055.52	15,000.00	19,664.83	-	19,664.83	16,000,720.35	
14-Mar-17	16,000,720.35	650,000.00	852,142.75	-	852,142.75	16,852,863.10	
31-Mar-17	16,852,863.10	n/a	-	175,575.00	175,575.00	17,028,438.10	
31-Mar-17	17,028,438.10	n/a	-	9,895.08	9,895.08	17,038,333.18	*FX correction*
04-Apr-17	17,038,333.18	300,000.00	401,580.08	-	401,580.08	17,439,913.26	
30-Apr-17	17,439,913.26	n/a	-	1,169.92	1,169.92	17,441,083.18	*FX correction*
02-May-17	17,441,083.18	600,000.00	806,399.59	-	806,399.59	18,247,482.77	
02-May-17	18,247,482.77	n/a	-	16,800.41	16,800.41	18,264,283.18	*FX correction*
31-Aug-17	18,264,283.18	500,000.00	634,450.13	-	634,450.13	18,898,733.31	
31-Aug-17	18,898,733.31	350,000.00	444,115.09	-	444,115.09	19,342,848.41	
31-Aug-17	19,342,848.41	400,000.00	507,560.11	-	507,560.11	19,850,408.52	
14-Nov-17	19,850,408.52	n/a	-	300,000.00	300,000.00	20,150,408.52	
21-Dec-17	20,150,408.52	n/a	-	286,000.00	286,000.00	20,436,408.52	
10-Jan-18	20,436,408.52	n/a	-	510,000.00	510,000.00	20,946,408.52	
07-Feb-18	20,946,408.52	n/a	-	342,000.00	342,000.00	21,288,408.52	
09-Feb-18	21,288,408.52	n/a	-	194,000.00	194,000.00	21,482,408.52	
21-Feb-18	21,482,408.52	n/a	-	375,000.00	375,000.00	21,857,408.52	
		13,925,000.00	18,027,616.92	3,829,791.60	21,857,408.52		

THIS IS EXHIBIT "E"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

DEBT FORGIVENESS AGREEMENT

This Agreement dated as of the 30th day of November, 2014.

BETWEEN:

2255681 ONTARIO INC., a corporation incorporated under the laws of the province of Ontario,

(hereinafter called (**"225Co"**)

OF THE FIRST PART

- and -

BIONX INTERNATIONAL CORPORATION, a corporation incorporated under the laws of the province of Ontario,

(hereinafter called (**"Bionx"**)

OF THE SECOND PART

WHEREAS:

A. Bionx is indebted to 225Co in the amount of $44,207,410, including all principal and interest, (the **"Indebtedness"**);

B. 225Co has agreed to forgive and release the Indebtedness;

NOW THEREFORE, in consideration of the premises, covenants and agreements contained in this Agreement and payment of the sum of Ten Dollars ($10.00) by Bionx to 225Co, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.2 Extended Meanings

In this Agreement words importing the singular number only shall include the plural and vice versa, wordings importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.3 Currency

All references to "dollars" or to "$" herein are in reference to the lawful currency of Canada.

ARTICLE 2
FORGIVENESS AND RELEASE

2.1 Forgiveness and Release

2.1.1 225Co hereby irrevocably forgives the Indebtedness and releases Bionx from all claims and liabilities in respect of the Indebtedness.

2.1.2 225Co hereby irrevocably releases and discharges, all registered and unregistered mortgages, charges, security interests, assignments, transfers, pledges, liens, hypothecs and encumbrances, including without limitation, any registrations or filings made under any personal property security act or similar legislation made in favour of 225Co by Bionx to secure the obligations and liabilities in respect of the Indebtedness.

GENERAL

2.2 Governing Law

This Agreement will be governed by the laws of the Province of Ontario, Canada. The parties irrevocably submit and attorn to the jurisdiction of the Courts of the Province of Ontario, Canada for all matters arising out of or in connection with this Agreement.

2.3 Invalidity of Provisions

If any of the provisions of this Agreement should be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions will not be affected or impaired in any way.

2.4 Successors and Assigns

This Agreement will enure to the benefit of, and be binding on, the parties hereto, their successors and permitted assigns.

2.5 Further Assurances

Subject to the terms and conditions of this Agreement, the parties will use reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under the applicable laws and regulations or to carry out all of their respective obligations under this Agreement and to consummate the transactions contemplated hereby.

From time to time after the date hereof, without further consideration, each party will at its own expense, sign and deliver any documents to any other party as that party may reasonably request to consummate the transactions contemplated by this Agreement.

2.6 Entire Agreement

This Agreement supersedes all other agreements and understandings between the parties hereto, and contains a complete statement of all the arrangements made between the parties with respect to its subject matter. Any agreements or verbal representations or warranties made by either party prior to the date hereof, are hereby rendered null and void.

2.7 Counterpart Execution

This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original, and such counterparts shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear date as of the effective date of this Agreement. This Agreement shall be considered properly executed by any party if executed and transmitted by facsimile or executed, scanned and sent by electronic mail to the other party.

[*Signature Page to Follow*]

IN WITNESS WHEREOF this Agreement has been executed by the parties and is effective as of the date first above written.

225681 ONTARIO INC.

Per: ______________________

Name: Belinda Stronach
Title: President

Per: ______________________

Name: John Simonetti
Title: Chief Financial Officer

BIONX INTERNATIONAL CORPORATION

Per: ______________________

Name: Manfred Gingl
Title: President

APPENDIX

LOANS

1. Revolving loan facility dated November 30, 2013 - $21,260,107
2. Term loan facility dated November 30, 2013 - $5,000,000
3. Term loan facility dated November 30, 2013 - $5,000,000
4. Term loan facility dated November 30, 2013 - $11,000,000

THIS IS EXHIBIT "F"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

GENERAL CONVEYANCE & ASSUMPTION AGREEMENT

THIS AGREEMENT made the 31st day of October, 2015.

BETWEEN:

STRONACH CONSULTING CORP. (the "**Shareholder**")

- and -

2255681 ONTARIO INC.

a corporation incorporated under the laws of Ontario
(the "**Corporation**")

RECITALS:

A. The Shareholder is the registered holder of all of the issued and outstanding shares in the capital of the Corporation.

B. The Corporation has resolved to dissolve pursuant to section 237 of the *Business Corporations Act* (Ontario) and as incidental thereto to transfer its remaining property to the Shareholder.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party, the parties agree as follows:

1. The Corporation hereby conveys, assigns, transfers and sets over rateably to the Shareholder, to have and to hold forever to the use of the Shareholder, its successors and assigns, all right, title, interest and benefit of every nature in and to all the undertaking, property, assets and rights of the Corporation, of whatsoever kind and nature wheresoever situate, all as of the close of business on the date of this Agreement, and without limiting the generality of the foregoing:

    (a) all cash, accounts in banks or other depositaries and accounts receivable;

    (b) all agreements, contracts, licenses, leases, privileges or concessions;

    (c) all securities, wherever situate, and all shares in the capital of any other bodies corporate;

    (d) all interest and benefit in and to any prepaid expenses and any refunds or rebates due or to become due, including any tax refund claims; and

    (e) all goodwill of the Corporation including any goodwill in the name or any variation thereof of the Corporation.

2. The Shareholder hereby assumes and undertakes to perform and discharge, and to indemnify and save harmless the Corporation in respect of all the contracts, agreements, obligations and liabilities of the Corporation; provided that this assumption and indemnity shall, in respect of third parties, be limited to the value of the property received by the Shareholder from the Corporation by virtue of this Agreement.

3. With respect to any such contract, agreement, obligation or liability and any privilege or concession, which is not or cannot be effectually assigned or transferred to the Shareholder (whether through the absence of consent or otherwise), the Corporation shall hold the same in trust for the Shareholder, all benefits derived therefrom shall be for the account of the Shareholder and the Shareholder shall be entitled to perform the same in the name of the Corporation.

4. The Corporation hereby nominates, constitutes and appoints the Shareholder, its successors and assigns, with power of sub-delegation to the authorized officers, agents and attorneys of the Shareholder, the true and lawful attorney of the Corporation for and in the name of and on behalf of and under the seal of the Corporation or otherwise, to do, make and execute all such things, documents, instruments, and assurances necessary or desirable (including without limitation any elections for purposes of the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any other relevant taxing legislation) to effect a valid assignment, transfer or conveyance to the Shareholder in pursuance of the terms of this Agreement; provided that this authority being coupled with an interest shall not be revoked upon the dissolution of the Corporation or otherwise, but shall remain in full force and effect for the benefit of the Shareholder.

5. The Corporation shall do, make and execute all such things, documents, instruments or assurances as may be necessary or desirable to effect a valid assignment, transfer or conveyance pursuant hereto or to permit any public recording thereof.

6. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in such Province and shall be treated in all respects as an Ontario contract.

7. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

8. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

9. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

STRONACH CONSULTING CORP.

By: ________________________
Name: Alon Ossip
Title: Chief Executive Officer

By: ________________________
Name: John Simonetti
Title: Chief Financial Officer

We have the authority to bind the Corporation.

2255681 ONTARIO INC.

By: ________________________
Name: Alon Ossip
Title: Chief Executive Officer

By: ________________________
Name: John Simonetti
Title: Chief Financial Officer

We have the authority to bind the Corporation.

For Ministry Use Only
À l'usage exclusif du ministère

Ontario Corporation Number
Numéro de la société en Ontario

002255681

Form 10
Business Corporations Act

Formule 10
Loi sur les sociétés par actions

ARTICLES OF DISSOLUTION
STATUTS DE DISSOLUTION

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale de la société : (Écrire en LETTRES MAJUSCULES SEULEMENT)

2255681 ONTARIO INC.

2. Date of incorporation/amalgamation:
Date de la constitution ou de la fusion :

2015 October 28
(Year, Month,Day)
(année, mois, jour)

3. The dissolution has been duly authorized under clause 237 (a) or (b) (as applicable) of the *Business Corporations Act.*
La dissolution de la société a été dûment approuvée aux termes de l'alinéa 237 a) ou b) (le cas échéant) de la *Loi sur les sociétés par actions.*

4. The corporation has, (Mark (X) in the box beside the one statement that applies.)
La société, selon le cas : (cocher la case appropriée)

[X] (A) no debts, obligations or liabilities;
(A) n'a ni dettes, ni obligations, ni passif;

[ ] (B) duly provided for its debts, obligations or liabilities in accordance with subsection 238 (3) of the *Business Corporations Act;*
(B) a pourvu à ses dettes, à ses obligations ou à son passif conformément au paragraphe 238(3) de la *Loi sur les sociétés par actions;*

[ ] (C) obtained consent to its dissolution from its creditors or other persons having interests in its debts, obligations or liabilities.
(C) a obtenu de ses créanciers ou des autres intéressés à ses dettes, à ses obligations ou à son passif, le consentement à sa dissolution.

5. After satisfying the interests of creditors in all its debts, obligations and liabilities, if any, the corporation has,
(Mark (X) in the box beside the one statement that applies.)
Après avoir désintéressé tous ses créanciers, s'il y a lieu, la société, selon le cas :
(cocher la case appropriée)

[ ] (A) no property to distribute among its shareholders; **or**
(A) n'a plus de biens à répartir entre ses actionnaires; **ou**

[X] (B) distributed its remaining property rateably among its shareholders according to their rights and interests in the corporation or in accordance with subsection 238 (4) of the *Business Corporations* Act where applicable.
(B) a réparti les biens qui lui restaient entre ses actionnaires au prorata de leurs droits dans la société ou conformément au paragraphe 238 (4) de la *Loi sur les sociétés par actions*, s'il y a lieu.

6. There are no proceedings pending in any court against the corporation.
Aucune instance n'est en cours contre la société.

7. The corporation has obtained consent from the Minister of Revenue to the dissolution and has filed all notices and returns required under the *Corporations Information Act*.
Le ministre du Revenu a approuvé la dissolution de la société. La société a déposé tous les avis et rapports requis par la *Loi sur les renseignements exigés des personnes morales*.

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

2255681 ONTARIO INC.

(Name of Corporation)
(Dénomination sociale de la société)

By
Par :

(Signature)
(Signature)

Chief Financial Officer
(Description of Office)
(Fonction)

THIS IS EXHIBIT "G"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

SECURITY AGREEMENT

Security agreement dated as of January 15, 2018 made by Bionx Canada Inc. to and in favour of Stronach Consulting Corp.

RECITALS:

(a) The Secured Creditor has agreed to make certain credit facilities available to the Obligor on the terms and conditions contained in the Loan Agreement; and

(b) It is a condition precedent to the extension of credit to the Obligor under the Loan Agreement that the Obligor execute and deliver this Agreement to and in favour of the Secured Creditor as security for the payment and performance of the Obligor's obligations to the Secured Creditor under the Loan Agreement.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Agreement" means this security agreement.

"Collateral" has the meaning specified in Section 2.1.

"Event of Default" has the meaning specified in the Loan Agreement.

"Expenses" has the meaning specified in Section 2.2(b).

"Event of Default" means the failure of the Obligor to pay any amount due and payable to the Secured Creditor on the Maturity Date (as defined in the Loan Agreement).

"Instruments" means (i) instruments (as such term is defined in the PPSA), or (ii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iii) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (iv) any document or writing commonly known as an instrument, but excludes investment property.

"Intellectual Property" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; **(ii)** proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

"Loan Agreement" means the non-interest bearing demand grid note dated as of the date hereof, made by the Obligor in favour of the Secured Creditor as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement to refinance or restructure all or any portion of, the indebtedness under such agreement or any successor agreements.

"Loan Documents" means the Loan Agreement, this Agreement and each other document delivered by the Obligor in connection with the Loan Agreement.

"Obligor" means Bionx Canada Inc., a corporation incorporated under the laws of Ontario, and its successors and permitted assigns.

"PPSA" means the *Personal Property Security Act* (Ontario).

"Secured Creditor" means Stronach Consulting Corp. and its successors and assigns.

"Secured Obligations" has the meaning specified in Section 2.2(a).

"Securities" means securities as defined in the STA.

"Security Interest" has the meaning specified in Section 2.2.

"STA" means the *Securities Transfer Act, 2006* (Ontario).

Section 1.2 Interpretation.

(1) Terms defined in the PPSA or the STA and used but not otherwise defined in this Agreement have the same meanings.

(2) In this Agreement the words **"including"**, **"includes"** and **"include"** mean **"including (or includes or include) without limitation"**. The expressions **"Article"**, **"Section"** and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.

(3) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.

(5) The schedules attached to this Agreement form an integral part of it for all purposes of it.

(6) Any reference to this Agreement or any Loan Document refers to this Agreement or such Loan Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

(7) Any reference in any Loan Document to liens permitted by the Loan Agreement or hereunder and any right of the Obligor to create or to suffer to exist liens permitted by the Loan Agreement or hereunder are not intended to and do not and will not subordinate the Security Interest to any such lien or give priority to any other person over the Secured Creditor.

ARTICLE 2
SECURITY

Section 2.1 Grant of Security.

Subject to Section 2.3, the Obligor grants to the Secured Creditor, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Creditor, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the **"Collateral"**) including all of the Obligor's:

(a) present and after-acquired personal property;

(b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;

(c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;

(d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;

(e) money, documents of title, chattel paper, financial assets and investment property;

(f) securities accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;

(g) Instruments and Securities;

(h) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences, Intellectual Property and other contractual benefits;

(i) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 2.1;

(j) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(i) inclusive; and

(k) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(j) inclusive, including the proceeds of such proceeds.

Section 2.2 Secured Obligations.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the "**Security Interest**") secures the payment and performance of:

(a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Secured Creditor in any currency, however or wherever incurred, including, without limitation, under, in connection with or pursuant to the Loan Agreement and any other Loan Document to which the Obligor is a party, and whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the "**Secured Obligations**"); and

(b) all expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Creditor's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Loan Document (collectively, the **"Expenses"**).

Section 2.3 Attachment.

(1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Secured Creditor (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.

(2) At the request of the Secured Creditor, the Obligor will take all action that the Secured Creditor deems advisable to cause the Secured Creditor to have control over any Securities or other investment property that are now or at any time become Collateral.

(3) The Obligor will cause the Secured Creditor to have control over all Securities and other investment property that are now or at any time become Collateral, and will (i) deliver to and deposit with the Secured Creditor any Instruments that are Collateral, (ii) cause the transfer of any Instruments to the Secured Creditor to be registered wherever such registration may be required or advisable in the opinion of the Secured Creditor, (iii) endorse any Instruments to the Secured Creditor or in blank or register them in the name of the Secured Creditor or its nominee or otherwise as the Secured Creditor may direct, and (iv) deliver to the Secured Creditor any and all consents or other documents that may be necessary to effect the transfer of any Instruments to the Secured Creditor or any third party.

(4) The Security Interest does not extend to consumer goods.

(5) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Secured Creditor may reasonably direct.

Section 2.4 Grant of Licence to Use Intellectual Property.

At such time as the Secured Creditor is lawfully entitled to exercise its rights and remedies under Article 3, the Obligor grants to the Secured Creditor an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any Intellectual Property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section 2.4 is to enable the Secured Creditor to exercise its rights and remedies under Article 3 and for no other purpose.

Section 2.5 Care and Custody of Collateral.

(1) The Secured Creditor has no obligation to keep Collateral in its possession identifiable.

(2) Without limiting any other rights or remedies under this Agreement, the Secured Creditor may, upon the occurrence and during the continuance of an Event of Default, (i) notify any person obligated on an Instrument, Security or account to make payments to the Secured Creditor, whether or not the Obligor was previously making collections on such accounts, chattel paper, Instruments, and (ii) assume control of any proceeds arising from the Collateral.

(3) The Secured Creditor has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Secured Creditor has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value. In the physical keeping of any Securities, the Secured Creditor is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.

Section 2.6 Rights of the Obligor.

(1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities that are part of the Collateral and to receive all dividends and distributions on such Securities. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Secured Creditor (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Secured Creditor.

(2) Any distributions or dividends received by the Obligor contrary to Section 2.6(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Secured Creditor and shall be immediately paid over to the Secured Creditor.

Section 2.7 Expenses.

The Obligor is liable for and will pay on demand by the Secured Creditor any and all Expenses.

ARTICLE 3
ENFORCEMENT

Section 3.1 Enforcement.

The Security Interest becomes and is enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default.

Section 3.2 Remedies.

Upon the occurrence and during the continuance of an Event of Default, the Secured Creditor may realize upon the Collateral and enforce the rights of the Secured Creditor by:

(a) entry onto any premises where Collateral consisting of tangible personal property may be located;

(b) entry into possession of the Collateral by any method permitted by law;

(c) sale, grant of options to purchase, or lease of all or any part of the Collateral;

(d) holding, storing and keeping idle or operating all or any part of the Collateral;

(e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Secured Creditor were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Creditor or its nominee if not already done);

(f) collection of any proceeds arising in respect of the Collateral;

(g) collection, realization or sale of, or other dealing with, accounts;

(h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Secured Creditor in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);

(i) instruction or order to any issuer or securities intermediary pursuant to any control the Secured Creditor has over the Collateral;

(j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Secured Creditor;

(k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;

(l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;

(m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;

(n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and

(o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 3.3 Additional Rights.

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest is enforceable, the Secured Creditor may:

(a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;

(b) require the Obligor, by notice in writing, to disclose to the Secured Creditor the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;

(c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;

(d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);

(e) pay any liability secured by any lien against any Collateral (the Obligor will immediately on demand reimburse the Secured Creditor for all such payments);

(f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Secured Creditor sees fit, free of charge, and the Secured Creditor is not liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;

(g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;

(h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and

(i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Secured Creditor, the Secured Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 3.4 Exercise of Remedies.

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Creditor however arising or created. The Secured Creditor is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Creditor in respect of the Secured Obligations including the right to claim for any deficiency.

Section 3.5 Receiver's Powers.

(1) Any receiver appointed by the Secured Creditor is vested with the rights and remedies which could have been exercised by the Secured Creditor in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Secured Creditor.

(2) Any receiver appointed by the Secured Creditor will act as agent for the Secured Creditor for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Secured Creditor as the Secured Creditor may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.

(3) The Secured Creditor, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

Section 3.6 Appointment of Attorney.

The Obligor hereby irrevocably constitutes and appoints the Secured Creditor (and any officer of the Secured Creditor) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Secured Creditor has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Creditor, its nominees or transferees, and the Secured Creditor and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns.

Section 3.7 Dealing with the Collateral.

(1) The Secured Creditor is not obliged to exhaust its recourse against the Obligor or any other person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Creditor may consider desirable.

(2) The Secured Creditor may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Secured Creditor in respect of the Collateral.

(3) Except as otherwise provided by law or this Agreement, the Secured Creditor is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 3.8 Standards of Sale.

Without prejudice to the ability of the Secured Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

(a) the Collateral may be disposed of in whole or in part;

(b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;

(c) any assignee of such Collateral may be the Secured Creditor or a customer of any such person;

(d) any sale conducted by the Secured Creditor will be at such time and place, on such notice and in accordance with such procedures as the Secured Creditor, in its sole discretion, may deem advantageous;

(e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;

(f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Creditor, in its sole discretion, may deem advantageous; and

(g) the Secured Creditor may establish an upset or reserve bid or price in respect of the Collateral.

Section 3.9 Dealings by Third Parties.

(1) No person dealing with the Secured Creditor or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Secured Creditor by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Secured Creditor with the Collateral, or (vi) how any money paid to the Secured Creditor has been applied.

(2) Any bona fide purchaser of all or any part of the Collateral from the Secured Creditor or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1 General Representations, Warranties and Covenants.

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Secured Creditor is relying on such representations, warranties, covenants and agreements, that:

(a) It is a corporation incorporated and existing under the laws of its jurisdiction of incorporation, and has the corporate power to enter into and perform its obligations under this Agreement. The execution and delivery by the Obligor and the performance by it under, and compliance with the terms, conditions and provisions of, this Agreement (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws or any of the terms or provisions of any contracts, leases or instruments to which it is a party or pursuant to which any of its assets or property may be affected; and

(ii) do not and will not result in the violation of any law, regulation or rule or any judgment, injunction, order, writ, decision, ruling or award which is binding on it. This Agreement has been duly executed and delivered by the Obligor and constitutes legal, valid and binding agreements of it enforceable against it in accordance with their respective terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies.

(b) Schedule "A" sets out the Obligor's place of business or, if more than one, the Obligor's chief executive office. The Obligor will not change the location of its place of business or chief executive office, as the case may be, without providing at least thirty (30) days prior written notice to the Secured Creditor. The Collateral, to the extent not delivered to the Secured Creditor pursuant to Section 2.3, is kept and will be kept at those locations listed on Schedule "A", and the Obligor will not remove the Collateral from such locations, without providing at least thirty (30) days prior written notice to the Secured Creditor, provided that Collateral may be moved to another location as long as such other location is in a jurisdiction in which the Secured Creditor has a valid and perfected first ranking security interest in the Collateral. The Obligor will not change its name in any manner without providing at least thirty (30) days prior written notice to the Secured Creditor.

(c) The Obligor will not sell, assign, convey, exchange, lease, release or abandon, or otherwise dispose of, any Collateral except as expressly permitted in the Loan Agreement.

(d) The Obligor will not create or suffer to exist, any lien, security interest or other encumbrance on the Collateral, except for such liens, security interests and other encumbrances permitted by the Loan Agreement, and will not grant control over any investment property to any Person other than the Secured Creditor.

ARTICLE 5
GENERAL

Section 5.1 Discharge.

The Security Interest will not be discharged except by a written release or discharge signed by the Secured Creditor. The Obligor will be entitled to require a discharge by notice to the Secured Creditor upon, but only upon, full and indefeasible payment and performance of the Secured Obligations and the Secured Creditor having no obligations under any Loan Document. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Secured Creditor will execute and deliver to the Obligor such financing statements and other documents or Instruments as the Obligor may reasonably require and the Secured Creditor will redeliver to the Obligor, or as the Obligor may otherwise direct the Secured Creditor, any Collateral in its possession.

Section 5.2 No Merger, Survival of Representations and Warranties.

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Creditor will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Creditor in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Loan Agreement. Notwithstanding any investigation made by or on behalf of the Secured Creditor these covenants, representations and warranties continue in full force and effect.

Section 5.3 Further Assurances.

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and Instruments that the Secured Creditor may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Secured Creditor may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Secured Creditor. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and Instruments that the Secured Creditor may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

Section 5.4 Supplemental Security.

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Creditor.

Section 5.5 Successors and Assigns.

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. This Agreement may be assigned by the Secured Creditor in connection with an assignment by the Secured Creditor of the Loan Agreement in accordance therewith.

Section 5.6 Amalgamation.

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) subject to Section 2.3, extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the

Secured Creditor in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term **"Obligor"** means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term **"Collateral"** means all of the property and undertaking and interests described in (i) above, and the defined term **"Secured Obligations"** means the obligations described in (ii) above.

Section 5.7 General

(1) If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

(2) This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and the Obligor.

(3) No consent or waiver by the Secured Creditor in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Secured Creditor. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which it is given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.

(4) A failure or delay on the part of the Secured Creditor in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

(5) This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Obligor has executed this Agreement.

BIONX CANADA INC.

By: ______________________

Authorized Signing Officer

SCHEDULE A
LOCATIONS OF COLLATERAL

Chief Executive Office:

455 Magna Drive
Aurora, Ontario, Canada
L4G 7A9

Locations of Collateral and Places of Business:

455 Magna Drive
Aurora, Ontario, Canada
L4G 7A9

THIS IS EXHIBIT "H"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

oncorp
Powered by Dye & Durham

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for :	Stikeman Elliott LLP - Beatrice Lorusso
Docket :	141755,1001
Search ID :	674900
Date Processed :	2/16/2018 8:20:12 AM
Report Type :	PPSA Electronic Response
Search Conducted on :	BIONX CANADA INC.
Search Type :	Business Debtor

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: BIONX CANADA INC.

FILE CURRENCY: February 15, 2018

RESPONSE CONTAINS: APPROXIMATELY 2 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: BIONX CANADA INC.
FILE CURRENCY: February 15, 2018

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 2 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : BIONX CANADA INC.

00 FILE NUMBER : 713505609 EXPIRY DATE : 22JAN 2020 STATUS :
01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20160122 1042 1529 9510 REG TYP: P PPSA REG PERIOD: 4
02 IND DOB : IND NAME:
03 BUS NAME: BIONX CANADA INC.
OCN :
04 ADDRESS : 455 MAGNA DR
CITY : AURORA PROV: ON POSTAL CODE: L4G 7A9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
FORD CREDIT CANADA LEASING, A DIVISION OF CANADIAN ROAD LEASING COMPANY
09 ADDRESS : PO BOX 2400
CITY : EDMONTON PROV: AB POSTAL CODE: T5J 5C7

	CONS. GOODS	INVTRY.	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY	OR NO FIXED MAT DATE
10			X		X	X			X

YEAR	MAKE	MODEL	V.I.N.
11 2016	FORD	T250	1FTYR2CM7GKA39654
12			

GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : 4126 NORLAND AVENUE
CITY : BURNABY PROV: BC POSTAL CODE: V5G 3S8

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: BIONX CANADA INC.
FILE CURRENCY: February 15, 2018

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 2 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : BIONX CANADA INC.

00 FILE NUMBER : 735637437 EXPIRY DATE : 12JAN 2023 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20180112 1527 9234 1975 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: BIONX CANADA INC.
OCN :
04 ADDRESS : 455 MAGNA DRIVE
CITY : AURORA PROV: ON POSTAL CODE: L4G 7A9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
STRONACH CONSULTING CORP.
09 ADDRESS : 455 MAGNA DRIVE
CITY : AURORA PROV: ON POSTAL CODE: L4G 7A9

	CONS. GOODS	INVTRY.	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY	OR NO FIXED MAT DATE
10		X	X	X	X	X			

YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: STIKEMAN ELLIOTT LLP
17 ADDRESS : 5300 COMMERCE COURT WEST 199 BAY ST.
CITY : TORONTO PROV: ON POSTAL CODE: M5L 1B9
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

THIS IS EXHIBIT "I"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Mark Fischer
Director, GPSC Finance
29755 Louis Chevrolet Rd.
Warren, MI 48093
mark.w.fischer@gm.com

SENT VIA ELECTRONIC MAIL

February 1, 2018

Fred Gingl
BionX Canada Inc.
455 Magna Drive
Aurora, Ontario L4G 7A9

Subject: ***Notice of Default***

Dear Fred:

Among other agreements between General Motors of Canada Company ("GM") and BionX Canada Inc. ("BionX"), GM has issued, and BionX has accepted GM purchase contract 4300557102 with an issue date of September 22, 2017 (collectively with the Terms and Conditions (the "Terms") appended thereto, the Statement of Requirements and all other documents contained within GM's Request for Proposal, the "Purchase Contract"). All agreements between GM and BionX related to GM's E-Bike project are collectively referred to herein as the "E-Bike Agreements".

The Purchase Contract is a spot buy for 8,000 motor, charger and battery assemblies to be incorporated into GM's E-Bike system (the "Parts"). The Purchase Contract was issued specifically at your request with your assurance that this was all that BionX required to start and conclude production of the Parts pursuant to the required delivery schedule. These assurances are in addition to your written and oral assurances at the commencement of the business discussions between BionX and GM that BionX had the capabilities and Magna support sufficient to perform under the E-Bike related agreements. These representations are patently untrue. BionX is unwilling or unable to complete their obligations under the Purchase Contract.

BionX has incurred performance issues from the commencement of the relationship requiring extensive GM engineering, operational and quality support not contemplated or required by the E-Bike Agreements. Recently, BionX informed GM that it would not be able to commence building the Parts without significant financial accommodations by GM. GM declines to provide the requested accommodations. For the reasons listed below, this letter is notice to BionX that it is in material default of the Purchase Contract, while reserving all rights related to the other E-Bike Agreements at this time.

The production schedules issued pursuant to the Purchase Contract were revised multiple times due to BionX's failure to be production ready on schedule. The latest schedule required delivery of production Parts commencing on February 1, 2018. Pursuant to Section 3 of the Terms, "[t]ime is of the essence, and deliveries shall be made both in quantities and at times specified in [GM's] schedules". BionX has not timely commenced production and has admitted via your January 19, 2018 e-mail to Ian Scott, that BionX is unable to commence production or meet GM's delivery requirements.

BionX is insolvent as it is unable to pay its debts as they become due. BionX's insolvency is cause for termination of the Purchase Contract pursuant to Section 11 of the Terms. BionX has notified its suppliers that it will not be able to fully pay its obligations, and has actually failed to, pay its debts to the suppliers as they become due. As a result many of BionX's suppliers have stopped shipments to BionX of critical components. In addition to evidence of insolvency, this is further evidence that BionX will continue to be unable to timely meet the Purchase Contract delivery requirements.

Based on the foregoing, GM requested adequate assurance of future performance via a parental performance guaranty or other assurance that BionX will be adequately funded and be able to perform its obligations. BionX has refused to provide such assurances and responded with a repeated demand for significant accommodations from GM.

GM is entitled to immediately terminate the Purchase Contract on account of BionX's insolvency. Moreover, in the unlikely event that BionX is not insolvent, GM is entitled to terminate the Purchase Contract based on BionX's failure to progress and failure to perform, each of which constitute a material default.

GM does not waive or intend to waive any claims, rights, remedies or defaults not specifically mentioned in this letter, concerning the E-Bike Agreements or other claims GM may have. The material breaches by BionX referenced herein, with respect to the Purchase Contract, are not intended to be exhaustive. Further GM reserves all rights and remedies available to it, including its right of Setoff pursuant to Section 23 of the Terms.

General Motors of Canada Company

By: Mark W. Fischer
Director, GPSC Finance

THIS IS EXHIBIT "J"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

Haddon Murray
Direct: (416) 869-5239
HMurray@stikeman.com

February 15, 2018
File No. 141755.1001

BY EMAIL to
fgingl@bionx.com

BionX Canada Inc.
455 Magna Drive
Aurora, ON L4G 7A9

Attention: Fred Gingl

Dear Mr. Gingl:

Re: BionX Canada Inc. ("BCI")

We refer to:

1) a non-interest bearing demand grid note issued by BCI, to and in favour of Stronach Consulting Corp. ("**SCC**"), dated January 15, 2018 (the "**Grid Note**");

2) a security agreement dated January 15, 2018 made by BCI, to and in favour of SCC, as Secured Creditor, as a condition of the financing pursuant to the Grid Note (the "**GSA**");

3) a confirmation of security interest in intellectual property with respect to patents and industrial designs dated February 5, 2018 executed and delivered in favour of the SCC; and

4) a confirmation of security interest in intellectual property with respect to trademarks dated February 5, 2018 executed and delivered in favour of SCC.

Pursuant to the Grid Note, the Principal Amount (as defined below) is due and payable on the following dates: a) the date that is three (3) days after the Lender has demanded repayment thereof; and (b) the date on which any bankruptcy, compromise, arrangement, insolvency or other proceeding for the relief of debtors or creditors is instituted by or against the Borrower, or any act is taken by or against the Borrower to appoint a receiver, receiver-manager, interim receiver, custodian or similar person of all or any portion of the undertaking, property or assets of the Borrower.

We hereby demand payment from you, pursuant to the Grid Note of the full amount of the obligations owed by BCI (the "**Principal Amount**") being:

1) **$21,482,408.52**, representing the amount of outstanding indebtedness of BCI under the Grid Note as of February 15, 2018, including accrued interest on the original principal amount; and

2) all fees and expenses and other amounts owing as obligations as of February 15, 2018.

We reserve all rights to make further demand for payment of any and all additional amounts owing by BCI to the undersigned.

Yours truly,

Stronach Consulting Corp.

By: ______________________
Authorized Signatory

Encls.

THIS IS EXHIBIT "K"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

Haddon Murray
Direct: (416) 869-5239
HMurray@stikeman.com

February 19, 2018
File No. 141755.1001

BY EMAIL to
fgingl@bionx.com

BionX Canada Inc.
455 Magna Drive
Aurora, ON L4G 7A9

Attention: Fred Gingl

Dear Mr. Gingl:

Re: BionX Canada Inc. ("BCI")

We refer to:

1) a non-interest bearing demand grid note issued by BCI, to and in favour of Stronach Consulting Corp. ("**SCC**"), dated January 15, 2018 (the "**Grid Note**");

2) a security agreement dated January 15, 2018 made by BCI, to and in favour of SCC, as Secured Creditor, as a condition of the financing pursuant to the Grid Note (the "**GSA**");

3) a confirmation of security interest in intellectual property with respect to patents and industrial designs dated February 5, 2018 executed and delivered in favour of the SCC; and

4) a confirmation of security interest in intellectual property with respect to trademarks dated February 5, 2018 executed and delivered in favour of SCC.

Pursuant to the Grid Note, the Principal Amount (as defined below) is due and payable on the following dates: a) the date that is three (3) days after the Lender has demanded repayment thereof; and (b) the date on which any bankruptcy, compromise, arrangement, insolvency or other proceeding for the relief of debtors or creditors is instituted by or against the Borrower, or any act is taken by or against the Borrower to appoint a receiver, receiver-manager, interim receiver, custodian or similar person of all or any portion of the undertaking, property or assets of the Borrower.

BCI is in breach of its obligations under the Grid Note (the "**Obligations**"), including, without limitation, its obligation to pay the amount due to SCC under the Grid Note when such amount became due and payable, which breach constitutes an event of default under the Grid Note.

We hereby demand payment from you, pursuant to the Grid Note of the full amount of the obligations owed by BCI (the "**Principal Amount**") being:

1) **$21,482,408.52**, representing the amount of outstanding indebtedness of BCI under the Grid Note as of February 19, 2018, including accrued interest on the original principal amount; and

1) **$21,482,408.52**, representing the amount of outstanding indebtedness of BCI under the Grid Note as of February 19, 2018, including accrued interest on the original principal amount; and

2) all fees and expenses and other amounts owing as Obligations as of February 19, 2018.

We reserve all rights to make further demand for payment of any and all additional amounts owing by BCI to the undersigned.

We enclose a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

Yours truly,

Stronach Consulting Corp.

By: ______________________
Authorized Signatory

Encls.

Stikeman Elliott

Notice of Intention to Enforce Security
(Rule 124)

To: BionX Canada Inc. ("**BCI**" or the "**Obligor**"), an insolvent person.

Take notice that:

1. Stronach Consulting Corp. ("**SCC**" or the "**Secured Creditor**"), a secured creditor, intends to enforce its security on BCI's property described below:

   All of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the "**Collateral**") including all of the Obligor's:

   (a) present and after-acquired personal property;

   (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;

   (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;

   (d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;

   (e) money, documents of title, chattel paper, financial assets and investment property;

   (f) securities accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;

   (g) Instruments, meaning:

      (i) instruments (as such term is defined in the PPSA), or

      (ii) (chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or

      (iii) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or

      (iv) any document or writing commonly known as an instrument, but excludes investment property, and Securities as defined in the *Securities Transfer Act, 2006* (Ontario);

(h) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences, Intellectual Property (as defined below) and other contractual benefits

(i) Intellectual Property, meaning domestic and foreign:

(i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications including those patents and patent applications set out in Schedule "A" hereto and industrial design registrations set out in Schedule "B" hereto;

(ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing;

(iii) copyrights, copyright registrations and applications for copyright registration;

(iv) mask works, mask work registrations and applications for mask work registrations;

(v) designs, design registrations, design registration applications and integrated circuit topographies;

(vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trademarks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing including those trademarks set out in Schedule "C".

(vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and

(viii) any other intellectual property and industrial property,

(j) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this paragraph;

(k) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in paragraph 1(a) through (j) inclusive; and

(l) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in paragraph 1(a) through (k) inclusive, including the proceeds of such proceeds;

2. The security that is to be enforced is in the form of

a. a security agreement dated January 15, 2018 (the "**GSA**"), between BCI, as Obligor, and SCC, as Secured Creditor, executed and delivered in favour of the Secured Creditor as security for the payment and performance of the Obligor's obligations under a non-interest bearing demand grid note issued by the Obligor to and in favour of the Secured Creditor of even date herewith;

b. a confirmation of security interest in intellectual property with respect to patents and industrial designs dated February 5, 2018 executed and delivered in favour of the Secured Creditor; and

c. a confirmation of security interest in intellectual property with respect to trademarks dated February 5, 2018 executed and delivered in favour of the Secured Creditor.

3. The total amount of indebtedness secured by the security is **$21,482,408.52** as of February 19, 2018, plus any fees and expenses incurred between the date of this notice and the date of enforcement.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, this 19th day of February, 2018.

Stronach Consulting Corp.,

By: ____________________

Name

Counsel to SCC

Title

Stikeman Elliott

SCHEDULE "A"

CANADIAN PATENTS OWNED BY BIONX CANADA INC.

Patent Title	Application No.	Filing Date	Issue Date
HIGH PERFORMANCE BRUSHLESS MOTOR AND DRIVE FOR AN ELECTRICAL VEHICLE MOTORIZATION	2370809	1999-04-01	2008-02-19
METHOD AND APPARATUS FOR PROPORTIONALLY ASSISTED PROPULSION	2426109	2001-09-21	2010-09-07
ELECTRIC MOTOR WITH MODULAR STATOR RING AND IMPROVED HEAT DISSIPATION	2453730	2003-12-12	2012-02-21
CANTILEVER REAR SUSPENSION FOR A BICYCLE	2461766	2004-03-25	2011-05-03
A BICYCLE HAVING A REMOVABLE POWER ASSIST MODULE	2566948	2005-05-17	2010-04-06
HIGH PERFORMANCE BRUSHLESS MOTOR AND DRIVE FOR AN ELECTRICAL VEHICLE MOTORIZATION	2572560	1999-04-01	2010-07-13
BICYCLE LIGHTING SYSTEM	2576064	2005-07-20	2013-06-25
ENERGY MANAGEMENT SYSTEM FOR MOTOR-ASSISTED USER-PROPELLED VEHICLES	2579917	2005-09-14	2013-02-05
BICYCLE FRAME CONSTRUCTION	2604866	2006-04-11	2013-06-25
BRUSHLESS DC MOTORIZATION APPARATUS	2803394	2011-07-20	
CONSTRUCTION OF MOTORIZED WHEEL FOR VEHICLE MOTORIZATION	2897881	2014-05-06	2016-08-16
CONSTRUCTION OF MOTORIZED WHEEL FOR VEHICLE MOTORIZATION	2932249	2014-05-06	

Stikeman Elliott

SCHEDULE "B"

CANADIAN INDUSTRIAL DESIGNS OWNED BY BIONX CANADA INC.

Design Name	Registration Date	Registration No.
COMBINATION MANUALLY DRIVEN AND MOTOR DRIVEN WATERCRAFT	2010-11-22	135084
WATERCRAFT	2011-12-14	140465
WATERCRAFT	2011-12-14	140466
WATERCRAFT	2011-12-14	140467

SCHEDULE "C"

CANADIAN TRADE-MARK REGISTRATIONS

Trade-mark	Serial No.	Appl. Date	Reg. No.	Reg. Date
	1117102	2001-09-28	TMA617981	2004-08-30
Bion	1372725	2007-11-02	TMA735979	2009-03-09
POWERED BY BIONX	1411288	2008-09-18	TMA873500	2014-03-17
BIONX	1456309	2009-10-22	TMA888527	2014-10-22
INTELLIGENT MOBILITY	1467959	2010-02-02	TMA856798	2013-08-01
INNOVATOR	1620093	2013-03-27	TMA932607	2016-03-24

THIS IS EXHIBIT "L"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

Haddon Murray
Direct: (416) 869-5239
HMurray@stikeman.com

February 22, 2018
File No. 141755.1001

BY EMAIL to
fgingl@bionx.com

BionX Canada Inc.
455 Magna Drive
Aurora, ON L4G 7A9

Attention: Fred Gingl

Dear Mr. Gingl:

Re: BionX Canada Inc. ("BCI")

We write further to our letter dated February 19, 2018 (the "**February 19 Letter**"). Capitalized terms not defined herein have the same meaning set out in the February 19 Letter.

As set out in the February 19 Letter, BCI is in breach of its obligations under the Grid Note (the "**Obligations**"), including, without limitation, its obligation to pay the amount due to SCC under the Grid Note when such amount became due and payable, which breach constitutes an event of default under the Grid Note.

On February 21, 2018, SCC provided further funding to BCI under the Grid Note in the amount of $375,000.00.

We hereby demand payment from you, pursuant to the Grid Note of the full amount of the obligations owed by BCI (the "**Principal Amount**") being:

1) **$21,482,408.52**, representing the amount of outstanding indebtedness of BCI under the Grid Note as of February 19, 2018, including accrued interest on the original principal amount;

2) **$375,000,** representing the additional advance on February 21, 2018; and

3) all fees and expenses and other amounts owing as Obligations as of February 22, 2018.

We reserve all rights to make further demand for payment of any and all additional amounts owing by BCI to the undersigned.

Yours truly,

Haddon Murray
Counsel to Stronach Consulting Corp

THIS IS EXHIBIT "M"

to the Affidavit of John Simonetti

Sworn before me this

day of February 23, 2018

A Commissioner for Taking Affidavits

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

ACKNOWLEDGEMENT AND CONSENT

TO: Stronach Consulting Corp. ("SCC")

Bionx Canada Inc. (the "**Borrower**") acknowledges receipt of the Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act* (Canada). The Borrower acknowledges its inability to pay the amounts owing under a non-interest bearing demand grid note issued by BCI, to and in favour of SCC, dated January 15, 2018. The Borrower consents to the immediate enforcement of the security interest in its property granted by the Borrower to SCC, including the interest granted pursuant to a security agreement dated January 15, 2018 made by BCI, to and in favour of SCC, as Secured Creditor and as confirmed in:

1) a confirmation of security interest in intellectual property with respect to patents and industrial designs dated February 5, 2018 executed and delivered in favour of the SCC; and

2) a confirmation of security interest in intellectual property with respect to trademarks dated February 5, 2018 executed and delivered in favour of SCC .

Dated at AURORA, this 22th day of FEBRUARY 2018.

BionX Canada Inc.

By: ______________________
Name: MANFRED GINGL
Title: CEO.

STRONACH CONSULTING CORP.
Applicant

and

BIONX CANADA INC.
Respondent

Court File No.: CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF JOHN SIMONETTI
(Sworn February 23, 2018)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Haddon Murray LSUC# 61640P
Tel: (416) 869-5239
Fax: +1 416 947 0866

Lawyers for the Applicant

TAB 3

Court File No. CV-18-592741-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 27th
	)	
JUSTICE	)	DAY OF FEBRUARY, 2018

STRONACH CONSULTING CORP.

Applicant

- and -

BIONX CANADA INC.

Respondent

ORDER
(appointing Receiver)

THIS APPLICATION made by Stronach Consulting Corp. ("**SCC**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Grant Thornton Limited ("**GTL**") as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of BionX Canada Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of John Simonetti sworn February 23, 2018 and the Exhibits thereto, the Pre-Filing report of the proposed Receiver dated [DATE], and on hearing the submissions of counsel for SCC, counsel for GTL and counsel for the Debtor, no one else appearing although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of GTL to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, GTL is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order, and in this regard the Receiver is specifically authorized to retain counsel for SCC to advise and represent it save and except on matters upon which the Receiver in its judgment determines it requires independent advice, in which case the Receiver shall retain Brauti Thorning Zibarras LLP;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $250,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

SALE PROCESS

4. THIS COURT ORDERS that the Receiver is authorized and directed to conduct the sale process, as set out in Appendix “A” hereto, including pursuing all offers for sales of material parts of the business of the debtor or Property, in whole or part, subject to prior approval of this Court being obtained before any sale (except as permitted by paragraph 3(l)(i)).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting

records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court

upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in

respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in

pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA and subordinate to any properly registered and valid purchase money security interest, as described in section 33 of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 ("**PMSIs**").

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates

and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $1,250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to any PMSIs, the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.GrantThornton.ca/Bionx.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this

Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that SCC shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of SCC's security or, if not so provided by SCC's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

SALE PROCESS

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $______________________

1. THIS IS TO CERTIFY that GTL, the receiver (the "Receiver") of the assets, undertakings and properties of BionX Canada Inc. (the “Debtor”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the “Property”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of ______________, 20__.

Grant Thornton Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: ____________________________________

Name:

Title:

TAB 4

~~Revised: January 21, 2014~~
~~s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver~~

Court File No. ~~———~~CV-18-592741-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE ———	)	~~WEEKDAY~~TUESDAY, THE ~~#~~27th
	)	
JUSTICE ———	)	DAY OF ~~MONTH~~FEBRUARY, ~~20YR~~2018

~~PLAINTIFF~~[1]

~~Plaintiff~~

STRONACH CONSULTING CORP.

Applicant

- and -

~~DEFENDANT~~

~~Defendant~~

BIONX CANADA INC.

Respondent

ORDER
(appointing Receiver)

THIS ~~MOTION~~APPLICATION made by ~~the Plaintiff~~[2]Stronach Consulting Corp. ("**SCC**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C.

~~[1] The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing ~~[RECEIVER'S NAME]~~Grant Thornton Limited (“**GTL**”) as receiver ~~[~~and manager~~]~~ (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~BionX Canada Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~John Simonetti sworn ~~[DATE]~~February 23, 2018 and the Exhibits thereto, the Pre-Filing report of the proposed Receiver dated [DATE], and on hearing the submissions of counsel for ~~[NAMES]~~SCC, counsel for GTL and counsel for the Debtor, no one else appearing ~~for [NAME]~~ although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of ~~[RECEIVER'S NAME]~~GTL to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of ~~Motion~~Application and the ~~Motion~~Application Record is hereby abridged and validated[3] so that this ~~motion~~application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~GTL is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

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[2] ~~Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

[3] ~~If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.~~

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order, and in this regard the Receiver is specifically authorized to retain counsel for SCC to advise and represent it save and except on matters upon which the Receiver in its judgment determines it requires independent advice, in which case the Receiver shall retain Brauti Thorning Zibarras LLP;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.[4] The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $~~________,~~250,000, provided that the aggregate consideration for all such transactions does not exceed $~~__________~~1,000,000; and

[4] ~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A~~

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, ~~[or section 31 of the Ontario *Mortgages Act*, as the case may be,]~~[5] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing,

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~~bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

[5] ~~If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

SALE PROCESS

4. THIS COURT ORDERS that the Receiver is authorized and directed to conduct the sale process, as set out in Appendix "A" hereto, including pursuing all offers for sales of material parts of the business of the debtor or Property, in whole or part, subject to prior approval of this Court being obtained before any sale (except as permitted by paragraph 3(l)(i)).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. ~~4.~~ THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. ~~5.~~ THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media

containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. ~~6.~~ THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. ~~7.~~ THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. ~~8.~~ THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. ~~9.~~ THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. ~~10.~~ THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. ~~11.~~ THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. ~~12.~~ THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including

without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. ~~13.~~ THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. ~~14.~~ THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. ~~15.~~ THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. ~~16.~~ THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. ~~17.~~ THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. ~~18.~~ THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA~~.~~~~[6]~~ and subordinate to any properly registered and valid purchase money security interest, as described in section 33 of the *Personal Property Security Act*, R.S.O. 1990, c. P.10 ("**PMSIs**").

20. ~~19.~~ THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. ~~20.~~ THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and

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~~[6] Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. ~~21.~~ THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $~~__________~~1,250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to any PMSIs, the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. ~~22.~~ THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. ~~23.~~ THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

25. ~~24.~~ THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. ~~25.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: ~~‘<@>’~~www.GrantThornton.ca/Bionx.

27. ~~26.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. ~~27.~~ THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. ~~28.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. ~~29.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. ~~30.~~ THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. ~~31.~~ THIS COURT ORDERS that ~~the Plaintiff~~SCC shall have its costs of this ~~motion~~application, up to and including entry and service of this Order, provided for by the terms of ~~the Plaintiff~~SCC's security or, if not so provided by ~~the Plaintiff~~SCC's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. ~~32.~~ THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

SALE PROCESS

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~GTL, the receiver (the "Receiver") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~of BionX Canada Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number __-CL-_______, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _______________, 20__.

~~[RECEIVER'S NAME]~~Grant Thornton Limited,
solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: ____________________________________

Name:
Title:

Document comparison by Workshare Professional on Friday, February 23, 2018 5:43:27 PM

Input:	
Document 1 ID	file://C:\Users\palkom\Desktop\receivership-model order.doc
Description	receivership-model order
Document 2 ID	PowerDocs://SETOR1/6844395/3
Description	SETOR1-#6844395-v3-SCC_-_BionX_–_Appointment_Order
Rendering set	standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
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Inserted cell	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	44
Deletions	81
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	125

STRONACH CONSULTING CORP.
Applicant

and

BIONX CANADA INC.
Respondent

Court File No.: CV-18-592741-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

APPLICATION RECORD

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Toronto, Canada M5L 1B9

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