Province of Ontario
Division No. 09 - Toronto
Court No. CV-18-592741-00CL

IN THE MATTER OF THE BANKRUPTCY OF
BIONX CANADA INC.
OF THE MUNICIPALITY OF AURORA, IN THE PROVINCE OF ONTARIO

TRUSTEE'S REPORT ON ITS PRELIMINARY ADMINISTRATION

SECTION A

Background

1. On February 27, 2018, Grant Thornton Limited ("**GTL**") was appointed as receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of BionX Canada Inc. (the "**Company**" or "**BionX**") pursuant to an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

2. BionX, together with its related companies and subsidiaries, designed, manufactured and sold electronic propulsion systems for bicycles.

3. The Receiver commenced a sale process during the receivership to sell the business of BionX. At the conclusion of this sale process, the Receiver had sold the majority of inventory and all fixed assets. Subsequently, the Receiver ran a second sale process to market and sell the remaining inventory and all intellectual property. All dealings from both sales are discussed in the Receiver's court reports of which copies can be found via the Receiver's website www.grantthornton.ca./bionx ("**Receiver's and Trustee's website**").

4. BionX operated from 455 Magna Drive in Aurora, Ontario and 210 Joseph-Robertson, Sherbrooke, Quebec. The Receiver has vacated from both premises.

5. Refer to **Section D** of this report for commentary regarding distributions made by the Receiver to the secured creditor during the receivership.

6. On October 31, 2018, the Court issued an order authorizing the Receiver to file an assignment into bankruptcy on behalf of BionX. GTL was appointed as the trustee in bankruptcy (the "**Trustee**").

7. All other dealings of the Receiver during the receivership and updates regarding the bankruptcy are available on the Receiver's and Trustee's website.

8. Assets that remain available for recovery and realization in BionX are some pre-receivership trade receivables, a HST refund from the receivership period and cash.

Class I
Pre-Receivership Trade Receivables

9. During the course of the receivership, the Receiver has collected and/or settled a substantial portion of the pre-receivership trade and other receivables (refer to the Receiver's Fourth Court Report dated October 25, 2018 and Order of the Ontario Superior Court of Justice dated October 31, 2018). As at March 12, 2019 the following pre-receivership trade receivables remain:

Location	Balance
USA	$ 839,032.72
Canada	$ 51,460.57
Europe	$ 33,745.12
Asia	$ 17,996.67
Other	$ 249.24
Total	$942,484.32

**Conversion rate to CAD was based on rates at February 27, 2018*

10. The Receiver has made numerous attempts to collect the above outstanding pre-receivership trade receivables and outlined these attempts in the Receiver's various court reports.

Class II
HST Receivable

11. The Canada Revenue Agency ("CRA") issued a Notice of Assessment dated February 21, 2019 to the Receiver which listed an aggregate refund of $123,949 to BionX for net HST remittances made during the receivership. As at the date of this report, we are yet to receive this refund.

Class III
Cash

12. All cash relating to the BionX estate is held in designated accounts and amounts to $181,416. We note there are outstanding liabilities to be discharged from the receivership which will be paid from these funds.

SECTION B

Conservatory and Protective Measures

13. As commented in **Section A** above, all inventory, fixed assets and intellectual property of BionX were realized during the receivership and both premises vacated. Books and records of the BionX estate were collected by the Receiver and are being securely stored.

SECTION C

Legal Proceedings

14. There are no ongoing legal proceedings against BionX.

SECTION D

15. It was opined by the Receiver's independent legal counsel that Stronach Consulting Corp. ("**SCC**") has a secured claim of at least $1,421,000, subject to customary caveats and qualifications, plus all reasonable fees and expenses incurred by SCC in connection with the enforcement of its rights under its General Security Interest ("**Enforcement Expenses**").

16. Pursuant to an Order of the Ontario Superior Court of Justice dated June 14, 2018 and a subsequent Order of the Ontario Superior Court of Justice dated October 31,

2018, the Receiver has distributed $1,634,574 to Stronach Consulting Corporation ("**SCC**") pursuant to its secured claim and Enforcement Expenses incurred. The Trustee has been advised that there remains a minor liability to be discharged for Enforcement Expenses incurred as at the date of this report.

17. As a consequence of the receivership, all employees were terminated on February 27, 2018. At this date, employees' outstanding entitlements were crystalized and became payable. SCC agreed to pay all employees' outstanding entitlements pursuant to the Ontario Employment Standards Act, 2000, as otherwise employees would have only been entitled to seek relief from the Wage Earners and Protection Program. SCC advanced $1,450,646 to discharge these liabilities and pursuant to Section 81.3(1) of the BIA, SCC was entitled to a priority employee claim in subrogation of employees. Pursuant to an Order of the Ontario Superior Court of Justice dated April 30, 2018, the Receiver has distributed $101,006 to SCC pursuant to its priority employee claim. This claim has now been settled in full.

18. Summarized below are the claim amounts as received by the Trustee (CDN $) as at the date of this report:

Type of Creditor	As per Records	As Received
Trust Claimants	$ 0.00	$ 0.00
Secured Creditors	$ 0.00	$ 0.00*
Unsecured Creditors	$ 77,115,244	$ 23,135,500*

**There remains an immaterial balance to be discharged for Enforcement Expenses incurred.*
***As received in quantum but have not been proved by the Trustee. Commencement of such will begin once the formal process begins.*

19. As at the date of this report, the Trustee has not received any preferred claim from any creditor.

SECTION E

Secured Creditors

20. At the commencement of the receivership, the Receiver performed a search of the Personal Property Security Register in respect of BionX and identified the following security registrations:

Name of Secured Party
Ford Credit Canada Leasing
Stronach Consulting Corp.

21. Refer to **Section D** above for commentary relating to SCC.

22. Ford Credit Canada Leasing ("**Ford**") had security over a motor vehicle (2016 Ford T250) which the Receiver estimated to have nil equity after payment of the outstanding balance owing to Ford and subsequently, disclaimed the lease.

SECTION F

Anticipated Realization and Distribution

23. The majority of the assets of BionX have been recovered and realized during the receivership and some funds distributed to the creditors as discussed in **Section D** of this report. The total funds available for distribution to the remaining creditors cannot be determined at this time as any potential recovery of accounts receivable is yet to be determined.

SECTION G

Transfers At Undervalue/Preference

24. None identified to date.

SECTION H

Other Matters

25. None.

DATED at Toronto, Ontario this 28th day of March, 2019.

GRANT THORNTON LIMITED
In its capacity as Trustee for the bankrupt estate of
BionX Canada Inc.
and not in its personal or corporate capacity

Per.

Michael G Creber, CPA, CA, CIRP, LIT
Senior Vice-President