

Solicitation of Interest

*BionX*TM

BionX Canada Inc.



Purpose and Background

Purpose

This solicitation letter (the “**Solicitation Letter**”) is being sent to parties who may be interested (an “**Interested Party**”) in purchasing the assets, property and undertakings (the “**Property**”) of BionX Canada Inc. (“**BionX Canada**” or the “**Company**”). The purpose of this Solicitation Letter is to provide preliminary information on the Property of BionX Canada pursuant to the Sale Process (described below).

Background Information

On February 27, 2018, Grant Thornton Limited (“**GTL**”) was appointed as receiver and receiver and manager (in such capacities, the “**Receiver**”) over the Property of BionX Canada pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s case website at: www.GrantThornton.ca/BionX (the “**Case Website**”).

Included in the Receivership Order, was the Court’s authorization for the Receiver to conduct an expedited sales process designed to market the Company’s right, title and interest in the Property (the “**Sale Process**”), including the Company’s inventory, manufacturing equipment, warehouse equipment, customer lists, and intellectual property/patents among other things. The Sale Process can be found in Schedule “A” to the Receivership Order. Additional information concerning the Sales Process can also be found in the Pre-Filing Report of the Proposed Receiver dated February 26, 2018 (the “**Pre-Filing Report**”), which is posted on the Receiver’s Case Website.

Company Overview

Company Background

With facilities located in Aurora, Ontario, BionX Canada was involved in the design, production, and assembly of electric propulsion systems for bicycles (“E-Bike Systems”). BionX Canada’s E-Bike Systems (the “BionX Systems”) were first introduced to the market almost 20 years ago as purely a retrofit product to install on any bicycle. The BionX System rapidly evolved and became available as standard equipment for third party bicycle manufacturers in 2008. The BionX System is used by many leading bicycle manufacturers in Europe and North America, including Trek, OHM, and Wheeler to name a few.

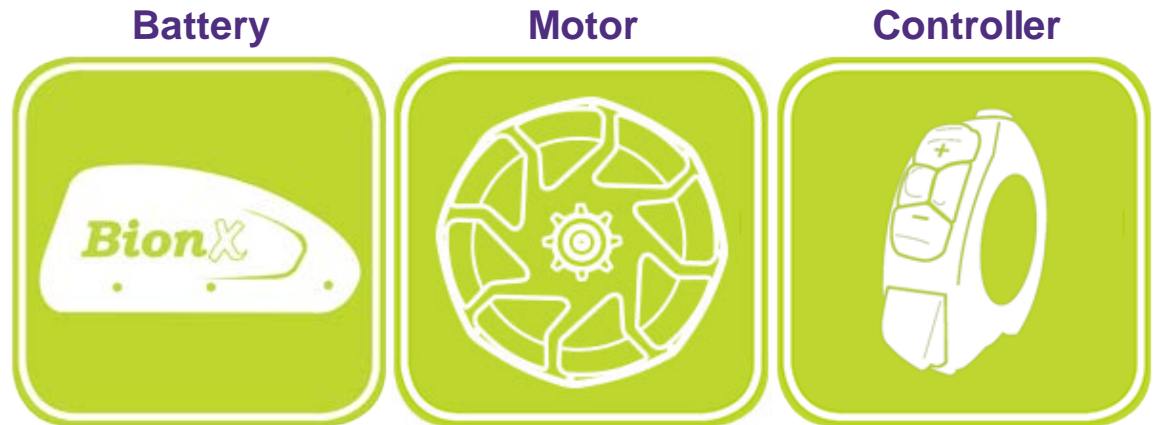
The Company has two main distribution channels for the BionX System:

- (i) **Conversion System Customers** – BionX manufactures a versatile, complete system that is used to convert almost any regular bicycle into an E-Bike (“**Conversion Systems**”). Conversion Systems are sold through various bicycle parts distributors and retailers across the globe, with major markets in North America and Europe.
- (ii) **Original Equipment Manufacturers (“OEM”) Customers** – bicycle manufacturers that utilize the BionX System in their own E-Bikes that are sold to consumers. A list of OEM Customers have been included in **Appendix “A”**. BionX has also developed complete electric vehicles, from an electric boat to electric scooters, and has partnered with manufacturers to develop complete electric bicycle projects.

The Technology

Weighing only a few kilograms, the BionX System works seamlessly while the rider pedals. The main selling feature of BionX systems is Proportional Assist - the BionX motor controller continuously analyzes the torque input and feeds that information to the motor, which applies electric assist in proportion to how hard a rider is pedaling; the harder the rider pedals, the more torque the system senses, and the more electric assist the rider gets. The BionX System’s proprietary technology has earned various awards for its design and innovation and is supported by a number of patents registered throughout the world.

In summary, the BionX System includes the following three components: (i) a lightweight electric motor (the “**Hub Motor**”); (ii) a battery to power the Hub Motor (the “**Battery**”); (iii) and a controller as the interface between the rider and the system (the “**RC3 Controller**”).



The Hub Motor – The BionX hub motors are not only powerful, but offer the rider the ability to recharge while they ride through regenerative braking and generate modes. They are completely silent and smooth, and offer multiple assistance modes.

The Battery – All BionX batteries have unique low voltage protection called “Deep Sleep” mode, which allow them to be stored for long periods of time. Many of these batteries also include a Bluetooth Module, to allow the user to sync their smartphone to the BionX App for “Smartphone Display Connectivity”.

The Controller – The RC3 Controller is a multi-function interface for the system, with the concept that a rider can safely adjust the system without the need to remove a hand from the handlebars. The RC3 Controller interacts with various BionX accessories, and allows the user to interact with their smartphone display, and activate “Voice Feedback”.

A listing of the BionX System models and accessories are attached to this Solicitation Letter as **Appendix “B”**.

The Sales Process

Participation in the Sales Process

Enclosed with this Solicitation Letter is a form of non-disclosure agreement (“**NDA**”). To further participate in the Sales Process, Interested Parties must return to the Receiver an executed copy of the NDA. Once the Receiver has received an acceptable executed NDA from an Interested Party (such Interested Parties are referred to as “**Prospective Bidders**”), the Receiver will provide the following:

- (i) access to an electronic data room containing relevant information for a Prospective Bidder to perform due diligence with respect to the Property; and
- (ii) a form of asset purchase agreement (the “**Asset Purchase Agreement**”).

As detailed below, all Prospective Bidders interested in submitting an Offer must submit same by no later than **5:00 PM Eastern Standard Time (“EST”) on May 15, 2018** (the “**Offer Deadline**”).

A Prospective Bidder must submit a binding Offer to purchase some or all of the Property (an “**Offer**”) by the Offer Deadline, which must include:

- (i) the identity, contact information, and disclosure of the principal(s) of the Prospective Bidder;
- (ii) a list and description of the Property to be included in the Offer;
- (iii) an indication of the proposed purchase price or financial terms of the Offer;
- (iv) an acknowledgement that the sale will be made on an “as is, where is” basis and that the Prospective Bidder will be bound by the terms of the Sales Process as described in Schedule “A” of the Receivership Order;
- (v) details related to any regulatory approvals required to close the proposed transaction; and
- (vi) such other information requested by the Receiver.

All Offers must meet the following criteria in order to qualify for consideration:

- i. the Offer is received by the Offer Deadline;
- ii. the Offer contains a letter stating that the Offer is irrevocable and open for acceptance until at least five (5) business days after the Offer Deadline;
- iii. the Offer includes proof of the Prospective Bidder’s financial wherewithal and ability to close the transaction and is not conditional upon financing;
- iv. the Offer includes an acknowledgement that the Prospective Bidder has (a) relied solely upon its own independent review of any documents and assets to be

acquired and/or assumed in making its Offer; and (b) not relied upon any representations or warranties whatsoever regarding the property of the BionX Canada;

- v. the Offer shall not contain any material conditions to closing other than approval by the Ontario Superior Court of Justice (Commercial List);
- vi. the Offer must include with it a blacklined and clean version of the Asset Purchase Agreement prepared by the Receiver;
- vii. the Receiver must believe the transaction will close on or prior to five days after Court approval of the transaction; and
- viii. as appropriate, the Offer shall include a deposit equal to 10% of the purchase price of the Property.

*****The Receiver shall be under no obligation to accept the highest Offer, and shall be under no obligation to accept any Offer if the Receiver determines that no suitable Offers for the Property has been received.**

All communications and inquiries regarding this Solicitation Letter or the Sales Process should be directed to the Receiver by contacting: **Jennifer Kwon via email (Jennifer.Kwon@ca.gt.com) or by telephone at (416) 360-4167.**

Yours truly,

GRANT THORNTON LIMITED,

in its capacity as Court-appointed Receiver of the property, assets and undertakings of BionX Canada Inc. and not in its personal or corporate capacity

Dated at Toronto, Ontario, this 16th day of March, 2018

Notice and Disclaimer

This document and the contents of it do not and are not intended to constitute an offer for sale or an invitation to treat offers to purchase any company, its shares other securities or assets. For the avoidance of doubt there is no intention to create a legal relationship and such relationship will not come into existence unless and until a formal written contract, reviewed by lawyers for each of the parties, has been entered into. The information herein has been provided to Grant Thornton Limited as Court-appointed Receiver of the Property of BionX Canada Inc. and the contents are not to be relied upon by Interested Parties as an inducement to enter into a formal agreement of purchase and sale. All Interested Parties must carry out their own due diligence in respect of the Property in order to satisfy themselves as to the accuracy of all matters in respect to the Property. While care is taken in the preparation of this document and the information contained in it, the Receiver hereby gives you notice that the Receiver cannot and does not accept any responsibility and/or liability for any loss or damage of whatsoever nature that may occur by reliance on it and howsoever arising. Any disputes or claims arising under or in connection with this document shall be subject to the jurisdiction of the Ontario Superior Court of Justice (Commercial List) in the receivership proceedings.

Appendix A

BIONX CONVERSION SYSTEM COMPARISON CHART

	D-500 DV	P-350 DV	P-350 RX	P-350 DX	P-350 RL	P-350 DL
SYSTEM						
MSRP / MAP	\$1999	\$1899	\$1699	\$1599	\$1399	\$1299
BATTERY CAPACITY	555Wh	555Wh	423Wh	423Wh	317Wh	317Wh
RANGE POTENTIAL	80 miles	80 miles	65 miles	65 miles	50 miles	50 miles
MOTOR POWER	500W	350W	350W	350W	350W	350W
CELL TYPE	Panasonic	Panasonic	Samsung	Samsung	Samsung	Samsung
DS3 INCLUDED	Yes	Yes	Optional	Optional	Optional	Optional
UNIQUE FEATURES	High Torque Most Range Best Performance	Most Range Smaller Wheel Sizes	Versatile RR System Smaller Wheel Sizes	Cost Effective Smaller Wheel Sizes	Most Affordable Rear Rack System Light Weight	Most Affordable Lightest Weight
WHEEL SIZES (Disc brake only / Rim brake)	29" / 700c Disc 29" / 700c Rim 27.5" / 650b Disc 26" Rim	29" / 700c Disc 29" / 700c Rim 27.5" / 650b Disc 26" Rim 24" Rim 20" Rim	29" / 700c Disc 29" / 700c Rim 27.5" / 650b Disc 26" Rim 24" Rim 20" Rim	29" / 700c Disc 29" / 700c Rim 27.5" / 650b Disc 26" Rim 24" Rim 20" Rim	29" / 700c Disc 29" / 700c Rim 27.5" / 650b Disc 26" Rim 24" Rim 20" Rim	29" / 700c Disc 29" / 700c Rim 27.5" / 650b Disc 26" Rim 24" Rim 20" Rim

STANDARD FEATURES & SPECS

- RC3 Controller
- Proportional Assist
- 135mm O.L.D.
- 6V DC Output
- Generate Mode / Braking
- Compact Power Supply (Charger)
- 3 Year Warranty (w/registration)
- Gold Plated Motor Power Cable
- 6 Bolt Disc Compatible
- Bluetooth Upgrade Optional

BIONX GENUINE ACCESSORIES (for all CANbus systems, post-2009)

						
RC3 CONTROLLER Short - 190mm \$169.99 For ALL 48V Systems	RC3 CONTROLLER Long - 2100 mm \$169.99 For ALL 48V Systems	BLUETOOTH MODULE \$174.99 For ALL RC3 Systems to use the BionX App!	BT POWER PACK w/ Device Charger \$219.99 For ALL RC3 Systems	DS3 DISPLAY \$199.99 For ALL RC3 Systems	LIGHT SET \$224.99 For ALL 48V Systems w/DC Output	POWER SUPPLY \$109.99 For ALL 48V Systems

BionX[®]



ridebionx.com

Appendix B

The logo for 'elby' is written in a lowercase, rounded, orange sans-serif font.

Elby

Location: NA/Europe



AZUB

Location: Europe

The logo for 'evo' is written in a lowercase, italicized, black sans-serif font, with the letter 'v' highlighted in green.

EVO

Location: USA



Back Roads

Location: USA

The logo for 'OHM' is written in a bold, orange, italicized, sans-serif font.

OHM

Location: USA

The logo for 'BIBOO' is written in a bold, black, italicized, sans-serif font, with three horizontal lines (blue, green, and red) underneath.

Biboo

Location: Europe



Biria

Location: USA



Dynagil

Location: Europe



Easy Bike

Location: Europe



EHLINE

Location: Europe



Douze

Location: Europe



Ginner & Resch

Location: Europe



Grace

Location: Europe



HP Velotechnik

Location: Europe



Mi:Tech

Location: Europe



Schuchmann

Location: Europe



Oxford

Location: Europe



Pro Activ

Location: Europe

The logo for PUBLIC, featuring the word "PUBLIC" in a bold, blue, sans-serif font.

Public Bikes

Location: North America



Schmicking Reha

Location: Europe



Smart

Location: Europe, North



Trio Bike

Location: Europe



Trek

Location: Europe



Wheeler

Location: Europe