

**IN THE MATTER OF THE LIQUIDATION OF  
BRITISH COLUMBIA DISCOVERY FUND INC.  
(FORMERLY BRITISH COLUMBIA DISCOVERY FUND (VCC) INC.)  
PURSUANT TO PART 10 OF THE  
*BUSINESS CORPORATIONS ACT OF BRITISH COLUMBIA***

---

**Liquidator's First Report**

---

**November 30, 2021**

**IN THE MATTER OF THE LIQUIDATION OF  
BRITISH COLUMBIA DISCOVERY FUND INC.  
(FORMERLY BRITISH COLUMBIA DISCOVERY FUND (VCC) INC.)  
PURSUANT TO PART 10 OF THE  
*BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)***

**Liquidator's First Report**

**TABLE OF CONTENTS**

<b>Contents</b>	<b>Page</b>
INTRODUCTION .....	1
PURPOSE OF REPORT.....	2
SUMMARY OF LIQUIDATOR'S MANDATE.....	3
SUMMARY OF PROGRESS MADE TO DATE IN THE LIQUIDATION .....	3
SUMMARY OF REMAINING PORTFOLIO INVESTMENTS .....	4
LIQUIDATOR'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	5
CONCLUSION.....	6

**APPENDICES**

- A. Liquidator's Interim Statement of Receipts and Disbursements for the Period December 1, 2020 to October 31, 2021

## INTRODUCTION

1. British Columbia Discovery Fund Inc., (formerly British Columbia Discovery Fund (VCC) Inc.), (the “**Fund**” and “**BCDF**”), is a corporation based in Vancouver, British Columbia. The Fund was incorporated on November 6, 2002 and registered as a Venture Capital Corporation (“**VCC**”) under the *Small Business Venture Capital Act* of British Columbia, to make investments in eligible small businesses.
2. From 2002 to March 2015, the Fund invested in early-stage technology companies, which met the criteria of the *Small Business Venture Capital Act*. The Fund made, sold and held various investment positions in companies operating in the health and life sciences, communications, energy infrastructure and environmental technology sectors. During this time the Fund sold shares to investors and operated on a redemption model allowing shareholders to redeem their shares upon request.
3. In March 2015, the Fund ceased selling shares to focus on existing investments and prioritize distributions to the existing shareholders of the Fund. The Fund did not make any further investments in new companies.
4. In June 2017, the shareholders of the Fund voted to approve special resolutions that changed the Fund from a share redemption model to a dividend distribution model. Shares of the Fund would no longer be redeemable except in the case of the death of a shareholder, or for a certain type of share (DCC 400).
5. In 2019, the Fund reviewed strategic alternatives for the future including merging with a larger investment fund, an en bloc sale of the Fund’s assets, and partnering with an institutional investor to provide liquidity to the Fund. The Fund determined that the alternatives were not feasible or cost prohibitive given the small size of the Fund, its limited diversification, and complications arising from the Fund’s status as a VCC.
6. In 2020, BCDF determined that the best course of action for the Fund was liquidation and wind-up. In making this determination the Fund considered the ongoing legal and compliance costs of being a reporting issuer as well as the cost of ongoing fund management fees given the size of the Fund’s remaining investments.

7. On June 24, 2020 at the Annual General and Special Meeting, the shareholders passed resolutions approving:
  - i. The termination of the management agreement with Discovery Capital Management Corp., the Fund's investment manager;
  - ii. The voluntary liquidation and dissolution of the Fund under Part 10 of the *British Columbia Business Corporations Act* (the "**BCBCA**") and the appointment of The Bowra Group Inc. as Liquidator (the "**Liquidator**").
  - iii. An application by the Fund to the British Columbia Securities Commission (the "**BCSC**") to cease to be a reporting issuer; and,
  - iv. The Fund's voluntary cancellation of its registration as a venture capital corporation under the *Small Business Venture Capital Act*.
8. The Bowra Group Inc., in its capacity as Liquidator, assumed control of the Fund on December 1, 2020.
9. At the time the Liquidator was appointed the Fund had five remaining portfolio investments.

## **PURPOSE OF REPORT**

10. The purpose of this report is to:
  - i. Provide an update on the Liquidator's activities and progress made to date;
  - ii. Provide information on the remaining investments held by the Fund.
  - iii. Provide financial statements for the Fund in the form of the Liquidator's Interim Statement of Receipts and Disbursements for the Fund for the period of Dec 1, 2020 to October 31, 2021.
11. This report has been prepared by The Bowra Group Inc., in its capacity as Liquidator.

## SUMMARY OF LIQUIDATOR'S MANDATE

12. The Liquidator held discussions and agreed with management on the course of action to liquidate the Fund's investments (the "**Liquidator's Mandate**"). The Liquidator's Mandate was included in the information circular presented and approved by shareholders at the Annual and Special General Meeting on June 24, 2020.
13. The Liquidator's Mandate is to conduct an orderly liquidation of the portfolio investments of the Fund through participation in liquidity events, which may include offers to purchase, acquisitions (by merger, plan of arrangement or similar business combination), exchange of securities, a going public transaction via an initial public offering, or a secondary sale of securities a third party (collectively, "**Liquidity Events**") rather than an immediate liquidation or forced sale. The Liquidator's Mandate has a two year period from the date of the commencement of the liquidation to participate in Liquidity Events.
14. At the end of two years, the Liquidator will have the discretion to liquidate the remaining assets of the Fund in an accelerated manner or to distribute the Fund's assets in-kind to the shareholders.

## SUMMARY OF PROGRESS MADE TO DATE IN THE LIQUIDATION

15. The Liquidator is one year through the two year period in the Liquidator's Mandate to participate in Liquidity Events for the Funds investments.
16. To date the following progress has been made in the liquidation:
  - i. The Liquidator participated in the initial public offering of Tantalus Systems Holdings Inc. ("**Tantalus**") through support of a plan of arrangement. Tantalus currently trades on the Toronto Stock Exchange under symbol GRID. The Fund received 3,198,317 shares of Tantalus in the plan or arrangement which it currently holds subject to a lock up period which expires on January 29, 2022.
  - ii. The Liquidator collected \$94,252.85 relating to the Fund's share of a holdback in the acquisition of 3760073 Canada Corp. (Formerly Navarik Corp.) ("**Navarik**") by Vela Software Group prior to the liquidation.

17. The Liquidator will continue to report to shareholders on the progress of the liquidation on a quarterly basis.

## **SUMMARY OF REMAINING PORTFOLIO INVESTMENTS**

18. The Fund currently has five portfolio investments.

19. Further details of the Funds five remaining investments are listed below:

- i. **D-Wave Systems Inc. (“D-Wave”)**. D-Wave is a quantum computing company based in Burnaby, B.C.

The Liquidator is continuing to monitor D-Wave and review any potential opportunities for Liquidity Events.

- ii. **PheMI Systems Corporation (“PheMI”)**. PheMI is a technology company which provides data management, analysis, privacy and security for healthcare based in Vancouver, B.C..

The Liquidator is continuing to monitor PheMI and review any potential opportunities for Liquidity Events.

- iii. **Navarik**. Navarik is a technology company providing software and data solutions for cargo and shipping of petroleum products based in Vancouver, B.C. In September 2020, Navarik sold all of its assets to Vela Software Group (“Vela”) subject to certain holdback provisions.

The Liquidator is continuing to monitor Navarik and the potential for any future distributions to the Fund pursuant to the terms of the sale agreement with Vela.

- iv. **MTI Limited Partnership** (acquired from the sale of Mobidia Technology Inc.) (“**MTI LP**”). Mobidia was a Fund portfolio company that was sold to App Annie in 2015. The Fund’s current interest in MTI LP is limited to its respective interest in App Annie shares held by MTI LP exchanged in the sale of Mobidia transaction.

The Liquidator is continuing to monitor MTI LP and review any potential opportunities for Liquidity Events.

- v. **Tantalus**. Tantalus is a publicly traded technology company which develops and operates smart grid solutions for utilities based in Burnaby, B.C.

Tantalus went public in 2021 and the Fund holds 3,198,317 shares of Tantalus. The Liquidator is currently assessing options to liquidate the Fund’s position in Tantalus.

- 20. Besides Tantalus and Navarik, which participated in Liquidity Events in 2020 and 2021, respectively, the Liquidator is uncertain if there will be future Liquidity Events for the Fund’s remaining investments and their realizable value, if any.

## **LIQUIDATOR’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

- 21. Pursuant to Section 330 of the BCBCA the Liquidator is required to produce financial statements in the form considered appropriate by the Liquidator. The Liquidator’s Interim Statement of Receipts and Disbursements is the form of financial statement prepared by the Liquidator.
- 22. The Liquidator’s Interim Statement of Receipts and Disbursements for the period December 1, 2020 to October 31, 2021 is attached as **Appendix A**.

23. A summarized version is in the table below:

	<b>\$000's</b>
<b>Receipts</b>	
Cash from BCDF	742
Navarik holdback	94
	<u><b>836</b></u>
<b>Disbursements</b>	
Allowable share redemptions	102
Liquidator's fees and disbursements	82
Legal fees and disbursements	65
Fund administration services	35
Insurance	30
Consultants	20
GST paid	10
Accounting and computer services	5
PST paid	5
Reporting costs	3
	<u><b>357</b></u>
<b>Balance in the Liquidator's account on October 31, 2021</b>	<u><b>479</b></u>

## CONCLUSION

24. The Fund will continue to realize on its investments in portfolio companies through participation in Liquidity Events when possible pursuant to the Liquidator's Mandate.
25. The Liquidator will continue to update shareholders on further progress of the liquidation on a quarterly basis.
26. At this time, the Fund is not aware of the anticipated date of any distribution, or the date of its dissolution.

**The Bowra Group Inc.**

In its capacity as Liquidator of British Columbia Discovery Fund Inc.

Per:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Mario Mainella, CPA, CA, CIRP

Per:

A handwritten signature in black ink, featuring a large loop and a long horizontal stroke.

Gordon Brown, CPA, CA, CIRP

**APPENDIX A**

Liquidator's Interim Statement of Receipts and Disbursements

For the period December 1, 2020 to October 31, 2021

**In the Matter of the Liquidation of British Columbia Discovery Fund Inc.  
(formerly British Columbia Discovery Fund (VCC) Inc.)  
Liquidator's Interim Statement of Receipts and Disbursements  
For the period December 1, 2020 to October 31, 2021**

	<b>\$'s</b>
<b>Receipts</b>	
Cash transferred from BCDF's bank account	741,861
Holdback received from Navarik	94,253
	<b>836,114</b>
<b>Disbursements</b>	
Allowable share redemptions <sup>1</sup>	102,202
Liquidator's fees and disbursements	82,034
Legal fees and disbursements	65,297
Fund administration services	34,730
Insurance	30,000
Consulting services	20,276
GST paid	10,464
Accounting and computer services	5,440
PST paid	4,541
Reporting costs	1,950
Miscellaneous expenses	481
	<b>357,415</b>
<b>Balance in the Liquidator's account on October 31, 2021</b>	<b>478,699</b>

**Notes:**

1. Allowable share redemptions pertain to shares that have been redeemed by the Fund as a result of the death of a shareholder, or because the shares are specific to fund code DCC400.