Court File No.: CV-13-10274-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 8440522 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 2451608 ONTARIO INC.

Applicants

FIFTEENTH REPORT OF THE MONITOR

JULY 14, 2015

INTRODUCTION

1. On September 30, 2013, this Court granted Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") and its wholly owned subsidiaries, Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**") and 8440522 Canada Inc. (collectively with Wireless and Holdings, the "**Applicants**" or "**Mobilicity**") protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") pursuant to the Initial Order of Mr. Justice Newbould dated September 30, 2013. 2451608 Ontario Inc. was added as an Applicant pursuant to an Order of this Court dated January 28, 2015.

2. Wireless, 2451608 Ontario Inc. and 8440522 Canada Inc. are collectively referred to herein as the "**Wireless Entities**".

3. Ernst & Young Inc. was appointed as monitor of the Applicants in these CCAA proceedings (the "**Monitor**") pursuant to the Initial Order.

4. On June 24, 2015, this Court granted an Order approving the Rogers Sale pursuant to which Rogers Communications Inc. ("**Rogers**") or its designated affiliate agreed to

purchase the shares of Holdings (the "**Transaction**") for an aggregate consideration of $465 million, subject to certain adjustments.

5. On June 29, 2015, this Court granted a Vesting Order which provided, *inter alia*, that:

   (a) all of Holdings' right, title and interest in, among other things, the shares of Wireless would be transferred to an affiliate of Rogers, free and clear of all encumbrances other than certain permitted liens;

   (b) the Wireless Distribution Amount (as defined in the Vesting Order) paid by Rogers or its designated affiliate in connection with the Transaction, would be held in escrow by the Monitor subject to further Order of this Court authorizing and directing the distribution of such amounts;

   (c) the remaining cash paid by Rogers or its designated affiliate in connection with the Transaction, over and above the Wireless Distribution Amount (together with the Wireless Distribution Amount, the "**Cash Amount**") would stand in the place and stead of the assets purchased under the Rogers Sale; and

   (d) effective upon completion of the Transaction, the CCAA proceedings were to be terminated solely in respect of the Wireless Entities; provided, however, that the stay of proceedings in respect of the Wireless Entities remained in effect for an additional 14 days.

PURPOSE

6. The purpose of this fifteenth report of the Monitor (this "**Fifteenth Report**") is to provide information to the Court regarding:

   (a) the Monitor's conduct and activities from the date of the Fourteenth Report of the Monitor dated June 27, 2015 (the "**Fourteenth Report**") until the date of this Fifteenth Report; and

   (b) an update on a potential distribution of a portion of the Wireless Distribution Amount.

7. The purpose of this Fifteenth Report is also to provide this Court with the Monitor's recommendations regarding the Applicants' motion for an Order:

(a) modifying all signing authorities in respect of Holdings' bank accounts such that all cheques and other banking documents in respect of any of Holdings' bank accounts will require the signature of the CRO, as signing officer, after consultation with the Monitor;

(b) authorizing and directing the Monitor to distribute the amount outstanding under the DIP Notes from the Wireless Distribution Amount in full and final satisfaction of the amounts outstanding thereunder;

(c) ratifying and confirming the discharge of Ernst & Young Inc., in its capacity as court-appointed Monitor of the Wireless Entities effective, *nunc pro tunc*, as of the date that the Monitor's Certificate (defined below) was filed with this Court pursuant to the terms of the Vesting Order;

(d) approving the Thirteenth Report of the Monitor dated June 23, 2015 (the "**Thirteenth Report**"), the Fourteenth Report, this Fifteenth Report and the activities of the Monitor described therein; and

(e) modifying the title of these CCAA proceedings to reflect the termination of these CCAA proceedings in respect of the Wireless Entities.

DISCLAIMER

8. In preparing this Fifteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by Mobilicity, and discussions with management of the Applicants ("**Management**") (collectively, the "**Information**"). Except as described in this Fifteenth Report in respect of the Applicant's cash flow statement, the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly

or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

CONTEXT

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

10. Capitalized terms not otherwise defined herein are given the meaning ascribed to them in the Affidavit of William E. Aziz sworn July 14, 2015 (the "**Aziz Affidavit**").

11. Copies of this Fifteenth Report and other court materials filed in connection with these CCAA proceedings may be obtained from the Monitor's website established in connection with these proceedings (www.ey.com/ca/mobilicity).

ACTIVITIES OF THE MONITOR

12. Since the date of the Vesting Order, the Monitor has conducted the following activities:

    (a) assisted the parties with the closing of the Transaction, including the delivery and filing of the Monitor's Certificate (defined below);

    (b) received, and continues to hold in its trust account, the Cash Amount totalling $344,448,289.43 as at the closing date; and

    (c) participated in discussions and negotiations with the Applicants and other parties with respect to, *inter alia*, the issues described in this Fifteenth Report.

13. Copies of the Thirteenth Report and the Fourteenth Report (each without exhibits) are attached as Appendices "**A**" and "**B**", respectively.

14. The Monitor requests that this Court approve the Thirteenth Report, Fourteenth Report and this Fifteenth Report and the Monitor's conduct and activities as more fully described therein.

HOLDINGS' SIGNING AUTHORITY

15. The Applicants seek an order modifying all signing authorities in respect of Holdings' bank accounts such that all cheques and other banking documents in respect of any of Holdings' bank accounts will require the signature of the CRO, as signing officer, after consultation with the Monitor. Holdings currently has approximately $4.94 million on deposit.

16. The Monitor understands this relief is for administrative convenience due to the limited personnel with signing authority available at Holdings on a day-to-day basis. The CRO will consult with the Monitor prior to signing any cheques or other banking documents.

17. The Monitor is of the view that this relief is both appropriate and practical in the circumstances.

TERMINATION OF PROCEEDINGS, DISCHARGE OF MONITOR AND AMENDMENT TO TITLE OF PROCEEDINGS

18. The Transaction closed on July 2, 2015 (the "**Closing Date**") after the Monitor delivered to the parties to the Rogers Sale, and filed with this Court, a Monitor's Certificate, a copy of which is attached as Appendix "**C**" (the "**Monitor's Certificate**").

19. The CCAA proceedings with respect to the Wireless Entities terminated pursuant to the terms of the Vesting Order on the Closing Date. However, the Vesting Order further provides that the stay of proceedings in respect of the Wireless Entities would continue for 14 days following the Closing Date, being July 16, 2015.

20. Accordingly, there is no longer a need for a Monitor with respect to the Wireless Entities. Holdings is the only Applicant remaining in these CCAA proceedings.

21. The Monitor is of the view that an order discharging the Monitor with respect to the Wireless Entities, effective *nunc pro tunc*, as of the Closing Date is appropriate in the circumstances.

UPDATE ON DISTRIBUTION

22. As a result of the closing of the Transaction, the Monitor holds the Cash Amount pending its distribution pursuant to further order of this Court. The Cash Amount is being held in a chequing account in trust for Holdings at the Royal Bank of Canada. The Cash Amount is earning interest at the rate of 0.85% per cent per annum.

23. The Monitor understands that Holdings is currently aware of the following claims against the Cash Amount:

(a) the holders of the First Lien Notes (other than the Catalyst First Lien Notes), the Second Lien Notes and the DIP Notes; and

(b) the unsecured creditors of Holdings.

24. The Catalyst Capital Group Inc. was also a holder of First Lien Notes. Catalyst agreed to waive any entitlement to receive any share of the Cash Amount as part of the terms of the Transaction. The principal and interest outstanding (excluding penalties and fees) in respect of the First Lien Notes, excluding the portion held by Catalyst (the "**Remaining First Lien Notes**"), are approximately $125.3 million and $32.3 million, respectively, as of June 30, 2015. Default compound interest on the principal and accrued interest owing in respect of the Remaining First Lien Notes is accruing at a rate of 10.5% per annum, which would equate to approximately $1.3 million for the month of July 2015.

25. The principal and interest outstanding (excluding penalties and fees) on the Second Lien Notes are approximately $43.25 million and $15.9 million, respectively, as of June 30, 2015. The default interest on the principal outstanding in respect of the Second Lien Notes is accruing at a rate of 17.5% per annum, which would equate to approximately $630,000 for the month of July and approximately $850,000 on the principal and outstanding interest for the same period.

26. The total amount outstanding in respect of the DIP Notes is approximately $1.97 million. As discussed below, the Applicants' are seeking a direction authorizing the Monitor to distribute the total amount owing under the DIP Notes as soon as practical.

27. As of June 30, 2015, Holdings' unsecured creditors include certain noteholders of 15% Unsecured Senior Notes totalling approximately $203.6 million and 12% Unsecured *Pari Passu* Notes totalling approximately $109.9 million.

28. In addition, since the announcement of the Transaction, the Monitor has received certain communications in respect of potential claims from additional unsecured creditors of Holdings. The Monitor has only been put on notice of these claims and has not made any assessments about their validity or quantum.

29. The Monitor is considering the appropriateness of conducting a claims process in respect of claims against Holdings and the Cash Amount and may seek an order establishing such a claims process if the Monitor determines that such is appropriate in the circumstances.

DIP Note Distribution

30. The Applicant is seeking an order authorizing and directing the Monitor to repay amounts owing under the DIP Notes in full and final satisfaction of all amounts owing thereunder. The amount owing under the DIP Notes shall be reflected in a payout letter to be executed by Holdings and the holders of the DIP Notes.

31. The Monitor supports this relief and is of the view that a distribution to the holders of the DIP Notes at this time is appropriate.

First Lien Notes and Second Lien Notes

32. The Monitor understands that certain amounts in respect of the Remaining First Lien Notes and Second Lien Notes are in dispute. With respect to the Remaining First Lien Notes, the dispute relates to whether a pre-payment premium is properly due and owing to the Remaining First Lien Noteholders. With respect to the Second Lien Notes, the dispute is whether the interest component exceeds the maximum allowable rate of interest.

33. The Monitor has been in communication with each of the parties in respect of these disputes but there has been no resolution as of the date of this Fifteenth Report. The Monitor will continue its efforts to work with the parties to resolve these matters as expeditiously as possible. However, if a resolution cannot be found without intervention from the Court, the Monitor will work with the parties to set a satisfactory timetable to deal with these matters.

Next Steps for Distribution in respect of First Lien Notes and Second Lien Notes

34. Since the Closing Date, Holdings and its counsel have worked closely with the Monitor and other stakeholders to attempt to arrive at a consensual mechanism to distribute any undisputed amounts owing in respect of the Wireless secured claims.

35. A combination of practical issues and a lack of consensus on the mechanics of the distribution resulted in a decision by the Applicants not to seek a distribution of any of the Cash Amount at this time, other than to the holders of the DIP Notes as described above.

36. The Monitor is of the view that a reduction in outstanding amounts under the Remaining First Lien Notes and Second Lien Notes would significantly reduce accruing interest and is appropriate in the circumstances.

37. The Monitor supports an expedited distribution of the undisputed amounts owing under the Remaining First Lien Notes and the Second Lien Notes and intends to continue to facilitate discussions to this end.

MONITOR’S CONCLUSIONS AND RECOMMENDATIONS

38. For the reasons described in this Fifteenth Report, the Monitor recommends that this Court grant an Order sought by the Applicant, which includes, *inter alia*:

    (a) approving the Thirteenth Report, the Fourteenth Report and this Fifteenth Report, and the conduct and activities of the Monitor described therein;

(b) modifying all signing authorities in respect of Holdings' bank accounts such that all cheques and other banking documents in respect of any of Holdings' bank accounts will require the signature of the CRO, as signing officer, after consultation with the Monitor;

(c) authorizing and directing the Monitor to distribute the amount outstanding under the DIP Notes from the Wireless Distribution Amount in full and final satisfaction of the amounts outstanding thereunder;

(d) ratifying and confirming the discharge of Ernst & Young Inc., in its capacity as court-appointed Monitor of the Wireless Entities effective, *nunc pro tunc*, as of the date of the filing of the Monitor's Certificate; and

(e) modifying the title of these CCAA proceedings to reflect the termination of these CCAA proceedings in respect of the Wireless Entities.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 14th DAY OF JULY, 2015.

ERNST & YOUNG INC.

in its capacity as the Court-appointed Monitor of
Data & Audio-Visual Enterprises Holdings Inc.,
Data & Audio-Visual Enterprises Wireless Inc.,
8440522 Canada Inc. and 2451608 Ontario Inc.

Per:

Brian Denega
Senior Vice President

APPENDIX A

Court File No.: CV-13-10274-00CL

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SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 8440522 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 2451608 ONTARIO INC.

Applicants

THIRTEENTH REPORT OF THE MONITOR

JUNE 23, 2015

INTRODUCTION

1. On September 29, 2013, Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") and its wholly owned subsidiaries, Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**") and 8440522 Canada Inc. (collectively with Wireless and Holdings, the "**Applicants**" or "**Mobilicity**") filed an application before the Court for an Initial Order under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") in order to restructure their business and affairs or complete a sale of their business and assets. 2451608 was added as an Applicant pursuant to the Order of this Court dated January 28, 2015.

2. On September 30, 2013, this Court made an order (the "**Initial Order**") granting the application and providing for, among other things, the appointment of Ernst & Young Inc. as monitor in the CCAA proceedings of the Applicants (the "**Monitor**") and a stay of proceedings against the creditors of the Applicants until October 30, 2013 or such later date as this Court may order. The stay of proceedings was most recently extended to August 31, 2015 pursuant to an order of this Court dated May 1, 2015.

PURPOSE

3. The purpose of this thirteenth report (the "**Report**") is to provide information to the Court on:

   (a) The process conducted by the Applicants which resulted in a binding letter agreement between Holdings and Wireless (collectively, the "**Vendors**") and Rogers Communications Inc. (the "**Purchaser**") dated June 23, 2015 (the "**Sale Agreement**"), a copy of which is attached as Confidential Exhibit "**F**" to the affidavit of Mr. William E. Aziz, President of BlueTree Advisors II Inc., which has been retained by Holdings to provide his services as Chief Restructuring Officer of Mobilicity (the "**CRO**"), sworn on June 23, 2015 (the "**Aziz Affidavit**"); and

   (b) The Monitor's recommendation in respect of the Applicants' motion for an Approval Order approving the Sale Agreement.

DISCLAIMER

4. In preparing this Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by Mobilicity, and discussions with management of the Applicants ("**Management**") (collectively, the "**Information**"). Except as described in this Report in respect of the Applicants' cash flow statement:

   a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

CONTEXT

5. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

6. For convenience, capitalized terms not defined in this Report are as defined in the Aziz Affidavit.

7. Copies of this Report and other court material filed in connection with these CCAA proceedings may be obtained from the Monitor's website established in connection with these proceedings (www.ey.com/ca/mobilicity) (the "**Monitor's Website**").

SUMMARY OF SALE EFFORTS

8. Prior to the commencement of the CCAA Proceedings, the Applicants' conducted extensive sale and refinancing initiatives. Those sale efforts culminated in an agreement with TELUS Corporation to purchase Mobilicity for $380 million, subject to certain adjustments (the "**CBCA Transaction**"). As outlined in the Aziz Affidavit, Mobilicity believed that the CBCA Transaction was in the best interests of Mobilicity and a substantial majority of its creditors voted to approve the transaction. The CBCA Transaction was approved by the Court on May 28, 2013. The CBCA Transaction was subject to Industry Canada approval, which was denied on June 4, 2013. As a result, the transaction could not be completed.

9. The Applicants continued their efforts to find a buyer both before and after the commencement of these CCAA proceedings. During the CCAA proceedings, the Applicants conducted a Court-approved sale process (the "**Sale Process**") in accordance with the Approval of Sale Procedures Order dated November 13, 2013, attached as Appendix "**A**". The Sale Process is described in the Sixth Report of the Monitor dated April 22, 2014 (the "**Sixth Report**"), a copy of which is attached (without exhibits) as Appendix "**B**".

10. The Applicants, with the assistance of their financial advisors Canaccord Genuity and National Bank (the "**Financial Advisors**") and the Monitor, contacted parties that were

considered to be legitimate prospective purchasers and invited them to express their interest in making an offer to purchase. The parties that were approached were national and regional Canadian telecommunications providers, credible financial advisors known to represent Canadian telecommunications providers, major telecommunications providers in the United States and Europe, all debt and equity holders of the Applicants and all financial investors who had previously expressed an interest in purchasing or providing debt or equity financing to the Applicants.

11. By the Sale Process bid deadline, five parties had submitted bids to purchase certain of the assets of the Applicants and of those five bids, three offered to purchase all or substantially all of the assets of Mobilicity (the "**En Bloc Bids**"). Of the En Bloc Bids, only the bid from TELUS Corporation (the "**TELUS Offer**") was, in the view of the Monitor, in substantial compliance with all of the bid criteria and was selected as the successful bid. The Monitor and the Applicants considered the TELUS Offer to be the only acceptable going concern sale alternative at that time. Although two other En Bloc Bids were received, each was subject to additional conditions precedent. Those conditions precedent were both material in scope and outside the control of either the Applicants or the Monitor. These material conditions posed significant risk to the timing, certainty of completion and net consideration of any potential transaction under the other En Bloc Bids.

12. At the conclusion of the Sale Process, Mobilicity executed a binding term sheet with TELUS, subject to conditions that included Plan creditor approval, Court sanction and regulatory approvals. The transaction proposed by the TELUS Offer contemplated the cancellation of all of the existing outstanding equity and equity rights of Holdings for no consideration and the issuance to TELUS of 100% of the new equity in the share capital of Holdings and the indirect acquisition of its wholly owned subsidiary, Wireless, on a cash-free and funded debt free basis. Consideration for the TELUS Offer was $350 million, subject to certain adjustments.

13. As the TELUS Offer was considered to be in the best interests of Mobilicity and its stakeholders, Mobilicity sought Industry Canada approval for the transaction and brought a motion before the Court to implement the transaction proposed by the TELUS Offer. On

the return of that motion, the Court made an order requiring the parties to attend at a confidential mediation to mediate any outstanding issues in respect of the TELUS Offer with the Honourable Justice Warren Winkler (the "**Mediator**").

14. At the request of the Mediator, formal mediation sessions were conducted during the months of May through August 2014. Those sessions, which included both face-to-face and telephonic meetings, were attended by representatives and counsel from Mobilicity, Industry Canada, the Ad Hoc Committee of Noteholders, the DIP Lenders, the Monitor and for certain of the sessions, at the discretion of the Mediator, other creditors of the Applicants.

15. During the course of the mediation, the Applicants confirmed to the Monitor that the contractual agreement in respect of the TELUS Offer had been terminated. On September 14, 2014, the Mediator gave notice to Industry Canada and (through the Monitor) the other participants noted above that, subject to further direction from the Court, the mediation was terminated.

16. Since this time, the Applicants, together with their advisors, have been engaged in discussions with several parties who have expressed interest in advancing a transaction involving the Applicants. The Applicants and in some cases, the Monitor, have entered into non-disclosure agreements with such parties. The Applicants have granted access to their data room for certain of these parties at their request.

17. Following the conclusion of the AWS-3 Auction and 2500 MHz Auctions earlier this year, the Applicants began to revaluate their strategic options. The Applicants were approached by two parties, including the Purchaser, to engage in discussions in respect of the acquisition of the assets and undertaking of Mobilicity. The process conducted by the Applicants, with the assistance of the Financial Advisors and the involvement of the Monitor, was not anticipated and included tight time constraints asserted by one of the bidders, and thus was not conducted pursuant to the terms of a formal Court-approved sale process.

18. Notwithstanding the foregoing, in the opinion of the Monitor, the process carried out by the Applicants has been conducted in accordance with the principals enunciated in section 36 of the CCAA and in *Royal Bank of Canada v. Soundair Corp.*, 4 OR (3d) 1; 83 DLR (4th) 76; 7 CBR (3d) 1, namely:

a) Sufficient effort has been made to get the best price and the parties have not acted improvidently. As detailed below, the price achieved in the proposed transaction significantly exceeds any previous offer received in respect of the Mobilicity assets;

b) The interests of the parties have been considered. Representatives of the significant secured and unsecured creditors of the Applicants participated in the process and are consenting to the proposed transaction;

c) The process was conducted with efficacy and integrity. The bidders were provided with multiple opportunities to present offers and receive counter offers during the process. The Monitor participated in the discussions and negotiations between the Applicants and the potential bidders and observed that a fair, even-handed and comprehensive process was conducted; and

d) There was no unfairness in the working out of the process. Given the time constraints imposed on the Applicants to conclude a transaction as noted below, the Applicants acted in good faith and conducted a fair and reasonable process in the circumstances. The Board of Directors of Mobilicity was engaged and involved in the process, had fulsome discussions with advice from its legal and financial advisors and made an informed business decision to select the offer submitted by the Purchaser.

SUMMARY OF SALE AGREEMENT

19. The Sale Agreement contains commercially sensitive information and is the subject of a request for a Sealing Order by the Applicants. The key business terms of the Sale Agreement that may be disclosed are as follows:

a) The Purchaser will purchase the shares of Wireless from Holdings for aggregate consideration of $465 million on a cash free debt free basis, subject to certain adjustments;

b) A portion of the purchase price will be loaned by the Purchaser to Wireless to repay, in full, Wireless' funded secured obligations (with the exception of the secured obligations held by Catalyst Capital Group Inc. or funds managed by it (collectively, "**Catalyst**") which will continue to be an obligation of Wireless at the conclusion of the transaction);

c) The remaining funds held by Holdings will be paid out to the remaining unsecured creditors of Holdings on a *pro rata* basis;

d) All trade liabilities, employee obligations and contracts of Wireless will continue unaffected to be dealt with in the ordinary course of business in order to enable the Purchaser to continue the business of Mobilicity as a going concern from and after the closing date; and

e) The parties agreed to cooperate and use their best efforts to have the hearing of the Court for approval of the transaction on or before June 24, 2015.

20. In connection with the Sale Agreement, the Vendors entered into a letter agreement with Catalyst (the "**Catalyst Agreement**") which also contains commercially sensitive terms and is the subject of a request for a Sealing Order by the Applicants.

STATE OF THE APPLICANTS' BUSINESS AND AFFAIRS

21. Pursuant to section 23(1)(d.1) of the CCAA, in the following paragraphs the Monitor has provided a summary of the business and financial affairs of Mobilicity.

Business

22. The Mobilicity Group carries on business as a Canadian wireless telecommunications carrier. It provides cellular service to Canadians in five urban markets across Canada:

Ottawa, Toronto, Calgary, Edmonton and Vancouver.

23. As part of its business plan, Mobilicity has effectively outsourced certain elements of its business, including network building and maintenance, real-time billing and rating, customer service and handset supply to strategic business suppliers and service providers, including Ericsson Canada Inc., Amdocs Canadian Managed Services Inc., Ingram Micro Inc., and Sitel Teleservices Canada.

24. In addition, Mobilicity sells cellular services and handsets primarily by way of stores independently operated by authorized dealers.

25. As at the date of this Report, the Applicants have 31 employees. In response to Mobilicity's financial difficulties, management has reduced the number of employees by approximately 300 people since December 2011. As at the date of the Initial Order, Mobilicity had 132 employees.

Assets

26. According to the unaudited consolidated financial statements of Mobilicity, as at May 31, 2015 the Mobilicity Group's assets were valued on a book basis at approximately \$317.9 million.

27. Property and equipment includes the network assets, furnishings and related equipment, office computer hardware/software, as well as the fixed assets located at Mobilicity's two corporate stores. The network assets comprise the bulk of the asset value in this category.

28. Intangible assets consist of the spectrum licences acquired during the 2008 Spectrum Auction, which have an initial term of 10 years.

29. In addition to the foregoing, as at June 30, 2015, the Mobilicity Group had estimated, Canadian non-capital loss carry forwards amounting to approximately \$665.3 million expiring between 2029 and 2032. There are significant tax losses at both the Wireless and Holdings level.

Liabilities

30. The major categories of liability owing by Mobilicity are the following:

(a) Accounts payable and accrued liabilities of $82.4 million. Approximately $60.8 million of this amount represents accrued interest on the DIP Notes, the First Lien Notes and the Second Lien Notes (both as described below). The remaining balance of approximately $21.5 million (the "**Operating Liabilities**"), all of which is owed by Wireless, consists of amounts owed to suppliers of goods and services to Wireless (principally the four major suppliers described above which collectively total $15.1 million), employee amounts (wages, benefits and vacation pay) accrued in the ordinary course, and amounts owed to taxation authorities that are not yet due in the ordinary course;

(b) Advances made under the DIP Notes which remain outstanding in the amount of approximately $1.9 million (the "**DIP Amount**"). In accordance with the Order dated January 28, 2015, the DIP Amount ranks ahead of the First Lien Notes (as described below);

(c) First lien notes due April 29, 2018 (the "**First Lien Notes**"), were issued by a predecessor by amalgamation of Wireless, and have a principal balance owing of approximately $195 million. Holdings is a guarantor of the First Lien Notes, and each of Wireless and Holdings has entered into general security agreements in connection with the First Lien Notes. The First Lien Notes bear interest at a default interest rate of 10.5% annually. Interest has not been paid on the First Lien Notes during this proceeding. As of May 31, 2015 the amount outstanding on the First Lien Notes (including accrued interest) was approximately $242 million;

(d) Second lien notes due September 30, 2013 (the "**Second Lien Notes**"), issued by a predecessor by amalgamation of Wireless, and have a principal balance owing of $43.25 million. Holdings is a guarantor of the Second Lien Notes and each of Wireless and Holdings has delivered a General Security Agreement to secure the obligations thereunder. The obligations under the Second Lien Notes are fully and effectively subordinated and postponed to the full and final payment of all obligations under the First Lien Notes. The Second Lien Notes bear interest at a rate of 15.5% annually. Interest has not been paid on the Second Lien Notes during this proceeding. As of May 31, 2015 the amount outstanding on the Second Lien Notes (including accrued interest) was approximately $64 million. Pursuant to the Second Lien Note Purchase Agreement and the Plan, a Liquidity Payment in the amount of $7 million is payable to the Second Lien Lenders upon the occurrence of a sale of all or substantially all of the assets of the Applicants;

(e) 15% Senior Unsecured Debentures due September 25, 2018 (the "**Unsecured Senior Notes**"), were issued by Holdings, and have a principal balance owing of $95.0 million. The Unsecured Senior Notes bear interest at an annual rate of 15% (in certain limited circumstances, the interest rate will be 13.5%), which is payable semi-annually on June 30 and December 31. Interest payments are capitalized on each payment date as "payment in kind" interest, which are added to the principal amount outstanding on the Unsecured Senior Notes. As of May 31, 2015 the amount outstanding on the Unsecured Senior Notes (including payment in kind interest that has been added to the principal amount outstanding as well as accrued interest to May 31, 2015) was approximately $201 million;

(f) 12% Convertible Notes (the "**Unsecured Pari Passu Notes**") due September 25, 2018, issued by Holdings to its shareholder QCP CW S.A.R.L. ("**Quadrangle**"), with a principal balance owing of $59.741 million. The Unsecured Pari Passu Notes rank *pari passu* with the Unsecured Senior Notes. Interest has not been paid on the Unsecured Pari Passu Notes during this proceeding. As of May 31, 2015 the amount outstanding on the Unsecured Pari Passu Notes (including accrued interest) was approximately $109 million; and

(g) 12% Convertible Notes (the "**Unsecured Subordinated Notes**") due September 25, 2018, issued by Holdings to Quadrangle, have a principal balance owing of $35.0 million. The Unsecured Subordinated Notes rank subordinate to the Unsecured Pari

Passu Notes and the Unsecured Senior Notes. Interest has not been paid on the Unsecured Subordinated Notes during this proceeding. As of May 31, 2015 the amount outstanding on the Unsecured Subordinated Notes (including accrued interest) was approximately $48 million.

MONITOR'S CONCLUSION AND RECOMMENDATION

31. The Applicants have made a motion for an Approval Order, inter alia:

    a) Abridging the time for service of the Notice of Motion, Motion Record and this Report if necessary, and declaring that the motion is properly returnable on the date heard;

    b) Authorizing the execution of the Sale Agreement and the Catalyst Agreement by the Vendors; and

    c) Sealing the Sale Agreement and the Catalyst Agreement.

32. The Monitor is of the view that the Sale Agreement is the most advantageous sale transaction available for the Mobilicity stakeholders. It is in an amount that far exceeds any prior offer received in respect of the Applicants' assets, prior to or during the CCAA proceeding. The proceeds are projected to permit the Applicants' outstanding secured debt to be repaid in full, and to provide a substantial residual amount to be distributed to the Applicants' unsecured creditors pursuant to a distribution order to be sought at a later date.

33. The Sale Agreement has the support of substantially all of the Applicants' secured creditors and known affected unsecured creditors. The Applicants' trade creditors will be unaffected and will see their pre and post filing obligations assumed by the Purchaser.

34. Given the nature of the assets and the impediments to a successful sale of the assets of the Applicants, the Monitor is of the opinion that the proposed sale is more beneficial to the creditors of the Applicants than a sale or disposition under a bankruptcy.

35. The Monitor is of the view that the Applicants have acted in accordance with the Initial Order, in good faith, and with due diligence.

36. It is therefore the Monitor's conclusion that the Sale Agreement is fair and reasonable and complies with the requirements of section 36 of the CCAA.

37. The Monitor recommends that the Court grant the requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 23rd DAY OF JUNE 2015

ERNST & YOUNG INC.

in its capacity as the court-appointed Monitor of
Data & Audio-Visual Enterprises Holdings Inc.,
Data & Audio-Visual Enterprises Wireless Inc., and
8440522 Canada Inc.

Per:

Brian Denega
Senior Vice President

APPENDIX B

Court File No.: CV-13-10274-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 8440522 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 2451608 ONTARIO INC.

(collectively, the "**Applicants**")

FOURTEENTH REPORT OF THE MONITOR

JUNE 27, 2015

INTRODUCTION

1. On September 29, 2013, Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") and its wholly owned subsidiaries, Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**") and 8440522 Canada Inc. (collectively with Wireless and Holdings, the "**Applicants**" or "**Mobilicity**") filed an application before the Court for an Initial Order under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") in order to restructure their business and affairs or complete a sale of their business and assets. 2451608 was added as an Applicant pursuant to the Order of this Court dated January 28, 2015.

2. On September 30, 2013, this Court made an order (the "**Initial Order**") granting the application and providing for, among other things, the appointment of Ernst & Young Inc. as monitor in the CCAA proceedings of the Applicants (the "**Monitor**") and a stay of proceedings against the creditors of the Applicants until October 30, 2013 or such later date as this Court may order. The stay of proceedings was most recently extended to August 31, 2015 pursuant to an order of this Court dated May 1, 2015.

PURPOSE

3. The purpose of this fourteenth report (the "**Report**") is to provide information to the Court on:

   a) the Applicants' motion for a Vesting Order as required by the Sale Agreement that was approved and authorized by this Court under the Sale Approval Order dated June 24, 2015 (the "**Sale Approval Order**") and ancillary relief to give effect to the transaction, including the holding of certain amounts by the Monitor on behalf of Holdings to facilitate the closing of the transaction and the releases contemplated therein;

   b) the termination of the CCAA proceeding in respect of Wireless and its subsidiaries, 8440522 Canada Inc. ("**844 Canada**") and 2451608 Ontario Inc. ("**245 Ontario**") (collectively the "**Wireless Entities**") 14 days after the delivery of the Monitor's Certificate;

   c) the termination and discharge of the agreement with BlueTree Advisors II Inc. as CRO of the Wireless Entities;

   d) the activities of the Monitor and significant remaining activities; and

   e) the Monitor's recommendation in respect of the Applicants' motion for a Vesting Order and other ancillary relief.

DISCLAIMER

4. In preparing this Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by Mobilicity, and discussions with management of the Applicants ("**Management**") (collectively, the "**Information**"). Except as described in this Report in respect of the Applicants' cash flow statement:

a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

CONTEXT

5. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

6. For convenience, capitalized terms not defined in this Report are as defined in the affidavit of William Aziz in his capacity as CRO of the Applicants dated June 27, 2015 (the "**Aziz Affidavit**").

7. Copies of this Report and other court material filed in connection with these CCAA proceedings may be obtained from the Monitor's website established in connection with these proceedings (www.ey.com/ca/mobilicity) (the "**Monitor's Website**").

BACKGROUND TO SALE AGREEMENT, CLOSING AND VESTING

8. As described in the Thirteenth Report of the Monitor, the Applicants conducted extensive sale and refinancing initiatives prior to the commencement of the CCAA Proceedings. The results of those efforts and the Applicants' efforts during the CCAA Proceedings resulted in the binding letter agreement between Holdings and Wireless (collectively, the "**Vendors**") and Rogers Communications Inc. (the "**Purchaser**") dated June 23, 2015 (the "**Sale Agreement**"), which is also described in the Thirteenth Report of the Monitor. That Sale Agreement was authorized and approved by this Court on June 24, 2015.

9. Subsequent to the completion of the Sale Agreement, the Vendors and the Purchaser, with the assistance of the Monitor and its legal counsel, have been engaged in extensive efforts to conclude the transaction.

10. At the conclusion of the transaction, the Purchaser will own all the shares of Wireless and all shareholder agreements will be terminated. The Applicants have requested that Wireless pay the cash it holds immediately prior to closing to Holdings (or to the Monitor on behalf of Holdings) and that the Monitor will hold the sale proceeds on behalf of Wireless and Holdings pending a distribution. This will allow the transaction to close, while giving effect to the releases contemplated in the Aziz Affidavit. Distributions of the Wireless Loan Amount (as defined herein) and the Residual (as defined herein) will then be completed by the Monitor after the closing subject to further order of this Court. The Monitor believes this structure is practical in that it allows the closing to proceed while not prejudicing those entitled to a distribution of the Wireless Loan Amount or Residual.

11. The Sale Agreement requires that an order be granted, among other things:

a) vesting in the Purchaser all of Holdings' right, title and interest in and to the Purchased Shares and the Holdings Claims free and clear of all encumbrances;

b) confirming that the claims (other than claims under the Catalyst First Lien Notes) and the security of all secured creditors (other than certain permitted liens) against Wireless will be released and discharged and that such secured creditors (other than Catalyst) shall look to satisfy such claims against a portion of the cash amounts delivered by the Purchaser to Holdings and Wireless in connection with the Sale Agreement; and

c) releasing all claims and security of all creditors, including secured creditors, against Holdings with respect to the DIP Notes, the First Lien Notes and the Second Lien Notes upon payment of amounts owing under the DIP Notes, the First Lien Notes (other than the Catalyst First Lien Notes) and the Second Lien

Notes from a portion of the proceeds of the transaction and releasing Holdings from any other claims being assumed by Wireless and the security therefor.

12. Some key terms of the Sale Agreement which are relevant are as follows:

a) A portion of the purchase price of $465 million (which amount is subject to adjustments) will be loaned by the Purchaser to Wireless (the "**Wireless Loan Amount**") to repay:

   i. advances made under the DIP Notes which remain outstanding in the amount of approximately $1.9 million (the "**DIP Amount**");
   ii. the amount outstanding in respect of the First Lien Notes upon closing with the exception of the secured obligations held by Catalyst Capital Group Inc. or funds managed by it (collectively, "**Catalyst**") which will continue to be an obligation of Wireless at the conclusion of the transaction;
   iii. the amount outstanding in respect of the Second Lien Notes;

b) The remaining funds held by or on behalf of Holdings will be paid out to the remaining unsecured creditors of Holdings on a *pro rata* basis; and

c) All other liabilities, including trade liabilities, employee obligations and contracts of Wireless, will continue unaffected. They will be dealt with in the ordinary course of business by the Purchaser, enabling it to continue the business of Mobilicity as a going concern from and after the closing date.

13. The Applicants are seeking an Order from the Court vesting the Purchased Assets in the Purchaser. The Monitor has read the Aziz Affidavit and has no information to the contrary respecting the compromise of any known creditor of Wireless on a non-consensual basis, including not being aware of any other creditors at Wireless. Accordingly, the Monitor believes the releases sought in the proposed order are appropriate.

14. As contemplated in the proposed Vesting Order sought by the Applicants, upon delivery of the Monitor's Certificate, the transaction will be closed.

TERMINATION OF PROCEEDINGS

15. Upon the delivery of a Monitor's Certificate, the transaction will be closed and there will no longer be a need for the CCAA proceeding to continue with respect to the Wireless Entities, except to the extent that they assists the Purchaser to deal with the trade creditors effectively. Since the execution of the Sale Agreement, the Purchaser has requested that the CCAA not be terminated against the Wireless Entities for 14 days post-closing. It is the Monitor's understanding that the Wireless Entities are willing to accommodate this request. As such, the proposed, Vesting Order seeks termination of the CCAA proceedings against the Wireless Entities 14 days after the delivery of the Monitor's Certificate. .

16. To allow for the Purchaser to operate the business of Wireless in the ordinary course once the proceeding has terminated, the proposed Vesting Order contains a provision that would prevent any contracting counterparty from exercising rights under its contracts that may be detrimental to Wireless post-closing of the Sale Agreement to the extent that those rights are exercised solely as a result of the CCAA filing of the Applicants, the insolvency of the Applicants at this time or the change of control of the Applicants contemplated by the Sale Agreement.

TERMINATION OF CRO

17. The emergence of the Wireless Entities from CCAA will of necessity discharge BlueTree, and William Aziz, on BlueTree's behalf, as Chief Restructuring Officer in respect of the Wireless Entities.

ACTIVITIES OF THE MONITOR

18. The Monitor has participated in the activities of the Applicants, and Wireless in particular, in respect of the closing of the Transaction. As such, the Monitor is aware of the efforts that the Vendors, the Purchaser and Catalyst have made to conclude the sale and obtain the Vesting Order.

19. The transaction contains terms addressing the distribution of proceeds. The Applicants have advised the Monitor that the Purchaser has agreed to defer the approval of

distributions to secured and unsecured creditors until after the transaction has closed. The purpose of the delay is to allow the Applicants and their stakeholders to address several legal, technical and logistical issues related to concluding this significant step in their restructuring efforts.

20. Holdings will seek a distribution order from this Court in due course with respect to amount properly owing to:

a) The DIP Lenders;

b) The First Lien Noteholders with the exception of the secured interest held by Catalyst;

c) The Second Lien Noteholders;

d) The Residual which is to be paid to the Unsecured Senior Notes and the Unsecured Pari Passu Notes (the "**Residual**").

MONITOR'S CONCLUSION AND RECOMMENDATION

21. The Applicants are seeking this Court's authorization for an Order:

a) Approving the vesting of the shares of Wireless Entities in the Purchaser;

b) Approving the releases detailed in the Aziz Affidavit;

c) Approving the holding of cash amounts by the Monitor on behalf of Wireless and Holdings subject to further order of this Court;

d) Ordering the following upon the delivery of the Monitor's certificate:

i. the release of the share certificates of the Wireless Entities to the Purchaser;

ii. the releases referenced in the Aziz Affidavit having effect;

iii. the termination of the CCAA Proceeding of the Wireless Entities 14 days hence; and

iv. the discharge of BlueTree and of the Chief Restructuring Officer in respect of the Wireless Entities.

22. For the reasons described in this Report, the Monitor recommends that the Court grant the relief sought by the Applicants.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 27th DAY OF JUNE 2015

ERNST & YOUNG INC.

in its capacity as the court-appointed Monitor of
Data & Audio-Visual Enterprises Holdings Inc.,
Data & Audio-Visual Enterprises Wireless Inc., and
8440522 Canada Inc.

Per:

Brian Denega
Senior Vice President

APPENDIX C

Court File No. CV-13-10274-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 8440522 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 2451608 ONTARIO INC.

Applicants

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to Orders of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated September 30, 2013 and January 28, 2015, Ernst & Young Inc., was appointed as monitor (in such capacity, the "**Monitor**") of the undertaking, property and assets of Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") , Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**"), 8440522 Canada Inc. and 2451608 Ontario Inc. (collectively with Holdings and Wireless, the "**Applicants**").

B. Pursuant to an Order of the Court dated June 24, 2015, the Court approved the share purchase offer letter made as of June 23, 2015 (the "**Sale Agreement**") between Holdings, Wireless and Rogers Communications Inc. (the "**Purchaser**") and an Order of the Court dated June 29, 2015 provided for the vesting in Rogers Cable and Data Centres Inc., (as a designated affiliate of the Purchaser) of Holdings' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Cash Amount; (ii) that the conditions to Closing set out in Sections 5 through 7 of the Sale Agreement have been satisfied or waived by Holdings and/or the Purchaser, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and Holdings and Wireless (or the Monitor on behalf of Holdings and Wireless) have received the Cash Amount payable on Closing to each of Holdings and Wireless pursuant to the Sale Agreement;

2. The conditions to Closing as set out in sections 5 through 7 of the Sale Agreement have been satisfied or waived by Holdings and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Monitor.

4. This Certificate was delivered by the Monitor at 4:32 on July 2, 2015.

ERNST & YOUNG INC., in its capacity as Court-appointed Monitor of Data & Audio-Visual Enterprises Holdings Inc., Data & Audio-Visual Enterprises Wireless Inc., 8445022 Canada Inc. and 2451608 Ontario Inc., and not in its personal capacity

Per: ______________________

Name: Brian Denega
Title: Partner & Senior Vice President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No: CV-13-10274-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 8440522 CANADA INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

MONITOR'S CERTIFICATE

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