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 DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 8440522 CANADA INC.

(collectively, the "Applicants")

FIFTH REPORT OF THE MONITOR

MARCH 18, 2014

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.

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 March 31, 2014 pursuant to an order of this Court dated February 25, 2014.

PURPOSE

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

   (a) A brief update on the status of the Applicants' process for the sale of the business, assets and/or shares of the Applicants (the "**Sale Process**");

   (b) The Applicants' actual receipts and disbursements;

   (c) The Applicants' updated cash flow statement;

   (d) The Applicants' request for an extension of the Stay Period (as defined in the Initial Order) until April 30, 2014; and

   (e) The Monitor's conclusions and recommendations.

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; and

(b) Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed.

5. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that, may not be ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

CONTEXT

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

7. For convenience, capitalized terms not defined in this Report are as defined in the affidavit of Mr. William E. Aziz, President of BlueTree Advisors II Inc., which has been retained by Holdings to provide Mr. Aziz's services as Chief Restructuring Officer of Mobilicity (the "**CRO**"), sworn on March 12, 2014 (the "**Aziz Affidavit**"), attached (without exhibits) as Appendix "**A**" to this Report.

8. 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**").

UPDATE ON THE APPLICANTS' SALES PROCESS

9. As described in greater detail in the Second Report of the Monitor dated November 11, 2013, the Applicants, in consultation with the Ad Hoc Committee of Noteholders and the Monitor as well as Mobilicity's financial and legal advisors, determined that the best course of action was to commence the Sale Process. On November 13, 2013, this Court issued an order approving procedures (the "**Sale Procedures**") for the conduct of the Sale Process.

10. As previously reported, after receiving requests for an extension from Qualified Bidders, considering those requests and consulting with the Applicants and counsel to the DIP Lenders, on Friday

December 6, 2013, the Monitor extended the Bid Deadline until December 16, 2013 at 12:00 noon (ET) (the "**Revised Bid Deadline**").

11. The Applicants, the Financial Advisor and the Monitor have been actively engaged in discussions with a view to selecting a successful bidder, and expect to provide this Court in the near term with a detailed description of the conduct and results of the Sale Procedures. At present, however, the Monitor does not intend to report further on any aspect of the Sale Process in order to minimize any risk of prejudicing the Sale Process.

12. The Monitor is satisfied that the Applicants are working with diligence and in good faith in advancing their efforts under the Sale Process.

OPERATIONAL MATTERS

13. As documented in the Aziz Affidavit, on Saturday, March 8, 2014 Mobilicity experienced a major network issue that resulted in its inability to provide voice services to any of its customers across Canada for approximately two hours. After discussions with Mobilicity management, the Monitor has contacted counsel for Amdocs Canadian Managed Services, Inc. and Amdocs Software Systems Limited (collectively, "**Amdocs**") requesting an explanation for the incident and has been assured that Amdocs has launched an investigation with its operational staff and will advise the Monitor as to the results of that investigation at its earliest convenience.

14. Other than the network outage described above, Mobilicity's operations have continued in the ordinary course and without interruption.

ACTUAL RECEIPTS AND DISBURSEMENTS

15. The Applicants, with the assistance of the Monitor, have prepared a consolidated summary of their actual receipts and disbursements as compared to the cash flow projection included as Appendix C to the Fourth Report of the Monitor dated February 20, 2014 (the "**February Cash Flow Statement**"). A summary of the actual receipts and disbursements for the four-week period ended March 7, 2014, as compared to the projections in the February Cash Flow Statement, is attached as Appendix "**B**" to this Report. As indicated in further detail in Appendix "B", actual net cash flow for the four-week period ended March 7, 2014 was approximately $2.6 million higher than projected

in the February Cash Flow Statement due to a $0.4 million positive variance in receipts and a $2.2 million positive variance in disbursements. As a result, as shown in Appendix "B", the Applicants have not yet needed to draw upon the DIP loan (reflected in the February Cash Flow Statement as "Incremental Funding") that was approved by this Court in the Initial Order.

APPLICANTS' UPDATED CASH FLOW STATEMENT

<u>Summary of Cash Flow Statement</u>

16. The Applicants, with the assistance of the Monitor, have prepared an updated 13 week cash flow projection (the "**Cash Flow Statement**") for the period from March 8, 2014 to June 6, 2014 (the "**Cash Flow Period**") for the purposes of projecting the estimated results of the Applicants' planned operating and other activities during the Cash Flow Period. A copy of the Cash Flow Statement is attached as Appendix "**C**" hereto.

17. The Cash Flow Statement is presented on a weekly basis during the Cash Flow Period and represents the estimates of Management of the Applicants' projected cash flow during the Cash Flow Period. The Cash Flow Statement has been prepared by Management using the probable and hypothetical assumptions set out in notes 1 to 17 to the Cash Flow Statement (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**").

18. At this time, assuming Mobilicity continues operations in substantially the same manner as it has done during the CCAA proceedings to date, the Cash Flow Statement estimates that during the Cash Flow Period the Applicants will have total receipts from operations of approximately $15.9 million and total disbursements of approximately $22.0 million, resulted in a projected net cash outflow of $6.1 million.

<u>Liquidity and DIP Agreement</u>

19. The Applicants seek an extension of the stay period to April 30, 2014 (the "**Proposed Stay Extension Date**"). Including the cash balance of $2.0 million reflected in the Cash Flow Statement, the Applicants are projected to have sufficient liquidity to fund operations, and to pay the costs of this Proceeding, to the Proposed Stay Extension Date without the receipt of any incremental funding from the DIP Lenders or any other party.

20. The Fourth Report of the Monitor dated February 20, 2014 described the agreement between the Applicants and the DIP Lenders to extend the DIP agreement to March 31, 2014. The maturity date of the DIP agreement has now been further extended to April 30, 2014. The Monitor understands that certain conditions precedent to any advances under the extended DIP agreement have not yet been met.

21. Assuming Mobilicity continues operations in substantially the same manner as it has done during the CCAA proceedings to date, in order to achieve a projected cash balance at or above $2.0 million throughout the Cash Flow Period the Applicants are projected to require incremental funding of approximately $1.7 million during the Cash Flow Period. The first requirement for incremental funding is projected to arise in the week ending June 6, 2014. The Applicants do not currently have contractual arrangements in place for this projected incremental funding.

Amdocs Motion Amounts

22. On February 7, 2014, Amdocs filed a motion seeking an order from this Court that Mobilicity pay Amdocs approximately $1.7 million (the "**Amdocs Motion Amounts**"). The motion was originally returnable February 26, 2014, but its hearing has subsequently been adjourned to April 23, 2014. The Applicants are opposing the Amdocs motion.

23. The Cash Flow Statement assumes that no payments on account of the Amdocs Motion Amounts are made to Amdocs during the Cash Flow Period.

Monitor's Review of Cash Flow Statement

24. Section 23(1)(b) of the CCAA requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. The Canadian Association of Insolvency and Restructuring Professionals standards of professional practice include a standard for monitors fulfilling their statutory responsibilities under the CCAA in respect of a monitor's report on a Cash-Flow Statement. A copy of Standard 09-1 Cash Flow Statement is attached hereto as Appendix "**D**".

25. Pursuant to this standard, the Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of

Management and employees of the Applicants. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided by Management for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Statement.

26. As required by the Initial Order the four key service providers for outsourced operations that represent key business process functions, including network building and maintenance, call centre operations, handset logistics and distribution, and billing systems, have continued to provide services to the Applicants under their respective service agreements, as modified (as to credit and other business terms) through negotiation between the key service providers and the Applicants. One of the fundamental assumptions in the Cash Flow Statement is that each of the four key service providers will continue to provide post-filing services to the Applicants pursuant to its respective service agreement, as modified. The Cash Flow Statement reflects disbursements pursuant to those modified terms.

27. In addition, the Cash Flow Statement assumes that Mobilicity does not complete any transaction(s) pursuant to the Sale Process during the Cash Flow Period. At present neither the Applicants nor the Monitor can accurately predict the timing or quantum of any transaction(s) pursuant to the Sale Process, and consequently there is currently no certainty that actual events will follow this assumption.

28. The projected fees and expenses of the restructuring professionals including counsel to Mobilicity, counsel to the DIP Lenders, the Monitor, and the Monitor’s counsel have been estimated based on actual activity levels since the date of the Initial Order and the expected activity levels of those professionals in connection with the Sale Process. Projected fees and expenses assume that there is no significant litigation in these Proceedings, in respect of the Sale Process or any other matter, during the Cash Flow Period.

29. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

(a) the Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash

Flow Statement;

(b) as at the date of this Report, the Probable and Hypothetical Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Statement, given the Probable and Hypothetical Assumptions; or

(c) the Cash Flow Statement does not reflect the Probable and Hypothetical Assumptions.

30. Since the Cash Flow Statement is based on Assumptions regarding future events, actual results will vary from the information presented even if the Probable and Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in the Cash Flow Statement, or relied upon by the Monitor in preparing this Report.

31. The Cash Flow Statement has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

EXTENSION OF THE STAY PERIOD

32. The current stay of proceedings pursuant to the order of this Court dated February 25, 2014 expires on March 31, 2014. The Applicants are seeking an extension of the stay period to April 30, 2014 in order to provide the Applicants with time to complete the Sale Process and bring forward a transaction or transactions for this Court's approval.

33. The Cash Flow Statement projects that the Applicants will have sufficient liquidity to operate, and to fund the costs of this Proceeding, to April 30, 2014.

MONITOR'S CONCLUSIONS AND RECOMMENDATION

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

35. The Monitor recommends that the Court approve the Applicants' request for an order extending the Stay Period to April 30, 2014 and requests that the Court approve the actions of the Monitor as described in this Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 18TH DAY OF MARCH, 2014

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:

Mike Dean
Senior Vice President

Alex Morrison
Senior Vice President

APPENDIX A

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., AND DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

Applicants

AFFIDAVIT OF WILLIAM E. AZIZ
(sworn March 12, 2014)

I, WILLIAM E. AZIZ, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President of BlueTree Advisors II Inc. ("**BlueTree**"), which has been retained by Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") to provide my services to Holdings and its affiliates[1] (collectively, with Holdings, the "**Mobilicity Group**") as Chief Restructuring Officer of the Mobilicity Group. I am a director of each of the Mobilicity Group entities. BlueTree was retained pursuant to an Engagement Letter dated April 24, 2013.

2. My engagement was ratified and confirmed by the initial Order issued by this Court on September 30, 2013 (the "**Initial Order**"), a copy of which is attached as **Exhibit "A"** hereto.

3. I have been overseeing the restructuring efforts of the Mobilicity Group since April 24, 2013 and, as such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have spoken with certain of the directors, officers, advisors and/or employees of the Mobilicity Group, as necessary, and, where I have relied upon information from such discussions, I believe such information to be true.

4. This Affidavit is sworn in support of a motion by the Mobilicity Group to extend the Stay Period, as such term is defined in the Initial Order, as amended by orders of this Court dated

[1] The affiliates of Holdings are 8440522 Canada Inc. and Data & Audio Visual Enterprises Wireless Inc.

October 24, 2013, December 19, 2013, and February 25, 2014, from March 31, 2014 until April 30, 2014 (the "**Fourth Stay Extension**").

Procedural Background

5. On February 25, 2014, the Applicants sought and obtained an Order extending the Stay Period until March 31, 2014 (the "**Third Stay Extension Order**"). The Applicants now seek the Fourth Stay Extension.

6. The main purpose of the Fourth Stay Extension is to provide the Applicants with additional time to:

(a) complete the sale process that was approved by this Court on November 13, 2013 (the "**Sale Process**"); and

(b) finalize the documents necessary to bring a motion to this Court for an Order seeking permission to file a plan of compromise and arrangement (a "**Plan**") in respect of the Successful Bid under the Sale Process and call a meeting of affected creditors to consider and vote on such Plan.

Operations since the previous extension of the Stay Period

7. Since the issuance of the Third Stay Extension Order, the Applicants have continued to maintain the stability of their business and their focus on providing the best available services to their customers.

8. The Applicants continue to experience a higher than anticipated customer retention rate, as a result of continuing customer service and, until recently and as described further below, few interruptions in service.

9. Moreover, as a result of its March promotion, the Mobilicity Group is experiencing very strong customer activations so far this month.

10. The Applicants' current headcount has been reduced to 73 full-time employees. The Mobilicity Groups' operating capabilities remain stable.

11. The Applicants continue to receive the services they require from all of their major

suppliers and the payment arrangements that were previously negotiated continue, uninterrupted, with the exception of an interruption of the Applicants' voice services from their supplier Amdocs Software Systems Limited ("**Amdocs**") on Saturday, March 8, 2014. The Applicants believe that the issue was not addressed as it should have been pursuant to the contractual arrangements between the Applicants and Amdocs. The Monitor has contacted Amdocs' counsel requesting an explanation for the incident to ensure that the level of service provided by Amdocs is not being affected by the fact that the Applicants are involved in CCAA proceedings or matters relating to Amdocs' motion being brought in these proceedings.

12. Since the Third Stay Extension Order, the Applicants have operated within their cash flow forecast (as last filed with the Court under cover of the Monitor's fourth report dated February 20, 2014) and honoured their post-filing commitments as they came due.

13. Of note, customer average revenue per user has increased and remained higher as compared with pre-filing periods due to adjustments in promotional activities.

Efforts in Respect of the Sale Process

14. On November 13, 2013, this Court issued an Order approving the Sale Process (the "**Sale Process Order**"). A copy of the Sale Process Order is attached as **Exhibit "B"** to this Affidavit.

15. The Sale Process is a competitive process that is being conducted pursuant to the Sale Process Order under the supervision of the Monitor and pursuant to which the market was canvassed for a variety of options and alternatives. The Sale Process has provided a fair and equal opportunity to all those interested in making a bid for the Applicants or their assets.

16. On February 19, 2014, Industry Canada announced the results of the 700 MHz spectrum auction (the "**700 Spectrum Auction**").

17. The timing of the 700 Spectrum Auction had impacted the efforts of the Applicants to advance the Sale Process as certain key representatives of the bidders were heavily involved in the auction.

18. With the 700 Spectrum Auction completed and the results having been made public, the Applicants, their financial advisors Canaccord Genuity and the Monitor are now in a position to

complete the Sale Process.

19. The Applicants anticipate bringing a motion to this Court in advance of the expiry of the Fourth Stay Extension for an Order authorizing the Applicants' to file a Plan and call a meeting of affected creditors to consider and vote on such Plan (the "**Plan Filing and Creditors' Meeting Order**")

20. The Applicants' ongoing goal remains to advance a value maximizing restructuring transaction which has the support of all of its stakeholders.

Request for a Further Stay Extension

21. The Applicants require more time to complete the Sale Process and finalize the documents necessary to seek the Plan Filing and Creditors' Meeting Order.

22. The Applicants are requesting an extension of the Stay Period to and including April 30, 2014.

23. The Applicants, with the assistance of the Monitor, have prepared updated cash flow projections for the period between the week ending March 8, 2014 and the week ending June 6, 2014 (the "**Updated Cash Flow Statement**"), which cover the period of the Fourth Stay Extension. I understand that the Updated Cash Flow Statement will be attached as an appendix to the Monitor's fifth report to be served in connection with this motion.

24. The Updated Cash Flow Statement shows that the Applicants have sufficient resources during the Fourth Stay Extension period, to meet their post-filing obligations during that same period.

25. Since the issuance of the Third Stay Extension Order, the Applicants have continued to work in good faith and with due diligence in the pursuit of their restructuring activities, including the pursuit of a value-maximizing transaction for the business of the Applicants that would benefit the Applicants' stakeholders.

26. I am advised that the Monitor, the Ad Hoc Committee of Noteholders, the DIP Lenders, the Bridge Lenders and QCP CW S.A.R.L. (as those terms are referred to herein or in the Initial Order) all support the Fourth Stay Extension.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on March 12, 2014.

Commissioner for Taking Affidavits

WILLIAM E. AZIZ

DOCSTOR: 2958187\2C

APPENDIX B

Data & Audio-Visual Enterprises Holdings Inc., Data & Audio-Visual Enterprises Wireless Inc. and 8440522 Canada Inc.
Consolidated Weekly Cash Flow Statement: Variance Analysis
For the Period from February 8, 2014 to March 7, 2014
CDN ('000)

	Actual					Forecast					Variance - Better / (Worse)					
	1	2	3	4		1	2	3	4		1	2	3	4		
	Feb-14	Feb-21	Feb-28	Mar-07	Total	Feb-14	Feb-21	Feb-28	Mar-07	Total	Feb-14	Feb-21	Feb-28	Mar-07	Total	
Beginning Cash Balance	**6,383**	**6,188**	**7,186**	**7,605**	**6,383**	**6,383**	**6,150**	**6,561**	**5,921**	**6,383**	**-**	**38**	**625**	**1,684**	**-**	
Cash Receipts																
Customer Revenue	1,269	1,448	1,801	1,466	5,984	1,438	1,438	1,438	1,256	5,570	(169)	10	363	210	413	
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Accounts Receivable	7	-	-	5	12	-	-	-	-	-	7	-	-	5	12	
Tax Refund (Payment)	-	-	(72)	-	(72)	-	-	(72)	-	(72)	-	-	0	-	0	
Total Cash Receipts	**1,276**	**1,448**	**1,729**	**1,471**	**5,923**	**1,438**	**1,438**	**1,366**	**1,256**	**5,498**	**(162)**	**10**	**363**	**215**	**425**	2
Cash Disbursements																
Payroll and Benefits	(350)	-	(650)	-	(1,000)	(353)	(32)	(678)	(35)	(1,098)	3	32	28	35	98	
Sales & Marketing	(8)	(0)	(36)	(18)	(63)	(30)	(40)	(42)	(75)	(187)	22	40	6	57	124	
Commissions	(668)	(46)	-	-	(714)	(675)	-	-	-	(675)	7	(46)	-	-	(38)	
Service Delivery & IT	(184)	(173)	(380)	(272)	(1,009)	(288)	(233)	(288)	(408)	(1,218)	104	61	(91)	135	209	
Payments for Outsourced Operations	(75)	(44)	(92)	(1,489)	(1,700)	(75)	(57)	(197)	(1,602)	(1,931)	-	13	104	113	231	
Rent & Site Operations	(48)	(9)	(1)	(651)	(710)	(66)	(17)	(17)	(759)	(859)	18	8	16	108	150	
General Operating Expenditures	(53)	(52)	(22)	(35)	(161)	(98)	(107)	(107)	(108)	(419)	46	55	85	73	258	
BOD Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CCAA Monitor and Monitor's Counsel Fees	(41)	-	(64)	(49)	(154)	(41)	(125)	(125)	(125)	(416)	-	125	61	76	262	
CCAA Legal Fees	(40)	(120)	(63)	(55)	(278)	(40)	(361)	(552)	(188)	(1,141)	-	241	489	133	863	
Other Legal and Advisor Expenses	(4)	(6)	(2)	(10)	(22)	(4)	(55)	-	-	(59)	(0)	48	(2)	(10)	37	
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Disbursements	**(1,471)**	**(450)**	**(1,310)**	**(2,581)**	**(5,811)**	**(1,671)**	**(1,027)**	**(2,006)**	**(3,300)**	**(8,005)**	**200**	**577**	**696**	**719**	**2,193**	3
Net Cash Flow Balance	**(195)**	**998**	**419**	**(1,110)**	**112**	**(233)**	**411**	**(640)**	**(2,045)**	**(2,507)**	**38**	**587**	**1,059**	**934**	**2,618**	
Ending Cash Balance	**6,188**	**7,186**	**7,605**	**6,495**	**6,495**	**6,150**	**6,561**	**5,921**	**3,876**	**3,876**	**38**	**625**	**1,684**	**2,618**	**2,618**	4

Data & Audio-Visual Enterprises Holdings Inc., Data & Audio-Visual Enterprises Wireless Inc. and 8440522 Canada Inc.
Consolidated Weekly Cash Flow Statement: Variance Analysis
For the Period from February 8, 2014 to March 7, 2014
CDN ('000)

NOTES:

1. Overview
- Cash analysis of actual cash flow ("Actual") compared to the cash flow statement as set out in the Fourth Report of the Monitor, dated February 20, 2014 (the "Forecast") for the period from February 8, 2014 to March 7, 2014 (the "Period"). Key reasons for the variances during the Period are noted below.
- All amounts in the notes below are in thousands of Canadian Dollars.

2. Cash Receipts
- During the Period, total cash receipts were $5,923 compared to $5,498 in the Forecast, resulting in a favourable variance of $425. The variance is primarily due to:
  - $413 favourable variance in Customer Revenue, mainly due to higher customer payments than projected.

3. Cash Disbursements
- During the Period, total cash disbursements were $5,811 compared to $8,005 in the Forecast, resulting in a favourable variance of $2,193. The variance is mainly due to:
  - $98 favourable variance in Payroll and Benefits, primarily due to savings from lower than projected staffing levels and lower payment for KERP;
  - $124 favourable variance in Sales & Marketing, primarily due to timing;
  - $209 favourable variance in Service Delivery & IT, mainly due to timing;
  - $231 favourable variance in Payments for Outsourced Operations, mainly due to:
    a) $146 favourable variance in net receipts from the sale of inventory, coupled with the timing of payment for handset purchases;
    b) $85 favourable variance in Call Centre Service Payment due to lower call volumes than projected;
  - $150 favourable variance in Rent & Site Operations, mainly due to timing;
  - $258 favourable variance in General Operating Expenditures, primarily due to expenditures not yet incurred, as well as some savings;
  - $262 favourable variance in CCAA Monitor and Monitor's Counsel Fees, primarily due to savings from less time incurred than projected; and
  - $863 favourable variance in CCAA Legal Fees, primarily due to revised payment terms. The remainder of the variance is mainly due to timing that may reverse in future weeks.

4. Ending Cash Balance
- Ending Cash Balance for the Period was $6,495 compared to $3,876 in the Forecast, resulting in a favourable variance of $2,618.

APPENDIX C

Data & Audio-Visual Enterprises Holdings Inc., Data & Audio-Visual Enterprises Wireless Inc. and 8440522 Canada Inc.
Consolidated Weekly Cash Flow Statement
For the period from March 8, 2014 through to June 6, 2014
CDN ('000)

	1 Mar-14	2 Mar-21	3 Mar-28	4 Apr-04	5 Apr-11	6 Apr-18	7 Apr-25	8 May-02	9 May-09	10 May-16	11 May-23	12 May-30	13 Jun-06	Total
Beginning Cash Balance	**6,495**	**6,361**	**6,354**	**6,335**	**4,429**	**3,921**	**4,341**	**4,765**	**2,431**	**2,776**	**2,000**	**2,378**	**2,366**	**6,495**
Cash Receipts														
Customer Revenue	1,284	1,284	1,284	1,274	1,266	1,266	1,266	1,237	1,166	1,166	1,166	1,166	1,153	**15,978**
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-	-	1,667	**1,667**
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Tax Refund (Payment)	15	-	(62)	-	-	-	-	-	-	-	-	-	-	**(47)**
Total Cash Receipts	**1,300**	**1,284**	**1,222**	**1,274**	**1,266**	**1,266**	**1,266**	**1,237**	**1,166**	**1,166**	**1,166**	**1,166**	**2,819**	**17,598**
Cash Disbursements														
Payroll and Benefits	(352)	(32)	(435)	(3)	(350)	(32)	(85)	(353)	-	(382)	-	(435)	(3)	**(2,462)**
Sales & Marketing	(23)	(75)	(75)	(75)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	**(714)**
Commissions	(536)	-	-	-	(526)	-	-	-	-	(761)	-	-	-	**(1,824)**
Service Delivery & IT	(255)	(663)	(287)	(413)	(288)	(288)	(288)	(429)	(273)	(273)	(273)	(273)	(411)	**(4,416)**
Payments for Outsourced Operations	(36)	(83)	(100)	(1,600)	(83)	(83)	(83)	(1,600)	(83)	(83)	(83)	(83)	(1,600)	**(5,600)**
Rent & Site Operations	(43)	(54)	(6)	(750)	(78)	-	-	(758)	(78)	-	-	-	(784)	**(2,552)**
General Operating Expenditures	(61)	(95)	(95)	(94)	(96)	(152)	(96)	(96)	(96)	(153)	(97)	(97)	(97)	**(1,327)**
BOD Expenses	-	-	-	-	(18)	-	-	-	-	-	-	-	-	**(18)**
CCAA Monitor and Monitor's Counsel Fees	(43)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	**(1,543)**
CCAA Legal Fees	(80)	(119)	(119)	(119)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	**(1,453)**
Other Legal and Advisor Expenses	(3)	(45)	-	-	(45)	-	-	(45)	-	-	(45)	-	-	**(184)**
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total Cash Disbursements	**(1,433)**	**(1,292)**	**(1,241)**	**(3,179)**	**(1,774)**	**(845)**	**(842)**	**(3,572)**	**(821)**	**(1,942)**	**(789)**	**(1,178)**	**(3,185)**	**(22,092)**
Net Cash Flow Balance	**(133)**	**(7)**	**(19)**	**(1,905)**	**(509)**	**421**	**424**	**(2,334)**	**346**	**(776)**	**377**	**(12)**	**(366)**	**(4,495)**
Ending Cash Balance	**6,361**	**6,354**	**6,335**	**4,429**	**3,921**	**4,341**	**4,765**	**2,431**	**2,776**	**2,000**	**2,378**	**2,366**	**2,000**	**2,000**

NOTES TO THE CONSOLIDATED WEEKLY CASH FLOW STATEMENT

1. The consolidated weekly cash flow statement (the "**Cash Flow Statement**") has been prepared solely for the purpose of projecting the combined cash receipts and disbursements of Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**"), Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**"), and 8440522 Canada Inc. (collectively, the "**Applicants**" or "**Mobilicity**").

   The Cash Flow Statement represents management's reasonable estimates at present. The actual timing and amount of the receipts and disbursements may fluctuate from the estimates shown herein and these fluctuations may be material. Receipts and disbursements are inclusive of any applicable federal and provincial sales taxes.

   Readers are cautioned that the Cash Flow Statement may not be appropriate for their purposes.

   The Cash Flow Statement is presented on a weekly basis from March 8, 2014 to June 6, 2014 (the "**Period**") and represents management's reasonable estimates of the results of operations and CCAA costs of administration during the Period.

   The Cash Flow Statement is presented in thousands of Canadian dollars and assumes that any foreign currency transactions are made based on foreign exchange rates in effect as of March 7, 2014.

   Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) made on September 30, 2013 (the " **Initial Order"),** the Applicants were afforded a stay of proceedings that is effective against their pre-filing creditors, including amounts owed to their secured creditors that has been extended from time to time. The Cash Flow Statement assumes that the court extends the stay of proceedings until the end of the Period.

2. The Opening Cash Balance includes Mobilicity's cash on hand, net of outstanding cheques, as at March 8, 2014.

3. Customer Revenues represent projected weekly cash inflows resulting from prepayments for service by Mobilicity's existing and projected customers. Mobilicity has projected that its active subscribers will continue to moderately decrease during the Period from the actual number of existing subscribers as of February 2014.

4. Incremental Funding represent projected third-party funding of Mobilicity's incremental net cash requirements after May 30, 2014.

5. Tax Refunds (Payments) represent the projected sales taxes collected from Mobilicity's customer revenues net of its sales taxes paid for products and services received. Other than the provincial sales tax payments projected to be received in the week ending March 14, 2014 and the provincial sales tax refunds projected to be made in the week ending March 28, 2014, it is assumed that all tax refunds and payments net to zero during the Period.

6. Payroll and Benefits represent projected gross payroll, including court-approved key employee retention plan payments, payments to executives and the monthly fees payable to the Chief Restructuring Officer along with the costs associated with standard employee benefit plan covering health, dental, accidental death and death, life insurance, short-term disability and long-term disability. The majority of the salaried and hourly employees are paid semi-monthly through direct deposit.

7. Sales & Marketing represent projected general costs associated with sales and marketing at Mobilicity's two corporate stores and general marketing activities for services rendered on or after September 30, 2013.

8. Commissions represent projected fees paid to the Applicants' dealers. Commissions are usually paid 45 days after the end of each month for newly acquired subscribers subject to the new subscribers remaining active for 35 days. Pursuant to the Initial Order, payments to Mobilicity's dealers are unaffected by the stay of proceedings.

9. Service Delivery & Information Technology relates primarily to roaming, long distance and data services provided to Mobilicity's customers, as well as the projected fees for Mobilicity's suppliers of credit card processing services.

10. Payments for Outsourced Operations represent projected payments to third party service providers for critical business process functions including network building and maintenance, call centre operations, handset logistics and distribution, and billing systems. Following the issuance of the Initial Order, Mobilicity has been involved in active negotiations with the service providers and the Cash Flow Statement assumes that the projected payments during the Period are made in accordance with the modified contractual terms that are agreed upon or are in the process of being negotiated.

11. Rent & Site Operations represent projected lease payments for Mobilicity's leased facilities, including its new corporate head office in Vaughan, a sales office in Vancouver, two co-location data centers and two corporate retail stores. In addition, the

Applicants lease approximately 500 locations for their cellular broadcasting equipment. Pursuant to the Initial Order, all lease payments are made monthly in advance for the period commencing from and including the date of the Initial Order.

12. General Operating Expenditures include projected administration expenses, human resources expenses, travel and entertainment, and certain capital expenditures related to general business operations and consultants.

13. BOD Expenses represent projected fees payable to members of the Applicants' board of directors.

14. CCAA Monitor & Counsel Fees include the estimated fees and disbursements of the CCAA Monitor and its legal counsel.

15. CCAA Legal Fees represent the estimated fees and disbursements for Mobilicity's legal counsel, and counsel to the Incremental Funding lender.

16. Other Legal and Advisory Expenses include projected legal expenses paid in relation to Equity Financial and general legal for Mobilicity's day-to-day operations and fees to expert witness.

17. Consistent with the Initial Order, the Applicants are not projected to make any post-filing interest payments in respect of the $195 million First Lien Notes or the $43.25 million Second Lien Notes. Pursuant to the Agreement, interest is projected to be paid monthly in arrears on the outstanding amount of the Incremental Funding at a rate of 15.5 percent per annum.

APPENDIX D

No. 09-1
CASH-FLOW STATEMENT

In this Standard, words importing the singular number or the masculine gender only include more persons, parties or things of the same kind than one, and females as well as males and the converse.

1.00 SCOPE AND PURPOSE

1.01 The purpose of this Standard is to provide guidance to a Monitor fulfilling its statutory responsibilities under the **Companies' Creditors Arrangement Act (CCAA), R.S.C. 1985, c. C-36, as amended**, in respect of a Monitor's Report on a Cash-Flow Statement. This Standard only addresses the Monitor's obligations with respect to the cash-flow forecast filed in support of the initial application. If appropriate, the Monitor **should** file similar reports in respect of subsequent or revised cash-flow forecasts, notwithstanding that there is no statutory obligation to file such reports.

1.02 The Monitor's duties and obligations in respect of a particular **CCAA** proceeding **shall** be governed by the **Act**, the applicable orders issued by the court, and this Standard where applicable. To the extent that this Standard conflicts with any order issued by the court, the Monitor **shall** be governed by the order.

2.00 DEFINITIONS

2.01 In this Standard:

"**May**" means the Standard is simply intended to be helpful and the Monitor has full discretion to follow it or not.

"**Should**" means it is appropriate to do so in most circumstances. Where a Monitor judges it appropriate to do otherwise, the Monitor should consider the advisability of documenting the reasons for its decision.

"**Shall**" means the Standard is mandatory and the Monitor must follow it.

2.02 In this standard:

"Act" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended;

"Association" means Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l'insolvabilité et de la réorganisation;

"**Assumptions**" means the Hypothetical Assumptions and Probable Assumptions developed by the Company;

"Cash-Flow Statement" in respect of a Company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the Company as defined in section 2(1) of the **Act** based on Probable and Hypothetical Assumptions that reflect the Company's planned course of action for the period covered;

"Company" means a debtor company, as defined in Section 2 of the **Act**, that intends to commence or has commenced, as the case may be, a proceeding under the **Act** or in respect of whom a proceeding under the **Act** has been commenced;

"Hypothetical Assumptions" means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Company's judgment, but are consistent with the purpose of the Cash-Flow Statement;

"Material" means that it is probable that a change in an item or an aggregate of items would influence or change a decision;

"Material Adverse Change" means a change that, in the Monitor's opinion, materially and negatively impairs, or is reasonably expected to materially and negatively impair, the Company's cash-flow, financial circumstances or likelihood of success of a plan of arrangement. Examples would include, but not be limited to a change that:

- has a significant adverse effect on the expected cash-flows compared to the Cash-Flow Statement; or
- impairs the ability of the Company to carry on operations; or
- significantly prejudices the rights or interests of one or more classes of creditors.

"Monitor" in respect of a Company, means the person appointed by the court pursuant to Section 11.7 of the **Act** to monitor the business and financial affairs of the Company;

"Monitor's Report" means a report on the Cash-Flow Statement issued by the Monitor in accordance with Section 23(1)(b) of the **Act**;

"Probable Assumptions" means assumptions that: (i) the Company believes reflect the most probable set of economic conditions and planned courses of action, suitably supported that are consistent with the plans of the Company; and (ii) provide a reasonable basis for the Cash-Flow Statement;

"Review for Reasonableness" means the review conducted by the Monitor pursuant to Section 23(1)(b) of the **Act**; and

"Suitably Supported" means that the Assumptions are based on either one or more of the following factors: the past performance of the Company, the performance of other industry / market participants engaged in similar activities as the Company, feasibility studies, marketing studies or any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions. The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

3.00 ASSISTING THE COMPANY

3.01 The Monitor **may** assist the Company in the preparation of the Cash-Flow Statement.

3.02 The Monitor **shall** remind the Company that the Cash-Flow Statement and the Assumptions on which it is based, are the responsibility of the Company.

3.03 The Monitor **shall** remind the Company that the Monitor has the statutory duty to file a report with respect to the Cash-Flow Statement.

3.04 The Monitor **should** advise the Company that any information given by the Company to the Monitor may be disclosed to the court and the creditors.

3.05 The Monitor **should** document the foregoing in a letter to the debtor, a sample of which is attached as Appendix A to this standard.

4.00 DOCUMENTATION

4.01 The review performed by the Monitor in accordance with this Standard **shall** be documented.

4.02 The Monitor **should** obtain written confirmation (a sample letter is attached as Appendix B to this standard) from an authorized officer or director of the Company that:

a) the Cash-Flow Statement and the Assumptions on which it is based, are the responsibility of the Company; and

b) the Company's responsibility extends beyond ensuring that individual Assumptions used in the preparation of the Cash-Flow Statement are appropriate in the circumstances, and includes the responsibility to ensure that such Assumptions as a whole are appropriate in the circumstances.

5.00 MONITOR'S REVIEW

5.01 The Monitor **shall** perform a Review for Reasonableness.

5.02 The review **shall** be performed by an individual or individuals having, when considered as a whole, adequate technical training and proficiency, with due care and with an objective state of mind.

5.03 The review **shall** be adequately planned and properly executed and if assistants are employed, they **shall** be properly supervised.

5.04 The Monitor **should**, as soon as practicable, acquire knowledge of the Company and an understanding of the practices and particulars of the industry within which the Company operates, sufficient to enable it to perform the Review for Reasonableness.

5.05 The Review for Reasonableness **shall** consist of enquiry, analytical procedures and discussions with the Company to determine whether there is anything that causes the Monitor to believe that, in all material respects:

a) the Hypothetical Assumptions are not consistent with the purpose of the Cash-Flow Statement;

b) as at the date of the Monitor's Report, the Probable Assumptions developed by the Company are not Suitably Supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash-Flow Statement, given the Hypothetical Assumptions; or

c) the Cash-Flow Statement does not reflect the Probable and Hypothetical Assumptions.

5.06 The Monitor **should** satisfy itself that the computations contained in or made in preparing the Cash-Flow Statement are consistent with the Assumptions and materially accurate.

5.07 Where practicable, the Monitor **should** reconcile the Cash-Flow Statement to the appropriate actual cash and loan balances in the financial records of the Company, as at the start date of the Cash-Flow Statement, and a description of such reconciliation process may be included in the Monitor's Report.

5.08 The Monitor **shall** periodically compare actual cash-flow results to those reflected in the Cash-Flow Statement and obtain reasonable explanations for significant variances. The Monitor **should** report the results of such comparisons and reviews to the court. Where the results of such comparisons and reviews indicate a Material Adverse Change in the Company's projected cash-flow or financial circumstances, the Monitor **shall** report the results of such comparisons and reviews to the court without delay.

6.00 MONITOR'S REPORT

6.01 After completing its Review for Reasonableness, the Monitor **shall** consider whether anything material has come to its attention that causes it to believe that:

a) The Hypothetical Assumptions are not consistent with the purpose of the Cash-Flow Statement; or

b) As at the date of the report, the Probable Assumptions developed by the Company are not Suitably Supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash-Flow Statement, given the Hypothetical Assumptions; or

c) The Cash-Flow Statement does not reflect the Probable and Hypothetical Assumptions.

6.02 The Monitor **should** file the Monitor's Report with the court within 10 days of the granting of the Initial Order or at such other time as may be ordered by the court.

6.03 The Monitor's Report **shall** include an overview and review of the Cash-Flow Statement and a summary of its determinations as required by Section 5.05 of this Standard.

6.04 The Monitor **should** ensure that all material Assumptions are disclosed in the notes and **shall** include in the Monitor's Report a statement to this effect.

6.05 The Monitor **shall** prepare, sign and file the Monitor's Report with the court.

6.06 The Monitor **should** date the Monitor's Report as of the date of the completion of his Review for Reasonableness.

6.07 The form of the Monitor's Report **shall** be substantially as follows:

The <attached> statement of projected cash-flow <attached as appendix ___ of this report/the debtors application material> (the "Cash-Flow Statement") of ________________ (name of Company),(the "Company") as of the ______ day of ____________ ____, consisting of ____________________ (describe, including relevant dates), has been prepared by the management of the Company for the purpose described in Note ______, using the Probable and Hypothetical Assumptions set out in Notes ______.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the management and employees of the Company. Since Hypothetical Assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash-Flow Statement. We have also reviewed the support provided by management of the Company for the Probable Assumptions, and the preparation and presentation of the Cash-Flow Statement.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

a) the Hypothetical Assumptions are not consistent with the purpose of the Cash-Flow Statement;

b) as at the date of this report, the Probable Assumptions developed by management are not Suitably Supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash-Flow Statement, given the Hypothetical Assumptions; or

c) the Cash-Flow Statement does not reflect the Probable and Hypothetical Assumptions.

Since the Cash-Flow Statement is based on Assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash-Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.

The Cash-Flow Statement has been prepared solely for the purpose described in Note ____/on the face of the Cash-Flow Statement, and readers are cautioned that it may not be appropriate for other purposes.

Optional paragraph if the Monitor's report is to be included as part of another report:

Note: Date and signature of Monitor should be excluded if this report is included within another report prepared by the Monitor.

<Dated at __________________, this ______ day of __________ ______.

____

Monitor>.

6.08 The Monitor's Report **should** be augmented with such additional comments as deemed appropriate by the Monitor in the circumstances.

6.09 Where the Monitor concludes it is unable to issue the Monitor's Report in the form set out above, in accordance with the timeline detailed in paragraph 6.02, the Monitor:

a) **Shall** advise the Company of the Assumptions and/or other matters that prevent the Monitor from issuing the Monitor's Report and **should** consider advising the Company of same in writing; and

b) **Shall** file a report with the court in accordance with the timeline detailed in paragraph 6.02 setting out the reasons therefore.