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")

FOURTH REPORT OF THE MONITOR

FEBRUARY 20, 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 extended to December 20, 2013 pursuant to an order of this Court issued on October 24, 2013, and was further extended to February 26, 2014 pursuant to an order of this Court dated December 19, 2013.

PURPOSE

3. The purpose of this third 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 Continuing KERP Amounts proposed by the Applicants;

    (c) The Applicants' actual receipts and disbursements;

    (d) The Applicants' updated cash flow statement;

    (e) The Applicants' request for an extension of the Stay Period (as defined in the Initial Order) until March 31, 2014; and

    (f) 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 February 19, 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. At a later date, the Monitor will provide this Court with a detailed description of the conduct and results of the Sale Procedures. At present, however, the Monitor does not intend to report on any aspect of the Sale Process, except as noted above, in order to minimize any risk of prejudicing the Sale Process.

CONTINUING KERP AMOUNTS

12. As described in the Aziz Affidavit, key employee retention payments previously approved by this Court pursuant to the Initial Order will become payable on February 28, 2014. The Applicants have identified five key employees who the Applicants consider critical to the continuing management of Mobilicity, and have offered these employees retention payments totalling approximately $140,000 (the "**Continuing KERP Amounts**") for the period after February 28, 2014. Such Continuing KERP Amounts would be payable on the completion of a restructuring transaction or earlier at the discretion of the CRO. The Applicants propose that these payments be secured by the KERP Charge (as such term is defined in the Initial Order).

13. The Monitor has reviewed the calculation of the proposed amount of the Continuing KERP Amounts and certain supporting information in respect thereof. The Monitor is of the view that the Continuing KERP Amounts, secured by the KERP Charge, are required and are reasonable under the circumstances.

ACTUAL RECEIPTS AND DISBURSEMENTS

14. 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 Third Report of the Monitor dated December 13, 2013 (the "**December Cash Flow Statement**"). A summary of the actual receipts and disbursements for the ten-week period ended February 14, 2014, as compared to the projections in the December 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 ten-week period ended February 14, 2014 (before projected DIP draws) was approximately $6.1 million higher than projected in the December Cash Flow Statement due to a $0.6 million positive variance in receipts and a $5.5 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 approved by this Court in the Initial Order.

APPLICANTS’ UPDATED CASH FLOW STATEMENT

Summary of Cash Flow Statement

15. 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 February 8, 2014 to May 9, 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.

16. The Cash Flow Statement is presented on a weekly basis during the Cash Flow Period and represents the estimates of Management of the projected cash flow during the Cash Flow Period. The Cash Flow Statement has been prepared by Management of the Applicants, 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**”).

17. At this time, the Cash Flow Statement estimates that during the Cash Flow Period, the Applicants will have total receipts from operations of approximately $16.7 million and total disbursements of approximately $24.6 million. The Applicants’ cash position at the commencement of the Cash Flow Period is estimated to be approximately $6.4 million. Assuming Mobilicity continues operations in substantially the same manner as it has done during the CCAA proceedings to date, the Applicants are projected to require incremental funding of approximately $3.6 million during the Cash Flow Period.

Incremental Funding

18. The Applicants and the DIP Lenders have agreed to extend the DIP agreement, which had an original maturity date of February 12, 2014, to March 31, 2014. In conjunction with that extension, the Applicants and the DIP Lenders have agreed to extend certain terms of the DIP agreement. The Monitor understands that certain conditions precedent to any advances under the extended DIP agreement have not yet been met: those conditions include the requirement for an approved transaction or the status of the Restructuring Alternative (as defined in the DIP agreement) acceptable to the DIP Lenders, and amendments to specified contracts, including Amdocs (as defined below), satisfactory to the DIP Lenders.

19. The Applicants seek an extension of the stay period to March 31, 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 funding under the extended DIP agreement.

20. The Cash Flow Statement estimates that the Applicants' cash balance remains at or above $2.0 million throughout the Cash Flow Period. In order to achieve this cash balance, the Cash Flow Statement assumes that incremental funding of approximately $3.6 million is received during the Cash Flow Period, beginning in the week ending April 4, 2014. The Applicants do not currently have contractual arrangements in place for this incremental funding.

Amdocs Motion Amounts

21. On February 7, 2014, Amdocs Canadian Managed Services, Inc. and Amdocs Software Systems Limited (collectively, "**Amdocs**"), a strategic outsourced provider to Mobilicity, 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 a date to be determined. The Applicants are opposing the Amdocs motion.

22. 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

23. 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**".

24. 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.

25. 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, which includes Amdocs, 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. As described above, the Cash Flow Statement does not reflect the payment of any portion of the Amdocs Motion Amounts during the Cash Flow Period.

26. 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.

27. The projected fees and expenses of the restructuring professionals including counsel to Mobilicity, counsel to the Ad Hoc Committee of Noteholders and 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.

28. 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.

29. 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.

30. 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

31. The current stay of proceedings under the Initial Order expires on February 26, 2014. The Applicants are seeking an extension of the stay period to March 31, 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.

32. The Cash Flow Statement projects that the Applicants will have sufficient liquidity to operate, and to fund the costs of this Proceeding, to March 31, 2014.

MONITOR'S CONCLUSIONS AND RECOMMENDATION

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

34. The Monitor recommends that the Court approve the Applicants' request for an order extending the Stay Period to March 31, 2014 and requests that the Court approve the actions of the Monitor as described in this Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 20TH DAY OF FEBRUARY 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 February 19, 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 Order of this Court on September 30, 2013 (the "**Initial Order**"), a copy of which is attached as **Exhibit "A"** to this Affidavit.

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 and December 19, 2013, from February 26, 2014 until March 31, 2014 (the "**Third Stay Extension**").

Procedural Background

5. On December 19, 2013, the Applicants sought and obtained an Order extending the Stay Period until February 26, 2014 (the "**Second Stay Extension Order**"). A copy of the Second Stay Extension Order is attached as **Exhibit "B"** to this Affidavit.

6. The Applicants now seek the Third Stay Extension.

7. The main purpose of the Third Stay Extension is to provide the Applicants with additional time to advance their restructuring efforts, including pursuant to the sale process that was approved by this Court on November 13, 2013 (the "**Sale Process**").

Operations since the previous extension of the Stay Period

8. Since the issuance of the Second Stay Extension Order, the Applicants have focussed their efforts on maintaining the stability of their business and advancing the restructuring alternatives available to them, including as a result of the Sale Process. The status of the Sale Process and the efforts of the Applicants in pursuing a restructuring transaction are discussed in greater detail below.

9. The Applicants currently have over 166,000 customers.[2] Mobilicity remains focussed on providing the best available services to its customers. The continued ongoing customer level has resulted in better than forecasted revenues for the Applicants.

10. The Applicants terminated the employment of certain employees whose services were no longer required by the Applicants and provided such employees with working notice. The Applicants are otherwise experiencing a higher than anticipated employee retention level.

11. The key employee retention payments previously approved by this Court pursuant to the Initial Order will become payable on February 28, 2014. The Applicants have identified five key employees who, for the reasons set out in paragraphs 164 to 166 of my affidavit sworn September 29, 2013 in these proceedings, are critical to the management of the business going-forward and have offered these employees retention payments totalling approximately

[2] This figure would exceed 190,000 if inactive subscribers were included.

$140,000 (the "**Continuing KERP Amounts**") for the period post-February 28, 2014. Such Continuing KERP Amounts would be payable on the completion of a restructuring transaction or earlier at the discretion of the Chief Restructuring Officer. The Applicants propose that these payments be secured by the KERP Charge (as such term is defined in the Initial Order). A copy of my September 29, 2013 affidavit (without attachments) is attached as **Exhibit "C"** hereto.

12. Two of the directors of the Applicants have resigned since the Second Stay Extension Order. The resignations were made based on other commitments of such directors. There are currently four remaining directors of the Applicants.

13. 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.

14. A dispute between one of the Applicants' service suppliers, Amdocs Software Systems Limited ("**Amdocs**"), and the Applicants with respect to certain contractual arrangements with Amdocs and its affiliate remains unresolved.

15. Since the Stay Extension Order, the Applicants have operated within their cash flow forecast (as last filed with the Court under cover of the Monitor's third report dated December 13, 2013) and honoured their post-filing commitments as they came due.

16. The Applicants' cash flow has been improved as a result of savings from forecast in wages and benefits through attrition, reduced legal fees, a recovery on PST paid on commissions in British Columbia in prior periods due to the tax change-over, and reduced December commissions as a result of the fact that the majority of new subscriber activations were on less costly promotional plans. The remaining improvement is primarily from lower spending on general expenses, service delivery, and professional fees.

DIP Amending Agreement

17. The Applicants negotiated an amending agreement (the "**DIP Amending Agreement**") extending the maturity date of their Court-approved debtor-in-possession financing (the "**DIP Loan Agreement**"), which will now mature on March 31, 2014. The availability of funds under the DIP Loan Agreement continues to be subject to the satisfaction of certain conditions. Pursuant to the DIP Amending Agreement, the Applicants are afforded additional time to meet

such conditions. A redacted copy of the DIP Amending Agreement is attached as **Exhibit "D"** to this Affidavit.

18. The Applicants believe that the support of the lenders under the DIP Loan Agreement (the "**DIP Lenders**") has played and continues to play an important role in the Applicants' ability to maintain operational stability during these proceedings.

Sale Process

19. 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 "E"** to this Affidavit.

20. The Sale Process is an ongoing 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 an equal opportunity to all those interested in making a bid for the Applicants or their assets.

21. Since the Second Stay Extension Order, the Applicants, their financial advisor, Canaccord Genuity ("**CG**") and the Monitor have held meetings and had discussions with several of the bidders who have submitted bids pursuant to the Sale Process. The timing and status of those meetings and discussions were impacted by the timing of the government's 700 MHz spectrum auction (the "**700 Spectrum Auction**"), which began on January 14, 2014. On February 18, 2014, Industry Canada announced that the 700 Spectrum Auction results will be announced at 5 p.m. on February 19, 2014.

22. The Applicants have elected to extend the Sale Process in order for the Applicants and any qualified bidders in the Sale Process to have the benefit of actual knowledge of the results of the 700 Spectrum Auction. The Applicants believe that the actual results of the 700 Spectrum Auction will assist the Applicants in finalizing their Sale Process and completing a transaction in the short term.

23. Further, the expiry as of February 12, 2014 of the five year moratorium on transfers of spectrum licences to incumbents, which was imposed as a condition of the Applicants' spectrum licences, is another factor in connection with the advancement of the discussions and bids

pursuant to the Sale Process.

24. Since the Second Stay Extension Order and in conjunction with the Sale Process, the Applicants have obtained an order from this Court establishing the procedure by which the Applicants can bring a motion to the Court for the transfer of the Applicants' spectrum licences pursuant to Section 11.3 of the CCAA. The Applicants continue to be in communication with Industry Canada in respect of the ongoing Sale Process.

25. The Mobilicity Group's ongoing goal remains to advance a restructuring transaction which has the support of all its stakeholders.

Request for a Further Stay Extension

26. The Applicants require more time to conclude their discussions with interested parties, and negotiate transaction documents with the successful bidder or bidders, as appropriate. As such, the Applicants are requesting an extension of the Stay Period to and including March 31, 2014.

27. The Applicants, with the assistance of the Monitor, have prepared updated cash flow projections for the period between the week ending February 8, 2014 and the week ending May 9, 2014 (the "**Updated Cash Flow Statement**"), which cover the period of the Third Stay Extension. I understand that the Updated Cash Flow Statement will be attached as an appendix to the Monitor's fourth report to be served in connection with this motion.

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

29. Since the issuance of the Second Stay Extension Order, the Applicants continue to work in good faith and with due diligence in the pursuit of their restructuring activities, including the pursuit of one or more value-maximizing transactions for the business of the Applicants that would benefit the Applicants' stakeholders.

30. 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 Third Stay Extension.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on February 19, 2014.	William E. Aziz
Commissioner for Taking Affidavits	WILLIAM E. AZIZ

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 8445022 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC. AND DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn February 19, 2014)

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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 December 7, 2013 to February 14, 2014
CDN ('000)

	Actual										
	1	2	3	4	5	6	7	8	9	10	
	Dec-13	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Total
Beginning Cash Balance	5,720	5,483	6,002	6,982	5,963	6,793	6,332	6,999	7,723	6,383	5,720
Cash Receipts											
Customer Revenue	1,161	1,683	1,713	1,401	1,207	1,430	1,530	1,475	1,288	1,269	14,157
DIP Draw	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	48	12	6	8	1	18	9	27	13	7	149
Tax Refund (Payment)	109	-	(74)	-	-	60	-	(74)	117	-	139
Total Cash Receipts	1,318	1,695	1,644	1,409	1,208	1,508	1,540	1,429	1,418	1,276	14,444
Cash Disbursements											
Payroll and Benefits	(352)	(113)	(329)	-	-	(389)	(85)	(344)	-	(350)	(1,963)
Sales & Marketing	(28)	(64)	(10)	(26)	(26)	(113)	(36)	(0)	(26)	(8)	(338)
Commissions	(546)	(6)	-	(6)	-	(726)	-	-	-	(668)	(1,952)
Service Delivery & IT	(118)	(527)	(213)	(268)	(122)	(317)	(301)	(266)	(293)	(184)	(2,609)
Payments for Outsourced Operations	(116)	(75)	(75)	(1,552)	(51)	(124)	(75)	15	(1,576)	(75)	(3,702)
Rent & Site Operations	(142)	(14)	(43)	(570)	(36)	(19)	(43)	(0)	(657)	(48)	(1,571)
General Operating Expenditures	(27)	(17)	7	(7)	(87)	(79)	(24)	(1)	(21)	(53)	(309)
BOD Expenses	-	-	-	-	-	(18)	-	-	-	-	(18)
CCAA Monitor and Monitor's Counsel Fees	(89)	(153)	-	-	(32)	(43)	(46)	(42)	(36)	(41)	(483)
CCAA Legal Fees	(54)	(202)	-	-	-	(138)	(261)	(55)	(144)	(40)	(894)
Other Legal and Advisor Expenses	(83)	(5)	-	-	(23)	(3)	(2)	(13)	(5)	(4)	(138)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	(1,555)	(1,176)	(664)	(2,428)	(377)	(1,969)	(873)	(704)	(2,757)	(1,471)	(13,976)
Net Cash Flow Balance	(237)	519	981	(1,020)	830	(460)	666	724	(1,340)	(195)	468
Ending Cash Balance	5,483	6,002	6,982	5,963	6,793	6,332	6,999	7,723	6,383	6,188	6,188

	Forecast										
	1	2	3	4	5	6	7	8	9	10	
	Dec-13	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Total
Beginning Cash Balance	5,720	5,080	5,574	5,162	3,366	3,726	2,648	3,031	3,140	2,000	5,720
Cash Receipts											
Customer Revenue	1,404	1,404	1,404	1,380	1,348	1,348	1,348	1,348	1,420	1,420	13,826
DIP Draw	-	-	-	-	-	-	-	-	675	1,204	1,879
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	109	-	(74)	-	-	-	-	-	-	-	35
Total Cash Receipts	1,513	1,404	1,330	1,380	1,348	1,348	1,348	1,348	2,094	2,624	15,739
Cash Disbursements											
Payroll and Benefits	(433)	-	(435)	(43)	-	(395)	(85)	(353)	(40)	(395)	(2,180)
Sales & Marketing	(67)	(67)	(54)	(54)	(57)	(57)	(54)	(53)	(53)	(53)	(568)
Commissions	(554)	-	-	-	-	(754)	-	-	-	(976)	(2,285)
Service Delivery & IT	(269)	(269)	(269)	(415)	(299)	(299)	(274)	(264)	(422)	(298)	(3,080)
Payments for Outsourced Operations	(129)	12	(159)	(1,578)	(185)	(93)	(93)	(93)	(1,633)	(93)	(4,045)
Rent & Site Operations	(78)	(100)	(43)	(645)	(35)	-	(43)	-	(670)	(35)	(1,650)
General Operating Expenditures	(145)	(206)	(163)	(162)	(196)	(234)	(161)	(176)	(161)	(180)	(1,783)
BOD Expenses	-	-	-	(18)	-	-	-	-	-	-	(18)
CCAA Monitor and Monitor's Counsel Fees	(91)	(130)	(130)	(91)	(91)	(130)	(130)	(130)	(130)	(130)	(1,183)
CCAA Legal Fees	(298)	(150)	(489)	(125)	(125)	(464)	(125)	(125)	(125)	(464)	(2,490)
Other Legal and Advisor Expenses	(88)	-	-	(45)	-	-	-	(45)	-	-	(178)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	(2,153)	(911)	(1,743)	(3,175)	(988)	(2,427)	(965)	(1,240)	(3,234)	(2,624)	(19,459)
Net Cash Flow Balance	(640)	494	(412)	(1,795)	360	(1,078)	383	109	(1,140)	-	(3,720)
Ending Cash Balance	5,080	5,574	5,162	3,366	3,726	2,648	3,031	3,140	2,000	2,000	2,000

	Variance - Better / (Worse)											
	1	2	3	4	5	6	7	8	9	10		
	Dec-13	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Total	
Beginning Cash Balance	-	402	428	1,821	2,596	3,066	3,684	3,967	4,583	4,383	-	
Cash Receipts												
Customer Revenue	(243)	278	308	21	(142)	82	182	127	(132)	(150)	331	
DIP Draw	-	-	-	-	-	-	-	-	(675)	(1,204)	(1,879)	
Other Accounts Receivable	48	12	6	8	1	18	9	27	13	7	149	
Tax Refund (Payment)	-	-	0	-	-	60	-	(74)	117	-	104	
Total Cash Receipts	(195)	290	314	28	(141)	160	192	80	(676)	(1,348)	(1,296)	2
Cash Disbursements												
Payroll and Benefits	81	(113)	106	43	-	6	-	10	40	45	217	
Sales & Marketing	39	3	44	28	31	(56)	18	53	27	45	231	
Commissions	8	(6)	-	(6)	-	28	-	-	-	308	333	
Service Delivery & IT	151	(258)	56	146	177	(17)	(27)	(1)	129	113	471	
Payments for Outsourced Operations	13	(86)	84	27	134	(31)	18	108	57	18	342	
Rent & Site Operations	(64)	86	-	75	(1)	(19)	(0)	(0)	14	(13)	78	
General Operating Expenditures	119	189	170	154	109	155	137	175	140	127	1,474	
BOD Expenses	-	-	-	18	-	(18)	-	-	-	-	-	
CCAA Monitor and Monitor's Counsel Fees	2	(23)	130	91	59	87	84	88	94	89	700	
CCAA Legal Fees	244	(52)	489	125	125	326	(136)	70	(19)	424	1,596	
Other Legal and Advisor Expenses	5	(5)	-	45	(23)	(3)	(2)	33	(5)	(4)	41	
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Disbursements	598	(265)	1,079	747	611	458	91	535	477	1,153	5,483	3
Net Cash Flow Balance	402	25	1,393	776	470	618	283	615	(200)	(195)	4,188	
Ending Cash Balance	402	428	1,821	2,596	3,066	3,684	3,967	4,583	4,383	4,188	4,188	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 December 7, 2013 to February 14, 2014
CDN ('000)

NOTES:

1. Overview
- Cash analysis of actual cash flow ("Actual") compared to the cash flow statement as set out in the Third Report of the Monitor, dated December 13, 2013 (the "Forecast") for the period from December 7, 2013 through to February 14, 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 $14,444 compared to $15,739 in the Forecast, resulting in an unfavourable variance of $1,296. The variance is primarily due to:
  - $331 favourable variance in Customer Revenue, mainly due to slightly higher customer payments than projected;
  - $1,879 unfavourable variance in the DIP Draw, as the Applicants have not yet been required to draw on the DIP financing;
  - $149 favourable variance in Other Accounts Receivable due to amounts not initially projected. These receivables mainly include rent reimbursed from dealers, sale of office furniture and equipment, recovery of payroll expense and interest income; and
  - $104 favourable variance in net Tax Refund, mainly due to receipts not initially projected.

3. Cash Disbursements
- During the Period, total cash disbursements were $13,976 compared to $19,459 in the Forecast, resulting in a favourable variance of $5,483. The variance is mainly due to:
  - $217 favourable variance in Payroll and Benefits, primarily due to timing of benefit payments and savings from lower than projected staffing levels;
  - $231 favourable variance in Sales & Marketing, primarily due to timing and some savings;
  - $333 favourable variance in Commissions, mainly due to (a) a recovery on PST taxes paid on commissions in British Columbia in prior periods due to the tax change-over; and (b) lower commissions for December activity paid in the week ended February 14, 2014 given that the majority of the new subscribers were activated on lower promotional plans, resulting in dealers compensated at a lower tier;
  - $471 favourable variance in Service Delivery & IT, mainly due to timing;
  - $342 favourable variance in Payments for Outsourced Operations, mainly due to higher than projected net receipts from the sale of inventory and lower than projected expenses to the Call Centre from lower call volumes and fewer promotions offered;
  - $1,474 favourable variance in General Operating Expenditures, primarily due to expenditures not yet incurred, as well as some savings;
  - $700 favourable variance in CCAA Monitor and Monitor's Counsel Fees, primarily due to savings from less time incurred than projected; and
  - $1,596 favourable variance in CCAA Legal Fees, primarily due to timing that may reverse in future weeks.

4. Ending Cash Balance
- Ending Cash Balance for the Period was 6,188 compared to $2,000 in the Forecast, resulting in a favourable variance of 4,188.

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 February 8, 2014 through to May 9, 2014

CDN ('000)

		1	2	3	4	5	6	7	8	9	10	11	12	13	
		Feb-14	**Feb-21**	**Feb-28**	**Mar-07**	**Mar-14**	**Mar-21**	**Mar-28**	**Apr-04**	**Apr-11**	**Apr-18**	**Apr-25**	**May-02**	**May-09**	**Total**
Beginning Cash Balance	2	**6,383**	**6,150**	**6,561**	**5,921**	**3,876**	**2,898**	**2,884**	**2,839**	**2,000**	**2,000**	**2,460**	**2,792**	**2,000**	**6,383**
Cash Receipts															
Customer Revenue	3	1,438	1,438	1,438	1,256	1,256	1,256	1,256	1,246	1,238	1,238	1,238	1,210	1,141	**16,648**
Incremental Funding	4	-	-	-	-	-	-	-	1,212	798	-	-	1,560	66	**3,635**
Tax Refund (Payment)	5	-	-	(72)	-	-	-	-	-	-	-	-	-	-	**(72)**
Total Cash Receipts		**1,438**	**1,438**	**1,366**	**1,256**	**1,256**	**1,256**	**1,256**	**2,457**	**2,036**	**1,238**	**1,238**	**2,770**	**1,207**	**20,210**
Cash Disbursements															
Payroll and Benefits	6	(353)	(32)	(678)	(35)	(350)	-	(435)	(35)	(350)	-	(85)	(353)	(32)	**(2,739)**
Sales & Marketing	7	(30)	(40)	(42)	(75)	(75)	(75)	(75)	(53)	(53)	(53)	(53)	(53)	(53)	**(729)**
Commissions	8	(675)	-	-	-	(587)	-	-	-	(473)	-	-	-	-	**(1,736)**
Service Delivery & IT	9	(288)	(233)	(288)	(408)	(285)	(685)	(285)	(409)	(283)	(283)	(283)	(422)	(269)	**(4,423)**
Payments for Outsourced Operations	10	(75)	(57)	(197)	(1,602)	(93)	(93)	(93)	(1,610)	(93)	(93)	(93)	(1,610)	(93)	**(5,802)**
Rent & Site Operations	11	(66)	(17)	(17)	(759)	(43)	-	-	(750)	(78)	-	-	(758)	(78)	**(2,567)**
General Operating Expenditures	12	(98)	(107)	(107)	(108)	(103)	(103)	(100)	(97)	(98)	(99)	(96)	(95)	(93)	**(1,305)**
BOD Expenses	13	-	-	-	-	-	-	-	-	(18)	-	-	-	-	**(18)**
CCAA Monitor and Monitor's Counsel Fees	14	(41)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	**(1,541)**
CCAA Legal Fees	15	(40)	(361)	(552)	(188)	(527)	(188)	(188)	(171)	(464)	(125)	(125)	(125)	(464)	**(3,519)**
Other Legal and Advisor Expenses	16	(4)	(55)	-	-	(45)	-	-	(45)	-	-	(45)	-	-	**(194)**
Interest Payments	17	-	-	-	-	-	-	-	-	-	-	-	(21)	-	**(21)**
Total Cash Disbursements		**(1,671)**	**(1,027)**	**(2,006)**	**(3,300)**	**(2,234)**	**(1,269)**	**(1,301)**	**(3,296)**	**(2,036)**	**(778)**	**(905)**	**(3,562)**	**(1,207)**	**(24,593)**
Net Cash Flow Balance		**(233)**	**411**	**(640)**	**(2,045)**	**(978)**	**(14)**	**(45)**	**(839)**	**-**	**460**	**333**	**(792)**	**-**	**(4,383)**
Ending Cash Balance		**6,150**	**6,561**	**5,921**	**3,876**	**2,898**	**2,884**	**2,839**	**2,000**	**2,000**	**2,460**	**2,792**	**2,000**	**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 February 8, 2014 to May 9 2014 (the "**Period**") and represents management's reasonable estimates of the results of operations, assuming Mobilicity continues to operate in substantially the same manner as it has done during the CCAA proceedings to date, 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 February 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 February 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 January 2014.

4. Incremental Funding represents projected third-party funding of Mobilicity's incremental net cash requirements after March 31, 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 made in the week ending February 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 a member 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, counsel to the Ad Hoc Committee of Senior Unsecured Debenture Holders, and counsel to the DIP Lenders.

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

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. Interest on Incremental Funding 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.