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 HOLDINGS INC.

Applicant

SIXTEENTH REPORT OF THE MONITOR

AUGUST 11, 2015

INTRODUCTION

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

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

3. Ernst & Young Inc. was appointed as monitor of Holdings and the Wireless Entities in these CCAA proceedings (the "**Monitor**") pursuant to the Initial Order and pursuant to an Order of this Court granted on January 28, 2015.

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

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

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

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

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

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

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

6. Pursuant to the Order of Mr. Justice Newbould dated July 15, 2015 (the “**July 15 Order**”), this Court, among other matters, approved the distribution of a portion of the Wireless Distribution Amount in respect of the amounts outstanding under the DIP Loan Agreement (the “**DIP Amount**”) and discharged the Monitor with respect to the Wireless Entities. The style of cause of these proceedings has been modified in accordance with the terms of the July 15 Order.

PURPOSE

7. The purpose of this sixteenth report of the Monitor (this "**Sixteenth Report**") is to provide information to the Court regarding:

   (a) the activities of the Monitor since the date of the Fifteenth Report of the Monitor dated July 14, 2015 (the "**Fifteenth Report**");

   (b) the Applicant's actual receipts and disbursements;

   (c) the Applicant's updated cash flow statement;

   (d) the Applicant's request for an extension of the Stay Period (as defined in the Initial Order) until October 30, 2015; and

   (e) the ongoing activities of the Applicant.

8. This Sixteenth Report also provides this Court with the Monitor's recommendations regarding the Applicant's motion for an Order:

   (a) establishing a process whereby the Applicant, with the assistance of the Monitor, will call for certain claims of its creditors and establish a bar date by which such claims must be filed against the Applicant and its present and former directors and officers; and

   (b) extending the Stay Period until October 30, 2015.

DISCLAIMER

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

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

CONTEXT

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

11. Capitalized terms not otherwise defined herein are given the meaning ascribed to them in the Affidavit of William E. Aziz sworn August 7, 2015 (the "**Aziz Affidavit**").

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

ACTIVITIES OF THE MONITOR

13. Since the Fifteenth Report, the Monitor has conducted the following activities:

    (a) assisted the parties with the completion of adjustments on account of working capital in respect of the Transaction (the "**Working Capital Adjustment**");

    (b) facilitated the repayment of the DIP Amount;

    (c) continued to hold in escrow for Holdings, the Cash Amount which as at August 10, 2015 was approximately $351.7 million;

    (d) consulted with the Applicant and assisted with the development of the claims process outlined herein;

    (e) consulted with the CRO with respect to execution of banking activities related to Holdings, as requested by him from time to time; and

(f) participated in discussions and negotiations with the Applicant and other parties with respect to, *inter alia*, the future distribution of the Cash Amount.

ACTUAL RECEIPTS AND DISBURSEMENTS

14. As described in the Twelfth Report, the Applicant, with the assistance of the Monitor, prepared a nineteen-week cash flow projection for the period from April 25, 2015 to September 4, 2015 (the "**April Cash Flow Statement**") which is attached as Appendix "**A**". The April Cash Flow Statement did not contemplate the Transaction, which closed on July 2, 2015. In light of this, the Applicant has not prepared a consolidated summary of the actual receipts and disbursements as compared to the April Cash Flow Statement. The Applicant, with the assistance of the Monitor, has prepared the statement of actual receipts and disbursement of Holdings for the five week period from July 2, 2015 to July 31, 2015 (the "**Actual Cash Flow Statement**") which is attached as Appendix "**B**".

15. As described in Appendix B, on the closing of the Transaction, the cash in the Wireless Entities bank accounts immediately prior to closing was transferred to Holdings. The amount transferred was approximately $4.9 million.

UPDATED CASH FLOW STATEMENT

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

16. The Applicant, with the assistance of the Monitor, has prepared an updated 13-week cash flow projection (the "**Cash Flow Statement**") for the period from August 1, 2015 to October 30, 2015 (the "**Cash Flow Period**") for the purpose of projecting the estimated results of the Applicant's 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 Applicant's estimates of its projected cash flow during the Cash Flow Period. The Cash Flow Statement has been prepared by the Applicant using the probable and hypothetical assumptions set out in notes 1 to 12 to the Cash Flow Statement (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**").

18. At this time, assuming Holdings continues operations in substantially the same manner as it has done during the CCAA proceeding to date, the Cash Flow Statement estimates that, during the Cash Flow Period, the Applicants will have no operating receipts other than interest on bank deposits and total operating disbursements of approximately $2.1 million, resulting in a projected net cash outflow of $2.1 million.

Cash Amount

19. The Monitor holds approximately $351,670.008.51 in escrow as at August 10, 2015, which includes the payment of $8,972,321.12 on account of the Working Capital Adjustment received from Rogers on August 10, 2015.

20. Pursuant to the July 15 Order, the Monitor made a payment from the Cash Amount on July 27, 2015 in the amount of $1,968,375.08 in full and final satisfaction of the amount outstanding under the DIP Loan Agreement.

21. Pursuant to the terms of the proposed order, future distributions from the Cash Amount will be subject to approval by this Court.

Liquidity

22. The Applicants seek an extension of the Stay Period to October 30, 2015, (the "**Proposed Stay Extension Date**").

23. The Applicant is projected to have approximately $2.7million of cash afterfunding operations to the Proposed Stay Extension Date, without requiring financing. Given that the Applicant does not have active business operations, this cash balance is projected to be sufficient to fund the Applicant's activities.

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 the Applicant. 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 the Applicant for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Statement.

26. 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.

27. 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.

28. 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.

CLAIMS PROCEDURES

29. Capitalized terms not otherwise defined in this section are given the meaning ascribed to them in the proposed Claims Procedure Order.

30. At the time of the Fifteenth Report, the Monitor advised this Court that it was considering the appropriateness of conducting a claims process in respect of claims against Holdings and the Cash Amount. The Applicant and the Monitor have determined that it is appropriate to run a process for the identification and quantification of such claims.

31. The Applicant is seeking approval of the Claims Procedure Order. The scope and content of the Claims Procedure Order was discussed among the Applicant, the Monitor and certain of the stakeholders prior to the filing of the Motion.

32. The purpose of the proposed claims process is to allow creditors of the Applicant to file certain claims against the Applicant including claims against its present and former directors and officers.

33. Commencing the claims process at this time will provide useful information and clarity to the Applicant, its stakeholders and the Monitor as to the number, nature and value of certain Claims against the Applicant. This information will help advance the Applicant's ability to make a full and final distribution to its creditors.

34. Set out below is a summary of the terms of the proposed Claims Procedure Order.

Claims Bar Date

35. Creditors are permitted to file Claims against the Applicant and the Officers and Directors on or before 5:00 p.m. (Toronto time) on September 21, 2015 (the "**Claims Bar Date**").

36. Any person not filing a Proof of Claim in the prescribed form, which shall include all supporting documentation in respect of such Claim, with the Monitor on or before the Claims Bar Date, shall, subject to further order of the Court, be forever barred from asserting a Claim whether or not such Creditor received a Claims Package.

Claims Related to Unsecured Senior Notes and Convertible Notes

37. The Claims Procedure Order establishes a simplified procedure for determining the appropriate amounts owing to the Unsecured Senior Note holders and the Convertible Note holders. In the Monitor's view, this simplified procedure is appropriate in the circumstances given the analysis performed to date and the ongoing dialogue with representatives of the holders of these particular notes.

Excluded Claims

38. Certain claims will be excluded from having to file a claim by the Claims Bar Date. The purpose of having Excluded Claims is to simplify the claims procedure rather than postpone the determination of any claims which would be necessary to complete the administration of the proceedings. These certain Excluded Claims include Claims:

(a) secured by any of the Charges; and

(b) arising under the First Lien Notes, the First Lien Note Indenture, the Second Lien Notes, or the Second Lien Note Purchase Agreement.

Notice to Claimants

39. The proposed Claims Procedure Order directs the Monitor to send a copy of the Claims Package to each Known Creditor by regular mail within five (5) business days of the

making of the Claims Procedure Order.

40. The Monitor shall also be directed to cause the Notice to Claimants to be published as soon as practicable following the making of the Claims Procedure Order in the *Globe and Mail* (National Edition). The Monitor will also post an electronic copy of the Claims Package on the Monitor's Website.

41. In addition, provided that such request is received by the Monitor prior to the Claims Bar Date, the Monitor will send a Claims Package to any Person claiming to be a Creditor as soon as reasonably possible after receipt of such a request from such Person.

42. In the Monitor's view, the mailing of the Claims Packages, the publication of the newspaper advertisement and the posting of the Claims Packages on the Monitor's Website will provide sufficient and timely notification to allow Creditors to submit their Proofs of Claim prior the Claims Bar Date.

Review of the Proofs of Claim

43. The proposed Claims Procedure Order requires the Applicant, with the assistance of the Monitor, to review all Proofs of Claim received by the Claims Bar Date, and accept, revise or reject the amount of each Claim. The Monitor is then required to notify each Creditor in respect of a Claim that has been revised or rejected of the reasons for such revision or rejection by sending a Notice of Revision or Disallowance

44. Any Creditor who intends to dispute a Notice of Revision or Disallowance must send written notice to the Monitor within five (5) business days after receiving a Notice of Revision or Disallowance.

45. The Monitor believes that the period of time to file a Notice Dispute of Revision or Disallowance is reasonable, as most Claimants will have performed an evaluation of their Claim prior to submitting a Proof of Claim and therefore should be in a position to respond within the time period established.

46. Any Creditor who receives a Notice of Revision or Disallowance and fails to file a Notice of Dispute of Revision or Disallowance with the Monitor within the time period established, shall be deemed to have accepted the amount and status as set out in the Notice of Revision or Disallowance and such amount and status shall constitute the Allowed Claim of the Creditor as finally determined and the balance of such Creditor's Claim, if any, shall be forever barred and extinguished.

47. If a dispute raised in a Notice of Dispute of Revision or Disallowance is not resolved in a time period or in a manner satisfactory to the Monitor, the Applicant and the Creditor, the Applicant shall refer the Claim to the Court for resolution or to such alternative dispute resolution mechanism as may be ordered by the Court or as agreed to by the Monitor, the Applicant and the applicable Creditor. The Court or an alternative dispute resolution mechanism, as the case may be, shall resolve the dispute between the Applicant and the Creditor.

48. With the exception of Claims pertaining to the Unsecured Senior Notes and the Convertible Notes, the Applicant may (with the consent of the Monitor) in writing and at any time, settle and resolve any Claims.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

49. The Monitor is of the view that the Applicant has acted in accordance with the Initial Order, in good faith, and with due diligence.

50. The Cash Flow Statement projects that the Applicant will have sufficient liquidity to operate, and to fund the costs of this proceeding, to October 30, 2015. The Monitor supports the Applicant's request for an extension of the Stay Period to October 30, 2015.

51. For the reasons described in this Sixteenth Report, the Monitor recommends that this Court also grant the Claims Procedure Order sought by the Applicant.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 11TH DAY OF AUGUST, 2015.

ERNST & YOUNG INC.

in its capacity as the Court-appointed Monitor of
Data & Audio-Visual Enterprises Holdings Inc.,

Per:

Brian Denega
Senior Vice President

APPENDIX A

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 April 25, 2015 through to September 4, 2015
CDN ('000)

		Week Ending																			
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	
		May-01	**May-08**	**May-15**	**May-22**	**May-29**	**Jun-05**	**Jun-12**	**Jun-19**	**Jun-26**	**Jul-03**	**Jul-10**	**Jul-17**	**Jul-24**	**Jul-31**	**Aug-07**	**Aug-14**	**Aug-21**	**Aug-28**	**Sep-04**	**Total**
Beginning Cash Balance	2	**7,309**	**5,553**	**6,436**	**6,151**	**6,944**	**7,360**	**5,464**	**5,396**	**6,219**	**6,491**	**4,540**	**5,383**	**5,119**	**5,686**	**3,996**	**4,778**	**4,852**	**5,619**	**6,181**	**7,309**
Cash Receipts																					
Customer Revenue	3	1,231	1,237	1,237	1,237	1,237	1,252	1,258	1,258	1,258	1,232	1,196	1,196	1,196	1,196	1,173	1,173	1,173	1,173	1,183	**23,099**
Other Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	4	-	-	-	-	(140)	-	-	-	(140)	-	-	-	(140)	-	-	-	-	(140)	-	**(560)**
Total Cash Receipts		**1,231**	**1,237**	**1,237**	**1,237**	**1,097**	**1,252**	**1,258**	**1,258**	**1,118**	**1,232**	**1,196**	**1,196**	**1,056**	**1,196**	**1,173**	**1,173**	**1,173**	**1,033**	**1,183**	**22,539**
Cash Disbursements																					
Payroll and Benefits	5	(170)	-	(170)	(14)	(255)	-	(170)	-	(99)	(170)	-	(170)	(99)	(170)	-	(170)	(14)	(85)	(170)	**(1,925)**
Sales & Marketing	6	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	**(472)**
Commissions	7	-	-	(995)	-	-	-	(793)	-	-	-	-	(858)	-	-	-	(544)	-	-	-	**(3,189)**
Service Delivery & IT	8	(258)	(167)	(167)	(167)	(167)	(258)	(173)	(173)	(173)	(256)	(165)	(165)	(165)	(165)	(162)	(162)	(162)	(162)	(163)	**(3,429)**
Payments for Outsourced Operations	9	(1,568)	(70)	(70)	(70)	(70)	(1,580)	(70)	(70)	(70)	(1,580)	(70)	(70)	(70)	(1,580)	(70)	(70)	(70)	(70)	(1,580)	**(8,869)**
Rent & Site Operations	10	(876)	-	-	(43)	(35)	(842)	-	(43)	(350)	(877)	-	(43)	-	(835)	(42)	-	(43)	-	(877)	**(4,905)**
General Operating Expenditures	11	(28)	(48)	(48)	(80)	(48)	(398)	(48)	(80)	(48)	(228)	(48)	(81)	(48)	(48)	(48)	(81)	(48)	(48)	(48)	**(1,546)**
BOD Expenses	12	(18)	-	-	-	-	-	-	-	-	-	-	-	-	(18)	-	-	-	-	-	**(35)**
CCAA Monitor and Monitor's Counsel Fees	13	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	**(292)**
CCAA Legal Fees	14	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	**(569)**
Other Legal and Advisor Expenses	15	-	-	(3)	-	(37)	-	(3)	-	(37)	-	-	(3)	(37)	-	-	(3)	-	(37)	-	**(161)**
Interest Payments	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements		**(2,987)**	**(354)**	**(1,522)**	**(444)**	**(682)**	**(3,148)**	**(1,326)**	**(436)**	**(847)**	**(3,182)**	**(353)**	**(1,460)**	**(489)**	**(2,886)**	**(391)**	**(1,100)**	**(406)**	**(471)**	**(2,908)**	**(25,393)**
Net Cash Flow		**(1,756)**	**883**	**(285)**	**794**	**415**	**(1,896)**	**(68)**	**822**	**272**	**(1,950)**	**843**	**(264)**	**567**	**(1,690)**	**782**	**73**	**767**	**562**	**(1,725)**	**(2,854)**
Ending Cash Balance		**5,553**	**6,436**	**6,151**	**6,944**	**7,360**	**5,464**	**5,396**	**6,219**	**6,491**	**4,540**	**5,383**	**5,119**	**5,686**	**3,996**	**4,778**	**4,852**	**5,619**	**6,181**	**4,455**	**4,455**

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 April 25, 2015 to September 4, 2015 (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 April 25, 2015.

   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 April 25, 2015.

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 March 2015.

4. 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. Mobilicity has projected to make provincial sales tax payments of $0.14 million in the last week of each subsequent month during the Project period.

5. Payroll and Benefits represent projected gross payroll, including 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.

6. Sales & Marketing represent projected general costs associated with sales and marketing activities for services rendered on or after September 30, 2013.

7. 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.

8. 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.

9. 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.

10. Rent & Site Operations represent projected lease payments for Mobilicity's leased facilities, including its corporate head office in Woodbridgeand two co-location data centers. In addition, the Applicants lease approximately 450 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.

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

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

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

14. 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.

15. 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.

16. 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.

    The Applicants concluded that it was in the best interests of the Mobilicity Group and its stakeholders for the Applicants to complete all application materials and provide the financial deposit necessary to participate in Industry Canada's AWS-3 wireless spectrum auction, thus maintaining the flexibility to purchase additional spectrum in the AWS-3 Auction if such a purchase was determined to be in the best interests of the Mobilicity Group in the circumstances at the appropriate time. In order to finance the financial deposit, the Applicants, with the assistance of their legal and financial advisors, negotiated a Second DIP Loan Agreement (the "**Agreement**") with certain parties that are part of the ad hoc committee of note holders and obtained Court approval of the Agreement on January 28, 2015. The Agreement was entered into on January 29, 2015. Pursuant to the Agreement, the Applicants are required to pay a DIP fee and interest on the amounts advanced to the Applicants that remain unpaid from time to time. The Applicants have repaid obligations under the Agreement in the amount of the financial deposit provided to Industry Canada and have an outstanding amount of approximately $1.9 million in DIP fees and interest payable on the demand of the lenders under the Agreement. The Applicants have not made a provision for the outstanding amount in the cash flow forecast during the proposed extension period.

APPENDIX B

Data & Audio-Visual Enterprises Holdings Inc. ("Holdings" or the "Applicant")
Actual Weekly Cash Flow Statements ('000)
For the Period from July 2, 2015 to July 31, 2015

	1	2	3	4	5	Total
	Jul-03	Jul-10	Jul-17	Jul-24	Jul-31	
For the week ending on						
Operations						
Beginning Cash Balance	2	4,935	4,890	4,806	4,806	**2**
Cash Receipts						
Wireless Cash Transfer on Closing	4,933					**4,933**
Interest	-	-	-	-	-	-
Total Cash Receipts	4,933	-	-	-	-	**4,933**
Cash Disbursements						
Priority Charges						
Administration Related	-	(45)	(85)	-	-	**(130)**
Employee/ Contractor Related	-	-	-	-	(17)	**(17)**
Director Related	-	-	-	-	-	-
Total Cash Disbursements	-	(45)	(85)	-	(17)	**(147)**
Net Cash Flow	4,933	(45)	(85)	-	(17)	**4,787**
Ending Cash Balance, held by Holdings	4,935	4,890	4,806	4,806	4,789	**4,789**
Escrow						
Beginning Cash Balance	-	344,448	344,448	344,448	344,448	-
Cash Receipts						
Proceeds on Closing	344,448	-	-	-	-	**344,448**
Interest	-	-	-	-	-	-
Total Cash Receipts	344,448	-	-	-	-	**344,448**
Cash Distributions						
DIP Notes	-	-	-	-	(1,968)	**(1,968)**
Total Cash Distributions	-	-	-	-	(1,968)	**(1,968)**
Net Cash Flow	344,448	-	-	-	(1,968)	**342,480**
Ending Cash Balance, held by Monitor	344,448	344,448	344,448	344,448	342,480	**342,480**
Total Ending Cash	349,383	344,448	344,448	344,448	342,480	**347,269**

Holdings' actual cash flow statements are prepared on a weekly basis except the week ended on July 3, 2015.
The first week of the actual cash flow statement only includes two day activities.

APPENDIX C

Data & Audio-Visual Enterprises Holdings Inc. ("Holdings" or the "Applicant")
Actual Weekly Cash Flow Statements
For the Period from August 1, 2015 to October 30, 2015

		1	2	3	4	5	6	7	8	9	10	11	12	13	Total
For the week ending on		**Aug-07**	**Aug-14**	**Aug-21**	**Aug-28**	**Sep-04**	**Sep-11**	**Sep-18**	**Sep-25**	**Oct-02**	**Oct-09**	**Oct-16**	**Oct-23**	**Oct-30**	
Operations															
Beginning Cash Balance	**2**	4,789	4,695	4,247	4,152	3,710	3,616	3,521	3,426	3,233	3,139	3,044	2,949	2,854	**4,789**
Cash Receipts															
Interest		2	-	-	-	1	-	-	-	1	-	-	-	-	**4**
Total Cash Receipts		2	-	-	-	1	-	-	-	1	-	-	-	-	**4**
Cash Disbursements															
Priority Charges															
Administration Related	**3**	(90)	(443)	(90)	(188)	(90)	(90)	(90)	(188)	(90)	(90)	(90)	(90)	(123)	**(1,752)**
Employee / Contractor Related	**4**	-	-	-	(250)	-	-	-	-	-	-	-	-	-	**(250)**
Director Related	**5**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Bank Fees and Other Expenses		(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	**(65)**
Total Cash Disbursements		(95)	(448)	(95)	(443)	(95)	(95)	(95)	(193)	(95)	(95)	(95)	(95)	(128)	**(2,067)**
Net Cash Flow		(93)	(448)	(95)	(443)	(94)	(95)	(95)	(193)	(94)	(95)	(95)	(95)	(128)	**(2,062)**
Ending Cash Balance, held by Holdings		4,695	4,247	4,152	3,710	3,616	3,521	3,426	3,233	3,139	3,044	2,949	2,854	2,726	**2,726**
Escrow															
Beginning Cash Balance	**6**	342,480	342,698	351,670	351,670	343,118	343,318	343,318	343,318	343,318	343,516	343,516	343,516	343,516	**342,480**
Cash Receipts															
Proceeds on Closing (includes Wireless Distribution Amount)															
Interest	**6**	218				200				197					**615**
Net Working Capital Holdback Release after adjustments	**7**		8,972												**8,972**
Total Cash Receipts		218	8,972	-	-	200	-	-	-	197	-	-	-	-	**9,587**
Cash Distributions															
Transaction Fees	**8**	-	-	-	(8,552)	-	-	-	-	-	-	-	-	(283)	**(8,834)**
First Lien Repayments	**9**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Second Lien Payments	**10**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Unsecured Senior Notes Repayment	**11**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Unsecured Pari Passu Repayment	**12**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total Cash Distributions		-	-	-	(8,552)	-	-	-	-	-	-	-	-	(283)	**(8,834)**
Net Cash Flow		218	8,972	-	(8,552)	200	-	-	-	197	-	-	-	(283)	**753**
Ending Cash Balance, held by Monitor		342,698	351,670	351,670	343,118	343,318	343,318	343,318	343,318	343,516	343,516	343,516	343,516	343,233	**343,233**
Total Ending Cash		**347,393**	**355,917**	**355,822**	**346,828**	**346,934**	**346,839**	**346,744**	**346,551**	**346,655**	**346,560**	**346,465**	**346,370**	**345,960**	**345,960**

Note 1: The weekly cash flow statement (the "**Cash Flow Statement**") has been prepared solely for the purpose of projecting the estimated results of Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**" or the "**Applicant**").

The Cash Flow Statement represents the Applicant'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.

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 August 1 to October 30, 2015 (the "**Period**") and represents the Applicant's reasonable estimates of the results of operations 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 July 31, 2015.

Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) made on September 30, 2013 (the "**Initial Order**"), the Applicant was afforded a stay of proceedings that is effective against its 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.

The Cash Flow Statement assumes that no distributions are made from the amount held in escrow by the Monitor with respect to the First Lien, Second Lien, Unsecured Senior or Unsecured Pari Passu Notes during the Period.

Note 2: The Opening Cash Balance is held in a Canadian dollar account of Holdings.

Note 3: Pursuant to the Initial Order, an Administration Charge, including professional fees for the services rendered by the Monitor, counsel to the Monitor, the Applicant's counsel, counsel for the DIP Lenders and the Ad Hoc Committee of Noteholders, the Financial Advisors and the Chief Restructuring Officer (the "**CRO**"), which ranks in priority to all other security interests other than DIP Loan and the First Lien Notes.

Disbursements related to Administration represent the Applicant's estimate of disbursements having the benefit of the Administration Charge.

Note 4: Subject to the Applicant obtaining the Court approval for certain payments to employees and contractors of Wireless who have contributed to the success of the Transaction, the forecasted disbursements are assumed to be made during the week ended August 28, 2015.

Note 5: Pursuant to the Initial Order a Director Charge was put in place for the benefit of all current and former directors of the Applicant. No disbursements having the benefit of the Director Charge are projected during the Period.

Note 6: The Monitor holds the Cash Amount in escrow pending its distribution pursuant to an order or orders of the Court. The Cash Amount is assumed to earn interest at the previous month's prevailing interest rate and received in the first week following the month end.

Note 7: Under the sales agreement for Wireless between the Applicant and the purchaser, (the "**Sales Agreement**") the purchase price was subject to a working capital adjustment. The receipt is based on the amount agreed to and paid pursuant to the Sales Agreement.

Note 8: Pursuant to the Sales Procedure Order approved by the Court on November 13, 2013, Holdings and Wireless retained Canacord Genuity Corp. and First National Financial as their financial advisors (the "**Financial Advisors**") to facilitate the Sales Process. Under the engagement letters entered by the Applicant and the Financial Advisors on January 15, 2013, the financial advisors are entitled to transactions fees upon any acquisition of control of Wireless via an offer of outstanding shares Holdings hold in Wireless. Subject to the Applicant obtaining Court approval for the payment of these fees and fees of the CRO, these amounts are forecasted to be paid during the week ended August 28, 2015 and October 30, 2015.

Note 9, Note 10, Note 11 and Note 12: The basis of presentation, as noted in Note 1, is that no distributions are projected to be made with respect to the First Lien, Second Lien, Unsecured Senior or Unsecured Pari Passu Notes during the Period.

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.