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.
(collectively, the "Applicants")

SEVENTH REPORT OF THE MONITOR

June 24, 2014

INTRODUCTION

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

2. On September 30, 2013, this Court made an order (the "**Initial Order**") granting the application and providing for, among other things, the appointment of Ernst & Young Inc. as monitor in the CCAA proceedings of the Applicants (the "**Monitor**") and a stay of proceedings against the creditors of the Applicants until October 30, 2013 or such later date as this Court may order. The stay of proceedings was most recently extended to June 30, 2014 pursuant to an order of this Court dated April 24, 2014.

3. On April 22, 2014, the Monitor filed its sixth report to the Court (the "**Sixth Report**"). The Sixth Report, *inter alia*:

a) Described the conduct by the Monitor and the Applicants of the Sale Process ordered by the Court;

b) Explained that the bid made in the Sale Process by TELUS Corporation (the "**TELUS Offer**") was selected as the Successful Bid (as defined in the Sale Process);

c) Provided an overview of the plan of arrangement prepared by Mobilicity (the "**Plan**"), which Plan is founded on the cancellation of the share capital of Holdings for no consideration and the issuance of 100% of the new equity in the share capital of Holdings to TELUS on the terms set out in the Plan (the "**TELUS Sale**");

d) Provided information with respect to the state of Mobilicity's business and affairs, as required by paragraph 23(1)(d.1) of the CCAA; and

e) Provided an overview of the proposed procedure for Mobilicity to call and conduct a meeting of its affected unsecured creditors (the "**Meeting**") to consider and vote on the Plan.

4. By Notice of Motion dated April 17, 2014, the Applicants made a motion for an order (the "**Meeting Order**") that would, *inter alia*:

a) Authorize the filing of the Plan;

b) Authorize and establish the procedure for the Applicants to call, hold and conduct the Meeting; and

c) Provide for the return of the Applicants' motion for the Sanction Order.

5. The motion for the Meeting Order was returnable April 23, 2014.

6. On April 23, 2014, the Court made an order (the "**Mediation Order**") requiring the parties to "attend at a mediation to mediate any outstanding issues with the Honourable Warren Winkler, who will determine when the mediation will terminate." The Honourable Mr.

Winkler is referred to in this seventh report as the "**Mediator**." A copy of the Mediation Order is attached as Appendix "**A**" to this report.

PURPOSE

7. The purpose of this seventh report (the "**Report**") is to provide information to the Court with respect to:

   a) A brief update on operational matters;

   b) The Applicants' actual receipts and disbursements;

   c) The Applicants' updated cash flow statement;

   d) The status of the mediation ordered by the Court and recent developments in respect of the TELUS Sale and the Plan;

   e) The Applicants' request for an extension of the Stay Period (as defined in the Initial Order) until September 26, 2014; and

   f) The Monitor's conclusions and recommendations.

DISCLAIMER

8. 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.

CONTEXT

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

10. 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**").

OPERATIONAL MATTERS

11. Since the Monitor's previous report, Mobilicity's operations have continued in the ordinary course and without interruption. 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.

12. Management has reported to the Monitor that Mobilicity had approximately 157,000 active subscribers at June 16 and that management expects this number to decline to approximately 155,000 by the end of June.

13. As part of the restructuring process, management identified 24 employees whose services were no longer required under the current circumstances. These employees worked predominantly in the areas of sales and network real estate, and Management is comfortable that Mobilicity can continue operations at their current level with the reduced

staffing levels. On May 28th management provided the affected employees with working notice that they would be terminated effective June 30th. As at the date of this Report, after the employee reductions noted above, the Applicants have 41 full-time employees, and one part-time employee.

ACTUAL RECEIPTS AND DISBURSEMENTS

14. The Applicants, with the assistance of the Monitor, have prepared a consolidated summary of actual receipts and disbursements as compared to the cash flow projection included as Appendix “**B**” to the Fifth Report of the Monitor dated April 22, 2014 (the “**April Cash Flow Statement**”). A summary of the actual receipts and disbursements for the ten-week period ended June 13, 2014, as compared to the projections in April 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 June 13, 2014 was approximately $4.6 million higher than projected in the April Cash Flow Statement due to $1.0 million positive variance in receipts and a $3.6 million positive variance in disbursements. As a result and as shown in Appendix B, the Applicants have not yet needed to draw upon the DIP loan (reflected in April Cash Flow Statements as “Incremental Funding”) that was approved by this Court in the Initial Order.

UPDATED CASH FLOW STATEMENT

Summary of Cash Flow Statement

15. The Applicants, with the assistance of the Monitor, have prepared an updated 15 week cash flow projection (the “**Cash Flow Statement**”) for the period from June 14, 2014 to September 26, 2014 (the “**Cash Flow Period**”) for the purpose 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 Applicants’ projected cash flow during the

Cash Flow Period. The Cash Flow has been prepared by Management using the probable and hypothetical assumptions set out in notes 1 to 17 to the Cash Flow Statement (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**").

17. At this time, assuming Mobilicity 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 total receipts from operations of approximately $16.7 million and total disbursements of approximately $20.5 million, resulting in a projected net cash outflow from operations of $3.8 million.

Liquidity and DIP Agreement

18. The Applicants seek an extension of the Stay period to September 26, 2014 (the "**Proposed Stay Extension Date**").

19. The Sixth Report of the Monitor dated April 21, 2014 described the agreement between the Applicants and the DIP Lenders to extend the DIP agreement to May 31, 2014. The Monitor understands that the DIP agreement has not been renewed to date. Mobilicity and the DIP Lenders continue to discuss funding requirements and the DIP facility.

20. Assuming Mobilicity continues operations in substantially the same manner as it has done during the CCAA proceedings to date, the Applicants are projected to have sufficient funding for their operational costs and achieve a projected cash balance at or above $2.0 million throughout the Cash Flow Period, without requiring additional financing.

Monitor's Review of Cash Flow Statement

21. 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**".

22. 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.

23. 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.

24. 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.

25. 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.

MEDIATION, PLAN AND TELUS SALE DEVELOPMENTS

Mediation Status

26. At the request of the Mediator, mediation meetings have been held on May 14, May 15, May 28, June 5, and June 23, 2014. Those meetings included representatives and counsel from Mobilicity, Industry Canada, the Ad Hoc Committee of Noteholders, the DIP Lenders, the Monitor and other major creditors of the Applicants.

27. At the request of the Mediator, the parties taking part in the mediation executed an agreement agreeing that all statements made and documents produced in the mediation be kept confidential. As a party to that agreement, the Monitor will not report on discussions that took place at the mediation.

28. In accordance with the Mediation Order, the Mediator will determine when the mediation will conclude.

TELUS Sale

29. Reports have been made in the press as to the termination of the TELUS Sale. In light of the confidential Court-ordered mediation, the Applicants have refrained from publicly commenting on the status of TELUS Sale, or any other matters that are or may be the subject of the ongoing mediation. While the Applicants have confirmed to the Monitor at this time that the contractual agreement in respect of the TELUS Sale has been terminated, in light of the ongoing mediation, the Monitor is not in a position to comment further at this point on available next steps regarding any transactions or other restructuring alternatives.

EXTENSION OF THE STAY PERIOD

30. The current stay of proceedings pursuant to the order of this Court dated April 24, 2014 expires on June 30, 2014. The Applicants are seeking an extension of the stay period to September 26, 2014 in order to provide the Applicants with time to continue the Mediation process and their evaluation of transaction or other restructuring alternatives.

31. The Cash Flow Statement projects that the Applicants will have sufficient liquidity to operate, and to fund the costs of this Proceeding, to September 26, 2014.

MONITOR'S CONCLUSIONS AND RECOMMENDATION

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

33. The Monitor recommends that the Court approve the Applicants' request for an order extending the Stay Period to September 26, 2014 and requests that the Court approve the actions of the Monitor as described in this Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 24th DAY OF JUNE 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

THE HONOURABLE	)	WEDNESDAY, THE 23RD
	)	
JUSTICE NEWBOULD	)	DAY OF APRIL, 2014

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

ORDER

UPON READING the Notice of Motion of Data & Audio-Visual Enterprises Holdings Inc., Data & Audio-Visual Enterprises Wireless Inc., and 8440522 Canada Inc. (collectively, the "**Applicants**"), dated April 17, 2014 and the sixth report of Ernst & Young Inc., in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**") and upon meeting in chambers with counsel for the Applicants, the Monitor, the Ad Hoc Committee of Noteholders, the Bridge Lenders, the DIP Lenders (as those terms are defined in the initial Order issued by this Court on September 30, 2013 (the "**Initial Order**")) QCP CW. SA.R.L., the Attorney General of Canada, the Catalyst Capital Group Inc., Amdocs Canadian Managed Services Inc. and Amdocs Software Systems Limited, Bentall Kennedy (Canada) LP, Alpina Holdings Inc., Ericsson Canada Inc., Bell Canada, and Medallion Corporation, and such other counsel present, no one else appearing although duly served as appears from the affidavit of service of Andrea Campbell sworn April 17, 2014.

1. **THIS COURT ORDERS** that the parties shall attend at a mediation to mediate any outstanding issues with the Honourable Warren Winkler, who will determine when the

mediation will terminate.

2. **THIS COURT ORDERS** that the Stay Period, defined in paragraph 15 of the Initial Order, as amended by Orders of this Court dated October 24, 2013, December 19, 2013, February 25, 2013 and March 21, 2014, be and is hereby extended up to and including June 30, 2014.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

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DOCSTOR: 2995256\2C

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

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

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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DOCSTOR: 2995256\2C

APPENDIX B

Data & Audio-Visual Enterprises Holdings Inc., Data & Audio-Visual Enterprises Wireless Inc. and 8440522 Canada Inc.
Consolidated Weekly Cash Flow Statement: Variance Analysis
For the Period from April 5, 2014 to June 13, 2014
CDN ('000)

	Actual										
	1	2	3	4	5	6	7	8	9	10	
	Apr-11	Apr-18	Apr-25	May-02	May-09	May-16	May-23	May-30	Jun-06	Jun-13	Total
Beginning Cash Balance	**6,311**	**6,897**	**7,267**	**7,975**	**6,194**	**7,293**	**6,920**	**7,686**	**8,228**	**6,724**	**6,311**
Cash Receipts											
Customer Revenue	1,212	1,145	1,664	1,327	1,535	1,297	1,441	1,421	1,227	1,162	13,432
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	-	10	-	6	-	-	6	-	6	-	28
Tax Refund (Payment)	-	-	(74)	(49)	-	-	-	(69)	-	-	(192)
Total Cash Receipts	**1,212**	**1,156**	**1,590**	**1,284**	**1,535**	**1,297**	**1,448**	**1,352**	**1,232**	**1,162**	**13,268**
Cash Disbursements											
Payroll and Benefits	(319)	(24)	(85)	(289)	-	(319)	(109)	(282)	-	(278)	(1,705)
Sales & Marketing	(24)	(33)	(60)	(42)	(27)	(58)	(2)	(2)	(50)	(7)	(305)
Commissions	-	(346)	-	-	-	(695)	(5)	-	-	(470)	(1,516)
Service Delivery & IT	(102)	(200)	(338)	(261)	(209)	(174)	(285)	(249)	(479)	(102)	(2,398)
Payments for Outsourced Operations	(33)	(65)	(55)	(1,577)	(60)	(24)	(42)	(59)	(1,583)	(4)	(3,501)
Rent & Site Operations	(41)	(1)	(45)	(706)	(3)	(73)	(47)	(141)	(574)	(6)	(1,638)
General Operating Expenditures	(23)	(7)	(50)	(3)	(9)	(290)	(41)	(15)	(21)	(16)	(474)
BOD Expenses	-	-	-	(18)	-	-	-	-	-	-	(18)
CCAA Monitor and Monitor's Counsel Fees	(45)	(33)	(98)	(84)	(46)	-	(77)	(36)	-	(31)	(450)
CCAA Legal Fees	(37)	(76)	(133)	(73)	(26)	(10)	(42)	-	(29)	(30)	(459)
Other Legal and Advisor Expenses	-	-	(19)	(12)	(55)	(27)	(32)	(27)	-	(5)	(176)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	**(626)**	**(786)**	**(883)**	**(3,064)**	**(436)**	**(1,670)**	**(681)**	**(810)**	**(2,736)**	**(947)**	**(12,640)**
Net Cash Flow Balance	**586**	**370**	**707**	**(1,780)**	**1,099**	**(373)**	**766**	**542**	**(1,504)**	**214**	**628**
Ending Cash Balance	**6,897**	**7,267**	**7,975**	**6,194**	**7,293**	**6,920**	**7,686**	**8,228**	**6,724**	**6,939**	**6,939**

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 April 5, 2014 to June 13, 2014
CDN ('000)

	Forecast										
	1 Apr-11	2 Apr-18	3 Apr-25	4 May-02	5 May-09	6 May-16	7 May-23	8 May-30	9 Jun-06	10 Jun-13	Total
Beginning Cash Balance	**6,311**	**6,486**	**6,868**	**7,238**	**4,866**	**5,224**	**4,325**	**4,743**	**4,647**	**2,716**	**6,311**
Cash Receipts											
Customer Revenue	1,306	1,306	1,306	1,281	1,216	1,216	1,216	1,216	1,208	1,207	12,478
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	-	-	-	(149)	-	-	-	(75)	-	-	(224)
Total Cash Receipts	**1,306**	**1,306**	**1,306**	**1,132**	**1,216**	**1,216**	**1,216**	**1,141**	**1,208**	**1,207**	**12,254**
Cash Disbursements											
Payroll and Benefits	(319)	(27)	(85)	(308)	-	(357)	-	(390)	(3)	(357)	(1,846)
Sales & Marketing	(43)	(75)	(75)	(75)	(75)	(65)	(52)	(52)	(52)	(52)	(615)
Commissions	(346)	-	-	-	-	(933)	-	-	-	(458)	(1,737)
Service Delivery & IT	(186)	(288)	(288)	(404)	(280)	(280)	(280)	(315)	(365)	(279)	(2,965)
Payments for Outsourced Operations	(33)	(83)	(83)	(1,600)	(83)	(83)	(83)	(83)	(1,600)	(83)	(3,814)
Rent & Site Operations	(44)	(9)	(49)	(758)	(35)	-	(43)	-	(784)	(35)	(1,758)
General Operating Expenditures	(76)	(159)	(102)	(102)	(102)	(158)	(102)	(97)	(97)	(97)	(1,094)
BOD Expenses	-	-	-	(18)	-	-	-	-	-	-	(18)
CCAA Monitor and Monitor's Counsel Fees	(45)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(1,170)
CCAA Legal Fees	(37)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(1,054)
Other Legal and Advisor Expenses	-	(46)	(17)	-	(45)	-	-	(62)	-	-	(170)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	**(1,131)**	**(925)**	**(937)**	**(3,503)**	**(858)**	**(2,114)**	**(798)**	**(1,237)**	**(3,140)**	**(1,599)**	**(16,242)**
Net Cash Flow Balance	**175**	**381**	**370**	**(2,371)**	**357**	**(898)**	**418**	**(96)**	**(1,932)**	**(392)**	**(3,988)**
Ending Cash Balance	**6,486**	**6,868**	**7,238**	**4,866**	**5,224**	**4,325**	**4,743**	**4,647**	**2,716**	**2,323**	**2,323**

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 April 5, 2014 to June 13, 2014
CDN ('000)

	Variance - Better / (Worse)											
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**		
	Apr-11	**Apr-18**	**Apr-25**	**May-02**	**May-09**	**May-16**	**May-23**	**May-30**	**Jun-06**	**Jun-13**	**Total**	
Beginning Cash Balance	**-**	**411**	**400**	**737**	**1,328**	**2,070**	**2,595**	**2,943**	**3,581**	**4,009**	**-**	
Cash Receipts												
Customer Revenue	(95)	(161)	358	47	319	82	225	206	19	(45)	954	
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-	
Other Accounts Receivable	-	10	-	6	-	-	6	-	6	-	28	
Tax Refund (Payment)	-	-	(74)	99	-	-	-	6	-	-	31	
Total Cash Receipts	**(95)**	**(151)**	**284**	**152**	**319**	**82**	**232**	**212**	**24**	**(45)**	**1,014**	2
Cash Disbursements												
Payroll and Benefits	-	3	-	20	-	38	(109)	108	3	79	142	
Sales & Marketing	19	42	15	33	48	7	50	49	2	45	310	
Commissions	346	(346)	-	-	-	238	(5)	-	-	(12)	221	
Service Delivery & IT	84	88	(50)	143	71	106	(5)	66	(113)	177	566	
Payments for Outsourced Operations	-	18	28	23	23	59	41	24	17	79	313	
Rent & Site Operations	4	8	4	52	32	(73)	(4)	(141)	210	29	120	
General Operating Expenditures	53	152	52	99	93	(132)	62	82	76	82	620	
BOD Expenses	-	-	-	-	-	-	-	-	-	-	-	
CCAA Monitor and Monitor's Counsel Fees	-	92	27	41	79	125	48	89	125	94	720	
CCAA Legal Fees	-	37	(20)	40	87	103	71	113	84	83	596	
Other Legal and Advisor Expenses	-	46	(2)	(12)	(10)	(27)	(32)	35	-	(5)	(6)	
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Disbursements	**506**	**139**	**54**	**439**	**423**	**444**	**116**	**426**	**404**	**652**	**3,602**	3
Net Cash Flow Balance	**411**	**(11)**	**338**	**591**	**742**	**525**	**348**	**638**	**428**	**607**	**4,616**	
Ending Cash Balance	**411**	**400**	**737**	**1,328**	**2,070**	**2,595**	**2,943**	**3,581**	**4,009**	**4,616**	**4,616**	4

NOTES:

1. Overview
- Cash analysis of actual cash flow ("Actual") compared to the cash flow statement as set out in the Sixth Report of the Monitor, dated April 22, 2014 (the "Forecast") for the period from April 5, 2014 to June 13, 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 $13,268 compared to $12,254 in the Forecast, resulting in a favourable variance of $1,014. The variance is primarily due to:
  - $954 favourable variance in Customer Revenue, primarily due to higher customer receipts than projected.

3. Cash Disbursements
- During the Period, total cash disbursements were $12,640 compared to $16,242 in the Forecast, resulting in a favourable variance of $3,602. The variance is mainly due to:
  - $310 favourable variance in Sales & Marketing, primarily due to savings;
  - $221 favourable variance in Commissions, primarily due to: lower blended commission cost per activation and continued hold as we investigate certain dealer activity;
  - $566 favourable variance in Service Delivery & IT, mainly due to timing and some savings;
  - $313 favourable variance in Payments for Outsourced Operations, mainly due to: call centre savings; receiving higher than projected net monies on inventory sold; and lower than projected purchases;
  - $620 favourable variance in General Operating Expenditures, primarily due to expenditures not yet incurred as well as some savings offset by higher consultant expenses;
  - $720 favourable variance in CCAA Monitor and Monitor's Counsel Fees, primarily due to less time incurred than projected; and
  - $596 favourable variance in CCAA Legal Fees, primarily due to timing that may be reversed in future periods.

4. Ending Cash Balance
- Ending Cash Balance for the Period was $6,939 compared to $2,323 in the Forecast, resulting in a favourable variance of $4,616.

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 June 14, 2014 through to September 26, 2014
CDN ('000)

		Week Ending															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		Jun-20	Jun-27	Jul-04	Jul-11	Jul-18	Jul-25	Aug-01	Aug-08	Aug-15	Aug-22	Aug-29	Sep-05	Sep-12	Sep-19	Sep-26	Total
Beginning Cash Balance	2	**6,939**	**7,579**	**6,718**	**4,957**	**4,661**	**5,208**	**5,541**	**3,557**	**4,101**	**3,838**	**4,373**	**4,478**	**2,592**	**2,520**	**3,090**	**6,939**
Cash Receipts																	
Customer Revenue	3	1,254	1,254	1,203	1,164	1,164	1,164	1,158	1,119	1,119	1,119	1,119	1,114	1,112	1,112	1,112	**17,287**
Incremental Funding	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	5	43	(213)	-	-	-	(140)	-	-	-	-	(140)	-	-	-	(140)	**(591)**
Total Cash Receipts		**1,297**	**1,041**	**1,203**	**1,164**	**1,164**	**1,024**	**1,158**	**1,119**	**1,119**	**1,119**	**979**	**1,114**	**1,112**	**1,112**	**972**	**16,697**
Cash Disbursements																	
Payroll and Benefits	6	(27)	(390)	(3)	(232)	-	(85)	(183)	-	(207)	-	(265)	(3)	(207)	-	(265)	**(1,867)**
Sales & Marketing	7	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	(52)	**(778)**
Commissions	8	-	-	-	(612)	-	-	-	-	(588)	-	-	-	(406)	-	-	**(1,606)**
Service Delivery & IT	9	(285)	(260)	(384)	(257)	(257)	(237)	(374)	(229)	(229)	(229)	(284)	(308)	(227)	(227)	(227)	**(4,014)**
Payments for Outsourced Operations	10	(73)	(63)	(1,580)	(63)	(63)	(63)	(1,580)	(63)	(63)	(63)	(63)	(1,580)	(63)	(63)	(63)	**(5,506)**
Rent & Site Operations	11	(43)	(403)	(748)	(35)	(43)	-	(759)	(35)	-	(43)	-	(819)	(35)	-	(43)	**(3,006)**
General Operating Expenditures	12	(68)	(592)	(70)	(66)	(75)	(68)	(68)	(70)	(74)	(69)	(69)	(69)	(69)	(72)	(69)	**(1,567)**
BOD Expenses	13	-	-	-	(18)	-	-	-	-	-	-	-	-	-	-	-	**(18)**
CCAA Monitor and Monitor's Counsel Fees	14	(32)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	**(991)**
CCAA Legal Fees	15	(63)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	**(854)**
Other Legal and Advisor Expenses	16	(13)	(17)	-	-	(3)	(62)	-	-	(45)	(3)	(17)	(45)	-	(3)	(62)	**(272)**
Interest Payments	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements		**(656)**	**(1,902)**	**(2,963)**	**(1,460)**	**(618)**	**(691)**	**(3,142)**	**(574)**	**(1,382)**	**(584)**	**(874)**	**(3,001)**	**(1,184)**	**(543)**	**(906)**	**(20,479)**
Net Cash Flow Balance		**640**	**(861)**	**(1,761)**	**(296)**	**546**	**333**	**(1,984)**	**545**	**(263)**	**535**	**105**	**(1,887)**	**(72)**	**569**	**67**	**(3,782)**
Ending Cash Balance		**7,579**	**6,718**	**4,957**	**4,661**	**5,208**	**5,541**	**3,557**	**4,101**	**3,838**	**4,373**	**4,478**	**2,592**	**2,520**	**3,090**	**3,156**	**3,156**

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 June 14, 2014 to September 26, 2014 (the "**Period**") and represents management's reasonable estimates of the results of operations and CCAA costs of administration during the Period.

   The Cash Flow Statement is presented in thousands of Canadian dollars and assumes that any foreign currency transactions are made based on foreign exchange rates in effect as of June 13, 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 June 14, 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 May 2014.

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

5. Tax Refunds (Payments) represent the projected sales taxes collected from Mobilicity's customer revenues net of its sales taxes paid for products and services received. Mobilicity has projected to make provincial sales tax payments of $0.21 million, $0.14 million, $0.14 million and $0.14 million in the last week of each month during the Project period and receive a tax refund of $0.05 million in the week ending June 20, 2014.

6. 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.

7. Sales & Marketing represent projected general costs associated with sales and 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, and two co-location data centers. 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. Mobilicity has projected to make payments of approximately $0.30 million on an annual linear tax assessment on all the sites in Calgary and Edmonton during the week ending on June 27, 2014.

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. Mobilicity has projected to make disbursements of approximately $0.30 million on annual insurance premiums in the week ending on June 27, 2014 for renewing its existing policies that will be expired on June 30, 2014. Mobilicity has not finalized the amount and timing of insurance premiums with its insurers.

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

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

15. CCAA Legal Fees represent the estimated fees and disbursements for Mobilicity's legal counsel, 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. Pursuant to the Agreement, interest is projected to be paid monthly in arrears on the outstanding amount of the DIP Draw 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.