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")

TENTH REPORT OF THE MONITOR

January 23, 2015

INTRODUCTION

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

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 January 30, 2015 pursuant to an order of this Court dated November 27, 2014.

PURPOSE

3. The purpose of this Tenth Report (the "**Report**") is to provide information to the Court with respect to:

   a) An update on operational matters;

   b) The Applicants' actual receipts and disbursements;

   c) The Applicants' updated cash flow statement;

   d) Recent developments in respect of strategic matters;

   e) The Applicants' request for an extension of the Stay Period (as defined in the Initial Order) until May 8, 2015; and

   f) The Monitor's conclusions and recommendations.

DISCLAIMER

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

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

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

CONTEXT

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

6. 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

General

7. Since the Ninth Report of the Monitor dated November 25, 2014 (the "**Ninth 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 terms that were previously negotiated continue uninterrupted.

8. As described in the Aziz Affidavit, the Applicants continue to focus on maintaining the stability of their business with new customer acquisitions and current customer retention remaining ahead of previous projections. In addition, customer churn for December was 4.9%. While this was a slight increase from October and November, it was aligned to seasonally adjusted expectations.

9. Management has reported to the Monitor that Mobilicity had approximately 158,600 active subscribers at December 31, 2014. As discussed in the Ninth Report, in September 2014 the Applicants decided to only offer month-to-month plans to their existing and new customers, to allow existing multi-month plans to expire in the ordinary course, and to offer customers with expiring multi-month plans the opportunity to continue to pay the

same discounted rate on a monthly basis. This change has had the effect of further reducing the customer deferred revenue liability recorded by Mobilicity in its unaudited financial statements. The customer deferred revenue liability, which represents the Applicants' calculation of the aggregate unused customer prepayments at a particular date, is reduced through the continued provision of services to Mobilicity's customers. The recorded liability has decreased from approximately $5.1 million on the unaudited balance sheet of Mobilicity at October 31, 2014 to approximately $4.8 million (which includes approximately $1.8 million of customer deferred revenue for periods greater than 31 days) on the unaudited balance sheet of Mobilicity at December 31, 2014. This amount will vary depending on the time of the month and the subscriber renewal patterns.

ACTUAL RECEIPTS AND DISBURSEMENTS

10. 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 C to the Ninth Report (the "**November Cash Flow Statement**"). A summary of the actual receipts and disbursements for the nine-week period ended January 16, 2015, as compared to the projections in the November Cash Flow Statement, is attached as Appendix "**A**" to this Report. As indicated in further detail in Appendix **A**, actual net cash flow for the nine-week period ended January 16, 2015 was approximately $1.7 million higher than projected in the November Cash Flow Statement due to a $0.4 million positive variance in receipts and a $1.3 million favourable variance in disbursements.

UPDATED CASH FLOW STATEMENT

Summary of Cash Flow Statement

11. The Applicants, with the assistance of the Monitor, have prepared an updated sixteen-week cash flow projection (the "**Cash Flow Statement**") for the period from January 17, 2015 to May 8, 2015 (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 "**B**" hereto.

12. The Cash Flow Statement is presented on a weekly basis during the Cash Flow Period and represents the estimates of Management of the Applicants' projected cash flow during the Cash Flow Period. The Cash Flow Statement has been prepared by Management using the probable and hypothetical assumptions set out in notes 1 to 16 to the Cash Flow Statement (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**").

13. 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 $18.58 million and total disbursements of approximately $19.59 million, resulting in a projected net cash outflow from operations of $1.01 million.

Liquidity

14. The Applicants seek an extension of the Stay Period to May 8, 2015, (the "**Proposed Stay Extension Date**").

15. 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 to the Proposed Stay Extension Date, without requiring financing.

Monitor's Review of Cash Flow Statement

16. 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 "**C**".

17. 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.

18. 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.

19. 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.

20. 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.

STRATEGIC DEVELOPMENTS

21. As described in the sworn affidavit of William Aziz dated January 21, 2015 (the "**Aziz Affidavit**"), the Applicants, together with their advisors, the Monitor and representatives of the Ad Hoc Committee, have been engaged in discussions with several parties who have expressed interest in a potential transaction or financing arrangement. Included in these discussions is one of the Applicants' noteholders that is not part of the Ad Hoc Committee.

22. The Applicants and, in some cases, the Monitor have entered into non-disclosure agreements with such parties. The Applicants have granted access to their data room for certain of these parties at their request. The Monitor has been advised by Management that discussions with these parties are continuing with a view to advancing a value-maximization transaction that is capable of being implemented and being supported by the creditors of the Applicants.

23. As described in the Aziz Affidavit, there have been some notable developments in the Canadian wireless telecommunications industry, including the announcement by the Minister of Industry Canada of the AWS-3 Auction and the 2500 MHz Auction (as defined in the Aziz Affidavit) to be held in March and April 2015, respectively.

24. The Applicants have considered, with the assistance of their financial advisors, the incremental value to the business and the potential benefits to all stakeholders that could result from the acquisition of the additional spectrum in the AWS-3 Auction.

25. The Applicants have also obtained clarification of the AWS-3 Auction Framework and participation requirements from Industry Canada.

26. The deadline for submitting a refundable deposit of approximately $62 million, being the amount which would enable Mobilicity to participate in all regions where it currently operates, either in cash or by an irrevocable standby letter of credit, is January 30, 2015. The Applicants, with the assistance of their financial and legal advisors, have canvassed several options to obtain the funding required to enter the AWS-3 Auction. As at the date of this Report, the Applicants have not finalized an arrangement to obtain funding to participate in the AWS-3 Auction.

27. After reviewing the terms of 2500 MHz Auction, the Applicants have determined that participation in 2500 MHz Auction is not a favorable option and, accordingly, do not plan to participate in any further discussions with regard to the 2500 MHz Auction.

28. Since the filing of the Ninth Report, the Monitor has had several discussions with representatives of The Catalyst Capital Group Inc. ("**Catalyst**"), a significant holder of First Lien Notes, at Catalyst's request. The purpose of these discussions has been to discuss Catalyst's views with respect to the Applicants' restructuring process and timetable. The Monitor notes that Catalyst has expressed concern relating to the AWS-3 Auction in the context of: (i) the length of any proposed stay extension, and (ii) Catalyst's view of the Applicants' progress in securing financing to participate in the AWS-3 Auction.

29. The Monitor has monitored certain discussions that have taken place involving Catalyst, the Ad Hoc Committee and the Applicants since the parties' last Court attendance. As of the writing of this Report, these discussions have not resulted in any definitive agreement in respect of financing or strategy as between Catalyst and the Applicants.

EXTENSION OF STAY OF PROCEEDINGS

30. The current stay of proceedings pursuant to the order of this Court dated November 27, 2014 expires on January 30, 2015.

31. The Applicants are engaged in discussions with several parties and will also need additional time to review and consider any alternatives that may be available to them, to consult with their stakeholders on such alternatives and to report back to this Court. Accordingly, the Applicants are seeking an extension of the stay period for approximately four months, to May 8, 2015.

32. Although it is possible the Applicants may complete their discussions described in the preceding paragraph and their analysis of alternatives in less than the time requested, Management is of the view that the proposed extension of the Stay Period is necessary in order to maintain current customer levels, continue to stabilize in the operations of the business generally, provide a stable environment in which to negotiate a value maximizing

transaction and to evaluate available options at the conclusion of the AWS-3 and the 2500 MHz Auctions. The Cash Flow Statement projects that the Applicants will have sufficient liquidity to operate, and to fund the costs of this Proceeding, to May 8, 2015.

33. The Monitor supports the Applicants' request for an extension of the stay period to May 8, 2015.

MONITOR'S CONCLUSIONS AND RECOMMENDATION

34. The Monitor is of the view that the Applicants have acted in accordance with the Initial Order, in good faith, and with due diligence. The Monitor understands that the representatives of the Applicants and major stakeholders will continue to engage in discussions concerning the way forward.

35. The Monitor recommends that the Court approve the Applicants' request for an order extending the Stay Period to May 8, 2015 and requests that the Court approve the actions of the Monitor as described in this Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 23RD DAY OF JANUARY 2015

ERNST & YOUNG INC.

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

Per:

Brian M. 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: Variance Analysis
For the Period from November 15, 2014 to January 16, 2015
CDN ('000)

	Actual									
	1 Nov-21	2 Nov-28	3 Dec-05	4 Dec-12	5 Dec-19	6 Dec-26	7 Jan-02	8 Jan-09	9 Jan-16	Total
Beginning Cash Balance	6,043	6,696	7,393	6,155	6,360	6,869	7,378	6,410	7,399	6,043
Cash Receipts										
Customer Revenue	1,175	1,376	1,326	1,117	1,183	980	1,672	1,188	1,116	11,133
Incremental Funding	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	-	-	5	-	-	0	4	0	8	17
Tax Refund (Payment)	(53)	(30)	-	-	(60)	-	-	-	-	(143)
Total Cash Receipts	1,122	1,346	1,331	1,117	1,123	980	1,677	1,188	1,124	11,006
Cash Disbursements										
Payroll and Benefits	(98)	(151)	-	(158)	(98)	-	(150)	-	(180)	(835)
Sales & Marketing	(4)	(6)	(8)	(18)	(6)	(16)	(6)	(23)	(186)	(273)
Commissions	(1)	-	-	(547)	-	-	-	-	(755)	(1,304)
Service Delivery & IT	(196)	(179)	(275)	(83)	(240)	(118)	(126)	(186)	(83)	(1,486)
Payments for Outsourced Operations	(64)	(62)	(1,578)	(55)	(109)	(105)	(1,565)	32	(48)	(3,554)
Rent & Site Operations	(44)	(162)	(699)	(3)	(43)	(42)	(798)	-	(5)	(1,796)
General Operating Expenditures	(34)	(37)	(8)	(17)	(19)	(152)	1	(19)	(18)	(304)
BOD Expenses	-	-	-	-	-	-	-	-	(18)	(18)
CCAA Monitor and Monitor's Counsel Fees	-	(8)	-	(28)	(15)	-	-	-	(6)	(58)
CCAA Legal Fees	(12)	(39)	-	-	(52)	(37)	-	-	-	(139)
Other Legal and Advisor Expenses	(17)	(3)	-	(3)	(33)	(1)	-	(3)	(18)	(78)
Interest Payments	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	(468)	(648)	(2,569)	(912)	(615)	(470)	(2,644)	(199)	(1,317)	(9,844)
Net Cash Flow	653	697	(1,238)	205	508	509	(967)	988	(193)	1,163
Ending Cash Balance	6,696	7,393	6,155	6,360	6,869	7,378	6,410	7,399	7,205	7,205

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 November 15, 2014 to January 16, 2015
CDN ('000)

	Forecast									
	1	2	3	4	5	6	7	8	9	
	Nov-21	Nov-28	Dec-05	Dec-12	Dec-19	Dec-26	Jan-02	Jan-09	Jan-16	Total
Beginning Cash Balance	6,043	6,684	7,052	5,513	5,556	6,255	6,722	4,837	5,597	6,043
Cash Receipts										
Customer Revenue	1,217	1,217	1,208	1,204	1,204	1,204	1,198	1,184	1,184	10,818
Incremental Funding	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	-	(30)	-	-	-	(140)	-	-	-	(170)
Total Cash Receipts	1,217	1,187	1,208	1,204	1,204	1,064	1,198	1,184	1,184	10,648
Cash Disbursements										
Payroll and Benefits	(99)	(180)	(3)	(204)	-	(85)	(183)	-	(204)	(958)
Sales & Marketing	(35)	(35)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(418)
Commissions	-	-	-	(545)	-	-	-	-	(628)	(1,172)
Service Delivery & IT	(195)	(250)	(275)	(186)	(186)	(241)	(274)	(187)	(187)	(1,980)
Payments for Outsourced Operations	(63)	(63)	(1,592)	(63)	(63)	(63)	(1,592)	(63)	(63)	(3,626)
Rent & Site Operations	(43)	(158)	(711)	-	(43)	-	(869)	-	(43)	(1,867)
General Operating Expenditures	(61)	(54)	(54)	(54)	(62)	(99)	(54)	(43)	(76)	(557)
BOD Expenses	-	-	-	-	-	-	-	-	-	-
CCAA Monitor and Monitor's Counsel Fees	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(271)
CCAA Legal Fees	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(270)
Other Legal and Advisor Expenses	(20)	(20)	0	-	(41)	-	0	(20)	-	(102)
Interest Payments	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	(576)	(819)	(2,746)	(1,161)	(505)	(597)	(3,082)	(424)	(1,310)	(11,221)
Net Cash Flow	642	367	(1,538)	43	699	466	(1,884)	760	(127)	(573)
Ending Cash Balance	6,684	7,052	5,513	5,556	6,255	6,722	4,837	5,597	5,470	5,470

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 November 15, 2014 to January 16, 2015
CDN ('000)

	Variance - Better / (Worse)										
	1 Nov-21	2 Nov-28	3 Dec-05	4 Dec-12	5 Dec-19	6 Dec-26	7 Jan-02	8 Jan-09	9 Jan-16	Total	
Beginning Cash Balance	-	12	342	642	804	613	656	1,573	1,802	-	
Cash Receipts											
Customer Revenue	(42)	159	118	(87)	(21)	(224)	475	4	(68)	314	
Incremental Funding	-	-	-	-	-	-	-	-	-	-	
Other Accounts Receivable	-	-	5	-	-	0	4	0	8	17	
Tax Refund (Payment)	(53)	-	-	-	(60)	140	-	-	-	27	
Total Cash Receipts	(96)	159	123	(87)	(81)	(84)	479	4	(60)	358	2
Cash Disbursements											
Payroll and Benefits	1	29	3	46	(98)	85	33	-	24	123	
Sales & Marketing	31	29	41	32	44	34	44	27	(136)	146	
Commissions	(1)	-	-	(3)	-	-	-	-	(127)	(131)	
Service Delivery & IT	(2)	71	0	103	(54)	123	148	1	104	494	
Payments for Outsourced Operations	(1)	1	14	8	(46)	(42)	27	95	15	72	
Rent & Site Operations	(1)	(4)	12	(3)	-	(42)	71	-	38	72	
General Operating Expenditures	27	16	45	37	43	(53)	54	25	58	253	
BOD Expenses	-	-	-	-	-	-	-	-	(18)	(18)	
CCAA Monitor and Monitor's Counsel Fees	30	22	30	2	15	30	30	30	24	213	
CCAA Legal Fees	18	(9)	30	30	(22)	(7)	30	30	30	130	
Other Legal and Advisor Expenses	3	17	(0)	(3)	8	(1)	(0)	17	(18)	24	
Interest Payments	-	-	-	-	-	-	-	-	-	-	
Total Cash Disbursements	107	171	177	249	(110)	127	438	224	(7)	1,377	3
Net Cash Flow	12	330	300	163	(191)	43	917	229	(67)	1,735	
Ending Cash Balance	12	342	642	804	613	656	1,573	1,802	1,735	1,735	4

NOTES:

1. Overview
- Cash analysis of actual cash flow ("Actual") compared to the cash flow statement as set out in the Ninth Report of the Monitor, dated November 25, 2014 (the "Forecast") for the period from November 15, 2014 to January 16, 2015 (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 $11,006 compared to $10,648 in the Forecast, resulting in a favourable variance of $358. The variance is primarily related to:
  - $314 favourable variance in Customer Revenue due to higher customer receipts than projected.

3. Cash Disbursements
- During the Period, total cash disbursements were $9,844 compared to $11,221 in the Forecast, resulting in a favourable variance of $1,377. The variance is primarily related to:
  - $146 permanent favourable variance in Sales & Marketing;
  - $494 permanent favourable variance in Service Delivery & IT primarily due to lower than estimated cost from third party providers;
  - $253 permanent favourable variance in General Operating Expenditures ;
  - $213 favourable timing variance in CCAA Monitor and Monitor's Counsel Fees;
  - $130 favourable variance in CCAA Legal Fees primarily due to savings.

4. Ending Cash Balance
- Ending Cash Balance for the Period was $7,205 compared to $5,470 in the Forecast, resulting in a favourable variance of $1,735.

APPENDIX B

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 January 17, 2015 through to May 8, 2015
CDN ('000)

		Week Ending																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
		Jan-23	Jan-30	Feb-06	Feb-13	Feb-20	Feb-27	Mar-06	Mar-13	Mar-20	Mar-27	Apr-03	Apr-10	Apr-17	Apr-24	May-01	May-08	Total
Beginning Cash Balance	2	7,205	8,018	8,328	6,963	6,201	7,074	7,414	5,960	6,257	7,010	7,424	5,768	6,613	6,636	7,236	5,396	7,205
Cash Receipts																		
Customer Revenue	3	1,195	1,195	1,280	1,294	1,294	1,294	1,170	1,149	1,149	1,149	1,157	1,168	1,168	1,168	1,160	1,113	19,103
Other Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	4	-	(108)	-	-	-	(140)	-	-	-	(140)	-	-	-	(140)	-	-	(528)
Total Cash Receipts		1,195	1,087	1,280	1,294	1,294	1,154	1,170	1,149	1,149	1,009	1,157	1,168	1,168	1,028	1,160	1,113	18,575
Cash Disbursements																		
Payroll and Benefits	5	(14)	(255)	-	(184)	-	(255)	-	(184)	-	(255)	-	-	(184)	(85)	(170)	-	(1,585)
Sales & Marketing	6	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(397)
Commissions	7	-	-	-	(1,526)	-	-	-	(348)	-	-	-	-	(562)	-	-	-	(2,436)
Service Delivery & IT	8	(170)	(170)	(275)	(190)	(190)	(190)	(254)	(164)	(164)	(164)	(251)	(167)	(167)	(167)	(250)	(158)	(3,092)
Payments for Outsourced Operations	9	(58)	(58)	(1,568)	(58)	(58)	(58)	(1,568)	(58)	(58)	(58)	(1,568)	(58)	(58)	(58)	(1,568)	(58)	(6,969)
Rent & Site Operations	10	(43)	(193)	(684)	-	(43)	(193)	(684)	-	(43)	-	(877)	-	(43)	-	(877)	-	(3,679)
General Operating Expenditures	11	(28)	(28)	(28)	(28)	(61)	(28)	(28)	(28)	(60)	(28)	(28)	(28)	(60)	(28)	(28)	(28)	(539)
BOD Expenses	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18)	-	(18)
CCAA Monitor and Monitor's Counsel Fees	13	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(246)
CCAA Legal Fees	14	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(479)
Other Legal and Advisor Expenses	15	-	(3)	(20)	-	-	(20)	(20)	-	-	(20)	(20)	-	-	(20)	(20)	-	(146)
Interest Payments	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements		(382)	(777)	(2,645)	(2,055)	(421)	(814)	(2,624)	(852)	(396)	(595)	(2,814)	(323)	(1,145)	(428)	(3,000)	(314)	(19,586)
Net Cash Flow		813	310	(1,365)	(761)	873	340	(1,454)	297	753	414	(1,656)	845	24	600	(1,840)	799	(1,011)
Ending Cash Balance		8,018	8,328	6,963	6,201	7,074	7,414	5,960	6,257	7,010	7,424	5,768	6,613	6,636	7,236	5,396	6,195	6,195

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 January 17, 2015 to May 8, 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 January 16, 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 January 16, 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 December 2014.

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.

APPENDIX C

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.

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

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

TENTH REPORT OF THE MONITOR
JANUARY 23, 2015

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