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")

TWELFTH REPORT OF THE MONITOR

April 29, 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 May 8, 2015 pursuant to an order of this Court dated January 28, 2015.

PURPOSE

3. The purpose of this Twelfth 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 August 31, 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).

7. Capitalized terms not defined in this Report are as defined in the Affidavit of Williams E. Aziz sworn April 27, 2015 (the "**Aziz Affidavit**").

OPERATIONAL MATTERS

General

8. Since the Tenth Report of the Monitor dated January 23, 2015 (the "**Tenth 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.

9. As described in the Aziz Affidavit, the Applicants continue to focus on maintaining the stability of their business with respect to new customer acquisitions and current customer retention. Despite one of the Applicants' main competitor's offering six months of free service to any Mobilicity customers without restriction, the Applicants expect to have 157,000 active subscribers at the end of April 2015. Compared to 158,600 active subscribers as at December 31, 2014, the churn rate for the first quarter of 2015 was 5.1%, in line with Management's expectations. The Applicants' subscriber base remains healthy

as the gross additions in the first quarter of 2015 were 24% higher compared to the same period in 2014.

10. As discussed in the Tenth 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 $4.8 million on the unaudited balance sheet of Mobilicity at December 31, 2014 to approximately $4.5 million (which includes approximately $1.4 million of customer deferred revenue for periods greater than 31 days) on the unaudited balance sheet of Mobilicity at March 31, 2015. This amount will vary depending on the time of the month and the subscriber renewal patterns.

11. The Applicants maintain strong relationships with their suppliers. The payment arrangements that were either negotiated with suppliers or determined by the Court remain in effect.

12. The Applicants are in discussions with an Alberta municipal tax authority regarding certain pre-filing municipal tax amounts which the tax authorities claim to be owed. All post-filing amounts have been made up to date. No provision for this potential liability has been made in the Cash Flow Statement defined below.

ACTUAL RECEIPTS AND DISBURSEMENTS

13. 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 Tenth Report (the "**January Cash Flow Statement**"). A summary of the actual receipts and disbursements for the fourteen-week period ended April 24, 2015, as

compared to the projections in the January 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 fourteen-week period ended April 24, 2015 was approximately $0.07 million higher than projected in the January Cash Flow Statement due to a $0.7 million positive variance in receipts and a $0.63 million unfavorable variance in disbursements.

UPDATED CASH FLOW STATEMENT

Summary of Cash Flow Statement

14. The Applicants, with the assistance of the Monitor, have prepared an updated nineteen-week cash flow projection (the "**Cash Flow Statement**") for the period from April 25, 2015 to September 4, 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.

15. 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**").

16. 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 $22.5 million and total disbursements of approximately $25.4 million, resulting in a projected net cash outflow from operations of $2.9 million.

Liquidity

17. The Applicants seek an extension of the Stay Period to August 31, 2015, (the "**Proposed Stay Extension Date**").

18. Assuming Mobilicity continues operations in substantially the same manner as it has done during the CCAA proceedings to date and that the DIP Lenders do not make demand on amounts outstanding under the Second DIP Loan Agreement, the Applicants are projected to have approximately $4.5 million of cash to fund operations to the Proposed Stay Extension Date, without requiring financing.

Monitor's Review of Cash Flow Statement

19. 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**".

20. 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.

21. 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.

22. 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.

23. 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

Spectrum Auction Participation

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

25. The AWS-3 Auction had a set-aside segment that was only open for "operating new entrants" which excluded the largest three incumbent Canadian wireless service providers, Bell, Rogers and Telus. The set-aside segment of the AWS-3 auction included four regions (Eastern Ontario, Southern Ontario, Alberta and British Columbia) that the entrants were eligible to bid on.

26. Prior to submitting its application and the Deposit in the AWS-3 Auction on January 30, 2015, the Applicants, with the assistance of their financial advisor, Canaccord Genuity, performed a strategic analysis and considered the benefits of purchasing additional spectrum in the AWS-3 Auction.

27. The AWS-3 Auction was structured as a sealed bid auction having a bid deadline of March 3, 2015 noon time. In early February, Industry Canada announced that Wireless was a bidder qualified to participate in the set-aside segments of the AWS-3 Auction for all the above mentioned regions.

28. The Applicants concluded that bidding in the AWS-3 Auction would be in the best interests of the Mobilicity Group.

29. Pursuant to the Order of this Court dated January 28, 2015 (the "**DIP Approval and Stay Extension Order**") a copy of which is attached as Appendix "**D**", financing for the Deposit was provided pursuant to the Second DIP Loan Agreement. The Deposit and fee earned in respect thereto were paid in exchange for the issuance of notes in accordance with the Second DIP Loan Agreement.

30. As set out in the Eleventh Report of the Monitor dated March 3, 2015 (the "**Eleventh Report**") attached as Appendix "**E**", Wireless, as a borrower, 2451608 Ontario Inc., Holdings and 8440522 Canada Inc., as guarantors, and Catalyst, as lenders, worked diligently on a debtor-in-possession financing term sheet (the "**Third DIP Term Sheet**"). The Third DIP Term Sheet was finalized and approved by the Court on March 3, 2015.

31. Notwithstanding the execution and the court approval of the Third DIP Term Sheet, Catalyst determined that all conditions precedent to funding under the term sheet had not been met and thus, Wireless did not bid in the AWS-3 Auction.

32. On March 6, 2015, Industry Canada announced Wind Mobile Corp. and Videotron s.e.n.c as the successful bidders in the regions where Wireless was eligible to bid.

33. Following the announcement of the results of the Auction, Industry Canada returned the Deposit, in the amount of $62 million, to Goodmans LLP, counsel for the lenders under the Second DIP Loan Agreement. Subsequent to the return of the Deposit, a balance remains outstanding under the Second DIP Loan Agreement in amount of approximately $1.9 million on account of unpaid fees and interest earned in respect of the Deposit and on the unpaid fees. This amount is secured by the DIP Lenders' Charge granted pursuant to the

DIP Approval and Stay Extension Order and are payable on demand in accordance with the Second DIP Loan Agreement.

34. The 2500 MHz Auction does not provide any “set-aside” spectrum for operating new entrants. In light of this, the Applicants concluded that it was not a financially viable option for the Applicants to participate in the 2500 MHz Auction.

35. Following the AWS-3 Auction, the Applicants began to revaluate their strategic options. Management has informed the Monitor that various parties have indicated a credible interest in pursuing an acquisition transaction with the Applicants during the recent stay extension period.

36. 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.

EXTENSION OF STAY OF PROCEEDINGS

37. The current stay of proceedings pursuant to the order of this Court dated January 28, 2015 expires on May 8, 2015.

38. 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 August 31, 2015.

MONITOR’S CONCLUSIONS AND RECOMMENDATION

39. 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 representatives of the Applicants and major stakeholders will continue to engage in discussions for a value maximizing transaction and other available options.

40. The Cash Flow Statement projects that the Applicants will have sufficient liquidity to operate, and to fund the costs of this proceeding, to August 31, 2015. The Monitor supports the Applicants' request for an extension of the stay period to August 31, 2015.

41. The Monitor recommends that the Court approve the Applicants' request for an order extending the Stay Period to August 31 2015 and requests that the Court approve the actions of the Monitor as described in this Report and the Eleventh Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 29th DAY OF APRIL 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

Consolidated Weekly Cash Flow Statement: Variance Analysis
For the Period from January 17, 2015 to April 24, 2015
CDN ('000)

	Actual														
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	
	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**	**Total**
Beginning Cash Balance	**7,205**	**7,858**	**8,509**	**6,722**	**5,738**	**6,376**	**7,319**	**5,781**	**5,814**	**6,794**	**7,529**	**5,692**	**6,750**	**6,654**	**7,205**
Cash Receipts															
Customer Revenue	1,279	1,382	1,137	1,081	1,142	1,711	1,300	1,089	1,113	1,587	856	1,334	1,156	1,242	17,407
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	-	-	5	-	-	-	4	-	-	0	4	-	4	-	18
Tax Refund (Payment)	(108)	-	-	-	(176)	-	-	-	-	140	(45)	-	-	(230)	(418)
Total Cash Receipts	**1,171**	**1,382**	**1,142**	**1,081**	**965**	**1,711**	**1,304**	**1,089**	**1,113**	**1,728**	**816**	**1,334**	**1,160**	**1,012**	**17,007**
Cash Disbursements															
Payroll and Benefits	(100)	(174)	-	(173)	(99)	(159)	-	(164)	-	(253)	-	-	(179)	(111)	(1,412)
Sales & Marketing	(25)	(16)	(5)	(17)	(17)	(5)	(8)	(39)	-	(13)	(17)	(9)	(73)	(12)	(257)
Commissions	-	-	-	(1,429)	-	-	-	(502)	-	-	-	-	(704)	-	(2,635)
Service Delivery & IT	(220)	(179)	(302)	(150)	(78)	(251)	(277)	(203)	(83)	(457)	(155)	(194)	(181)	(108)	(2,839)
Payments for Outsourced Operations	(52)	(50)	(1,578)	(50)	(63)	(50)	(1,534)	(50)	(50)	(50)	(1,536)	(50)	(36)	(50)	(5,199)
Rent & Site Operations	(45)	(224)	(654)	(3)	(4)	(238)	(658)	(40)	-	(42)	(920)	-	(43)	(7)	(2,878)
General Operating Expenditures	(54)	(7)	(34)	(18)	(37)	(25)	(40)	(21)	(0)	(43)	(18)	(19)	(25)	(32)	(372)
BOD Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCAA Monitor and Monitor's Counsel Fees	(5)	-	(31)	(43)	-	-	(27)	-	-	(34)	-	-	-	(11)	(151)
CCAA Legal Fees	(17)	(33)	(325)	(179)	(2)	(40)	(299)	(35)	-	(69)	(8)	-	-	(5)	(1,011)
Other Legal and Advisor Expenses	(0)	(48)	0	(3)	(28)	-	-	(3)	-	(31)	-	(3)	(14)	(20)	(149)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	**(518)**	**(731)**	**(2,929)**	**(2,065)**	**(328)**	**(768)**	**(2,841)**	**(1,056)**	**(133)**	**(992)**	**(2,653)**	**(276)**	**(1,255)**	**(358)**	**(16,903)**
Net Cash Flow	**652**	**651**	**(1,787)**	**(984)**	**638**	**943**	**(1,537)**	**32**	**980**	**735**	**(1,838)**	**1,058**	**(95)**	**655**	**104**
Ending Cash Balance	**7,858**	**8,509**	**6,722**	**5,738**	**6,376**	**7,319**	**5,781**	**5,814**	**6,794**	**7,529**	**5,692**	**6,750**	**6,654**	**7,309**	**7,309**

Consolidated Weekly Cash Flow Statement: Variance Analysis
For the Period from January 17, 2015 to April 24, 2015
CDN ('000)

								Forecast							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	
	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**	**Total**
Beginning Cash Balance	**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**	**7,205**
Cash Receipts															
Customer Revenue	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	16,830
Incremental Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Refund (Payment)	-	(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**	**16,302**
Cash Disbursements															
Payroll and Benefits	(14)	(255)	-	(184)	-	(255)	-	(184)	-	(255)	-	-	(184)	(85)	(1,415)
Sales & Marketing	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(348)
Commissions	-	-	-	(1,526)	-	-	-	(348)	-	-	-	-	(562)	-	(2,436)
Service Delivery & IT	(170)	(170)	(275)	(190)	(190)	(190)	(254)	(164)	(164)	(164)	(251)	(167)	(167)	(167)	(2,684)
Payments for Outsourced Operations	(58)	(58)	(1,568)	(58)	(58)	(58)	(1,568)	(58)	(58)	(58)	(1,568)	(58)	(58)	(58)	(5,342)
Rent & Site Operations	(43)	(193)	(684)	-	(43)	(193)	(684)	-	(43)	-	(877)	-	(43)	-	(2,802)
General Operating Expenditures	(28)	(28)	(28)	(28)	(61)	(28)	(28)	(28)	(60)	(28)	(28)	(28)	(60)	(28)	(484)
BOD Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCAA Monitor and Monitor's Counsel Fees	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(215)
CCAA Legal Fees	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(419)
Other Legal and Advisor Expenses	-	(3)	(20)	-	-	(20)	(20)	-	-	(20)	(20)	-	-	(20)	(126)
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	**(382)**	**(777)**	**(2,645)**	**(2,055)**	**(421)**	**(814)**	**(2,624)**	**(852)**	**(396)**	**(595)**	**(2,814)**	**(323)**	**(1,145)**	**(428)**	**(16,271)**
Net Cash Flow	**813**	**310**	**(1,365)**	**(761)**	**873**	**340**	**(1,454)**	**297**	**753**	**414**	**(1,656)**	**845**	**24**	**600**	**31**
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**	**7,236**

Consolidated Weekly Cash Flow Statement: Variance Analysis
For the Period from January 17, 2015 to April 24, 2015
CDN ('000)

		Variance - Better / (Worse)														
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	
		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**	**Total**
Beginning Cash Balance		**-**	**(160)**	**181**	**(241)**	**(463)**	**(698)**	**(95)**	**(178)**	**(443)**	**(216)**	**105**	**(76)**	**137**	**18**	**-**
Cash Receipts																
Customer Revenue		84	188	(143)	(213)	(152)	417	130	(61)	(36)	437	(302)	166	(12)	74	577
Incremental Funding		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Accounts Receivable		-	-	5	-	-	-	4	-	-	0	4	-	4	-	18
Tax Refund (Payment)		(108)	108	-	-	(176)	140	-	-	-	280	(45)	-	-	(90)	110
Total Cash Receipts	2	**(24)**	**296**	**(137)**	**(213)**	**(328)**	**557**	**134**	**(61)**	**(36)**	**718**	**(342)**	**166**	**(8)**	**(16)**	**705**
Cash Disbursements																
Payroll and Benefits		(86)	81	-	11	(99)	96	-	20	-	2	-	-	5	(27)	3
Sales & Marketing		(1)	9	20	8	8	20	17	(14)	25	11	8	16	(49)	13	90
Commissions		-	-	-	97	-	-	-	(154)	-	-	-	-	(142)	-	(199)
Service Delivery & IT		(50)	(10)	(27)	40	111	(62)	(22)	(38)	82	(293)	96	(27)	(13)	59	(155)
Payments for Outsourced Operations		6	8	(10)	8	(5)	8	34	8	8	8	32	8	22	8	144
Rent & Site Operations		(2)	(31)	30	(3)	39	(45)	26	(40)	43	(42)	(43)	-	-	(7)	(75)
General Operating Expenditures		(26)	20	(6)	10	24	3	(12)	7	60	(15)	9	8	35	(4)	112
BOD Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCAA Monitor and Monitor's Counsel Fees		11	15	(16)	(28)	15	15	(11)	15	15	(19)	15	15	15	4	64
CCAA Legal Fees		13	(3)	(295)	(149)	28	(10)	(269)	(5)	30	(39)	22	30	30	25	(592)
Other Legal and Advisor Expenses		(0)	(44)	20	(3)	(28)	20	20	(3)	-	(10)	20	(3)	(14)	(0)	(24)
Interest Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements	3	**(136)**	**45**	**(284)**	**(9)**	**94**	**46**	**(217)**	**(204)**	**263**	**(397)**	**160**	**48**	**(111)**	**71**	**(632)**
Net Cash Flow		**(160)**	**341**	**(422)**	**(223)**	**(235)**	**603**	**(83)**	**(265)**	**227**	**321**	**(181)**	**213**	**(119)**	**55**	**73**
Ending Cash Balance	4	**(160)**	**181**	**(241)**	**(463)**	**(698)**	**(95)**	**(178)**	**(443)**	**(216)**	**105**	**(76)**	**137**	**18**	**73**	**73**

NOTES:

1. Overview
- Cash analysis of actual cash flow ("Actual") compared to the cash flow statement as set out in the Tenth Report of the Monitor, dated January 23, 2015 (the "Forecast") for the period from January 17, 2015 to April 24, 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 $17,007 compared to $16,302 in the Forecast, resulting in a favourable variance of $705. The variance is primarily related to:
  - $577 favourable variance in Customer Revenue due to higher customer receipts than projected;
  - $110 favourable variance in Tax Refund (Payment) due to $140 HST refund (vs. normal forecasting of $65 HST payment);

3. Cash Disbursements
- During the Period, total cash disbursements were $16,903 compared to $16,271 in the Forecast, resulting in an unfavourable variance of $632. The variance is primarily related to:
  - $199 unfavourable variance in Commissions due to higher gross additions of customers in January and February 2015 than forecasted amount;
  - $155 unfavourable variance in Service Delivery & IT due to an unforecast $320 annual payment to Industry Canada for Microwave Licence renewals offset by savings on other IT vendors;
  - $144 favourable variance in payment due to savings on one of the third party service providers;
  - $112 favourable variance in General Operating Expenditures, primarily due to savings on capital expenditures;
  - $592 unfavourable variance in CCAA Legal Fees due to higher legal payments to the counsel to Mobilicity and the counsel to the DIP lenders than forecasted amounts.

4. Ending Cash Balance
- Ending Cash Balance for the Period was $7,309 compared to $7,236 in the Forecast, resulting in a favourable variance of $73.

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

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

NOTES TO THE CONSOLIDATED WEEKLY CASH FLOW STATEMENT

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

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

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

   The Cash Flow Statement is presented on a weekly basis from April 25, 2015 to September 4, 2015 (the "Period") and represents management's reasonable estimates of the results of operations and CCAA costs of administration during the Period.

   The Cash Flow Statement is presented in thousands of Canadian dollars and assumes that any foreign currency transactions are made based on foreign exchange rates in effect as of April 25, 2015.

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

2. The Opening Cash Balance includes Mobilicity's cash on hand, net of outstanding cheques, as at April 25, 2015.

3. Customer Revenues represent projected weekly cash inflows resulting from prepayments for service by Mobilicity's existing and projected customers. Mobilicity has projected that its active subscribers will continue to moderately decrease during the Period from the actual number of existing subscribers as of March 2015.

4. Tax Refunds (Payments) represent the projected sales taxes collected from Mobilicity's customer revenues net of its sales taxes paid for products and services received. Mobilicity has projected to make provincial sales tax payments of $0.14 million in the last week of each subsequent month during the Project period.

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

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

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

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

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

10. Rent & Site Operations represent projected lease payments for Mobilicity's leased facilities, including its corporate head office in Woodbridgeand two co-location data centers. In addition, the Applicants lease approximately 450 locations for their cellular broadcasting equipment. Pursuant to the Initial Order, all lease payments are made monthly in advance for the period commencing from and including the date of the Initial Order.

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

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

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

14. CCAA Legal Fees represent the estimated fees and disbursements for Mobilicity's legal counsel, counsel to the Ad Hoc Committee of Senior Unsecured Debenture Holders, and counsel to the DIP Lenders.

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

16. Consistent with the Initial Order, the Applicants are not projected to make any post-filing interest payments in respect of the $195 million First Lien Notes or the $43.25 million Second Lien Notes.

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

APPENDIX 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.

APPENDIX D

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY, THE 28TH
	)	
JUSTICE NEWBOULD	)	DAY OF JANUARY, 2015

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
(DIP Approval and Stay Extension)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of William E. Aziz, sworn January 21, 2015, and the exhibits thereto, the Supplemental Affidavit of William E. Aziz, sworn January 26, 2015 (the "**Supplemental Affidavit**"), and the exhibits thereto, the Tenth Report of the Monitor, Ernst & Young Inc. (the "**Monitor**") dated January 23, 2015 (the "**Tenth Report**"), and the Supplement to the Tenth Report, dated January 27, 2015 and on hearing submissions of counsel for the Applicants, the Monitor, and such other counsel present, no one else appearing although duly served as appears from the affidavits of service of Evan Cobb sworn on January 22, 2015 and January 27, 2015,

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, Motion Record, Supplemental Motion Record and Tenth Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

Definitions

2. **THIS COURT ORDERS** that all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Second DIP Loan Agreement (as defined below).

Stay Extension

3. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order dated September 30, 2013, as amended by an Order dated October 24, 2013 (the "**Initial Order**")) be and is hereby extended up to and including May 8, 2015.

Approval of Monitor's Activities

4. **THIS COURT ORDERS** that the Tenth Report and the activities of the Monitor described therein are hereby approved.

Additional Applicant

5. **THIS COURT ORDERS AND DECLARES** that 2451608 Ontario Inc. ("**Mobilicity SpectrumCo**") is a company to which the CCAA applies and shall be an Applicant in these proceedings.

6. **THIS COURT ORDERS** that the title of these proceedings is hereby amended to reflect Mobilicity SpectrumCo as an Applicant in these proceedings as follows:

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., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC. AND 2451608 ONTARIO INC.

7. **THIS COURT ORDERS** that, from and after the date of this Order, all references in the Initial Order, and in this Order, to the Applicants shall include Mobilicity SpectrumCo, provided that none of the current or future assets, undertakings or properties of any nature and kind whatsoever, and wherever situate, of Mobilicity SpectrumCo, including any and all proceeds thereof (collectively, the "**Mobilicity SpectrumCo Property**") shall form part of the Property (as defined in the Initial Order) and the Mobilicity SpectrumCo Property shall not be subject to any of the charges granted pursuant to the Initial Order.

DIP Financing

8. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to enter into, and directed to execute and deliver, the DIP Note Purchase and Guarantee Agreement substantially in the form attached as Exhibit "A" to the Supplemental Affidavit (the "**Second DIP Loan Agreement**").

9. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Facility**") from the Purchasers under the Second DIP Loan Agreement (the "**DIP Lenders**") solely for the purposes set out in the Second DIP Loan Agreement, provided that borrowings under the DIP Facility shall not exceed the amounts prescribed in the Second DIP Loan Agreement.

10. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the Second DIP Loan Agreement.

11. **THIS COURT ORDERS** that the DIP Facility, the Second DIP Loan Agreement, and the entry of the Applicants and Equity Financial Trust Company, as collateral agent, into the Second DIP Loan Agreement be and are hereby approved.

12. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Second DIP Loan Agreement or as may be reasonably required by the DIP Lenders pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders, and to comply with all terms and covenants, under and pursuant to the Second DIP Loan Agreement and the other Definitive Documents as and when the same become due, are to be performed and/or are to be complied with, notwithstanding any other provision of this Order.

13. **THIS COURT ORDERS** that the DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Lenders' Charge**") on the Property and on the Mobilicity SpectrumCo Property, and including for certainty the Deposit, as security for any and all obligations of the Applicants under the Second DIP Loan Agreement and the Definitive Documents (including on account of principle, interest, fees, expenses and other liabilities) (the aggregate of all such obligations being the "**DIP Indebtedness**"), which DIP Lenders' Charge

shall be in the aggregate amount of the DIP Indebtedness outstanding at any given time. The DIP Lenders' Charge shall not secure an obligation that exists before this Order is made. The DIP Lenders' Charge shall have the priority set out in paragraphs 22 and 25 hereof.

14. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lenders may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the DIP Lenders' Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Second DIP Loan Agreement, the Definitive Documents or the DIP Lenders' Charge (A) the DIP Lenders may cease making advances to the Applicants, (B) the DIP Lenders may (i) set off and/or consolidate any amounts owing by the DIP Lenders to the Applicants against the obligations of the Applicants to the DIP Lenders under the Second DIP Loan Agreement, the Definitive Documents, or the DIP Lenders' Charge and make demand, accelerate payment and give other notices, and (ii) following an Order of the Court, granted on 5 days' notice to the Applicants and the Monitor, exercise any and all of their respective rights and remedies against the Applicants, the Property or the Mobilicity SpectrumCo Property under or pursuant to the Second DIP Loan Agreement, the Definitive Documents, the DIP Lenders' Charge, or the *Personal Property Security Act* of Ontario or any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants, the Property or the Mobilicity SpectrumCo Property.

15. **THIS COURT ORDERS AND DECLARES** that the DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by any of the Applicants under the CCAA, or any proposal (the "**Proposal**") filed by any of the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Second DIP Loan Agreement and the Definitive Documents.

16. **THIS COURT ORDERS** that the obligations under the Second DIP Loan Agreement and the Definitive Documents shall be treated as unaffected by any Plan or any Proposal and the Applicants shall not file a Plan in these proceedings or any Proposal that does not provide for the indefeasible payment in full in cash of the obligations outstanding in respect of the Second DIP Loan Agreement and the Definitive Documents as a pre-condition to the implementation of any such Plan.

17. **THIS COURT ORDERS AND DECLARES** that, notwithstanding anything else contained in this Order, the DIP Lenders shall have the sole interest in the Deposit on a *pro rata* basis in accordance with their respective Commitments pursuant to the Second DIP Loan Agreement, and that in the event of any withdrawal by Wireless, or Mobilicity SpectrumCo, as applicable, from the AWS-3 Auction or return by Industry Canada of the Deposit, (i) the Applicants are hereby directed to return, or cause to be returned, the Deposit directly to the Purchasers, on a *pro rata basis* in accordance with their respective Commitments pursuant to the Second DIP Loan Agreement, and the amount of the outstanding DIP Notes shall be reduced on a dollar for dollar basis, and (ii) that the Purchasers shall have full authority to receive and direct the return of the Deposit on a *pro rata* basis in accordance with their respective Commitments pursuant to the Second DIP Loan Agreement.

18. **THIS COURT ORDERS** that the DIP Note Purchase and Guarantee Agreement made as of September 30, 2013 (the "**First DIP Loan Agreement**") approved by the Initial Order is of no further force and effect and that the DIP Lenders' Charge (as defined in and approved by the Initial Order) is hereby discharged.

19. **THIS COURT ORDERS** that, from and after the date of this Order, all references in Paragraphs 5, 6, 8, 12, 25, 28, 30, 31, 32 and 62 of the Initial Order to the "DIP Loan Agreement", the "DIP Facility", "Definitive Documents" and the "DIP Lenders" shall refer to the Second DIP Loan Agreement, the DIP Facility, Definitive Documents and the DIP Lenders, respectively, each as defined in this Order.

20. **THIS COURT ORDERS** that:

(a) all references in Paragraph 15 of the Initial Order to "DIP Lenders" shall mean, collectively the DIP Lenders as defined in this Order under the Second DIP Loan Agreement and the DIP Lenders as defined in the Initial Order pursuant to the First DIP Loan Agreement; and

(b) all references in Paragraph 15 of the Initial Order to "DIP Facility" shall mean the credit facilities established under the Second DIP Loan Agreement and the First DIP Loan Agreement.

21. **THIS COURT ORDERS** that all references in Paragraphs 15 and 16 of the Initial Order to "Property" shall mean collectively the Property and the Mobilicity SpectrumCo Property.

22. **THIS COURT ORDERS** that, notwithstanding paragraph 53 of the Initial Order, the priorities of the Directors' Charge (as defined in the Initial Order), the Administration Charge (as defined in the Initial Order), the DIP Lenders' Charge (as constituted and defined herein), and the KERP Charge (as defined in the Initial Order) as among them and relative to the liens securing the obligations under the First Lien Notes (as defined in the Initial Order) and the Bridge Notes (as defined in the Initial Order) with respect to the Property shall be as follows:

(a) First, the DIP Lenders' Charge (as constituted and defined herein);

(b) Second, liens securing obligations under the First Lien Notes and the First Lien Notes Indenture (as defined in the Initial Order) (collectively, the "First Lien Notes Liens");

(c) Third, the Administration Charge and the KERP Charge on a *pari passu* basis;

(d) Fourth, the Directors' Charge; and

(e) Fifth, the liens securing the obligations under the Bridge Notes.

23. **THIS COURT ORDERS** that the sole charge on the Mobilicity SpectrumCo Property shall be the DIP Lenders' Charge.

24. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Lenders' Charge shall not be required, and that the DIP Lenders' Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Lenders' Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

25. **THIS COURT ORDERS** that the DIP Lenders' Charge shall constitute a charge on the Property and the Mobilicity SpectrumCo Property and such DIP Lenders' Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person

with the exception of the Encumbrances ranking in priority to the First Lien Notes Liens, other than with respect to the Deposit and the Mobilicity SpectrumCo Property in which case the DIP Lenders' Charge shall rank in priority to all Encumbrances in favour of any Person.

26. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property (other than the Deposit, as applicable) that rank in priority to, or *pari passu* with, the DIP Lenders' Charge, and shall not grant any Encumbrances over the Deposit or any of the Mobilicity SpectrumCo Property unless the Applicants also obtain the prior written consent of the Monitor and the DIP Lenders, or further Order of this Court.

27. **THIS COURT ORDERS** that the Definitive Documents and the DIP Lenders' Charge shall not be rendered invalid or unenforceable and the rights and remedies of the DIP Lenders shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the DIP Lenders' Charge nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by an Applicant of any Agreement to which it is a party;

(b) none of the DIP Lenders shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from an Applicant entering into the Second DIP Loan Agreement, the creation of the DIP Lenders' Charges, or the execution, delivery or performance of the other Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order or the Definitive Documents, and the granting of the DIP Lenders' Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

28. **THIS COURT ORDERS** that the DIP Lenders' Charge created by this Order over leases of real property in Canada shall only be a charge in an Applicant's interest in such real property leases.

29. **THIS COURT ORDERS** that the deposit accounts held by Paymentech and containing cash collateral pledged to Paymentech in an amount not to exceed $1,200,000 shall be excluded from the DIP Lenders' Charge.

30. **THIS COURT ORDERS** that the DIP Lenders shall be entitled to rely on this Order, as issued, for all advances made under the Second DIP Loan Agreement, the DIP Lenders' Charge and the Definitive Documents up to and including the date this Order may be varied or amended, and that if any of the provisions of this Order in connection with the Second DIP Loan Agreement, the DIP Facility or the DIP Lenders' Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court or on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the protections, rights or remedies of the DIP Lenders, whether under this Order (as made prior to any such Variation) or under any of the documentation delivered pursuant hereto, with respect to any advances made prior to the DIP Lenders being given notice of any such Variation.

Natasha Brown
Registrar

JAN 2 9 2015

MB

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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

O R D E R
(DIP Approval and Stay Extension)

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APPENDIX E

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. and 2451608 ONTARIO INC.
(collectively, the "Applicants")

ELEVENTH REPORT OF THE MONITOR

March 3, 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. ("**8440522**") 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. By Order dated January 28, 2015 (the "**January Order**"), 2451608 Ontario Inc. ("**2451608**") as added as a Applicant to these proceedings (Holdings, Wireless, 8440522 and 2451608 are together referred to as the "**Applicants**" or "**Mobilicity**").

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 May 8, 2015 pursuant to an order of this Court dated January 28, 2014.

PURPOSE

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

   a) The Applicants' request for approval of a senior secured debtor-in-possession financing facility (the "**Third DIP Facility**") and certain associated Court-ordered charges (the "**DIP Lenders' Charges**");

   b) The Applicants' request for approval of steps to be taken by Wireless in connection with a proposed bid in the AWS-3 Auction;

   c) The Applicants' request for an Order sealing these materials and dispensing with service thereof until the conclusion of the AWS-3 Auction; and

   d) The Monitor's conclusions and recommendations.

CONTEXT

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

5. 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**").

6. All capitalized terms used in this Report and not otherwise defined shall have the meanings ascribed to them in Affidavit of William Aziz (the "**CRO**") dated March 2, 2015 (the "**Aziz Affidavit**").

STRATEGIC DEVELOPMENTS

7. Pursuant to the January Order, the Applicants obtained DIP financing to be in a position to post a refundable deposit (the "**Deposit**") in the amount of $62,000,000 in compliance with the application requirements of the AWS-3 Auction.

8. As set out in the Aziz Affidavit, the Applicants determined that it was appropriate to maintain the flexibility to purchase additional spectrum in the AWS-3 Auction if such a purchase was determined to be in the best interests of Mobilicity.

9. On January 30, 2015, Wireless submitted its application materials and the Deposit for the AWS-3 Auction and on February 13, 2015, Industry Canada announced that Wireless was qualified to bid in the AWS-3 Auction.

10. Mobilicity is entitled to participate in the set-aside portion of the AWS-3 Auction. It is the Monitor's understanding that the AWS-3 Auction is a sealed bid auction whereby the highest bid in any particular geographic region will be declared the winning bid. The amount paid by the winning bidder would be the amount of the second highest bidder's bid. The deadline for sealed bids is noon (EST) March 3, 2015 (the "**Bid Deadline**").

11. For the reasons set out in the Aziz Affidavit, the Applicants have concluded, with the consultation of their advisors, that, subject to obtaining financing on acceptable terms, participation in the AWS-3 Auction would be in the best interest of Mobilicity. This determination was made by the Board of Directors of Mobilicity (the "**Board**") exercising their business judgment.

12. The set-aside portion of the AWS-3 Auction gives Wireless an opportunity to acquire additional spectrum at an attractive price.

13. As outlined in the Aziz Affidavit, the Applicants reached their conclusion to participate in the AWS-3 Auction based upon the following factors, among others:

   a) AWS-3 spectrum would provide opportunities to transition Mobilicity's business to LTE technology which should enhance the customer experience and result in increased average revenue per user of Mobilicity's services. This strategy would require further capital investment for implementation purposes;

   b) ownership of AWS-3 spectrum may make Mobilicity a more attractive acquisition target in the future; and

c) the apparent value of the AWS-3 set-aside spectrum in an LTE transition scenario or strategic transaction relative to the likely acquisition cost of such spectrum in the set-aside portion of the AWS-3 Auction.

DIP FINANCING

14. Wireless requires funding be put in place prior to the Bid Deadline in order to ensure that the Deposit, and all obligations owing in respect thereto, can be repaid before a bid is required to be made in the AWS-3 Auction.

15. The Applicants, with the assistance of their financial advisors, solicited proposals from all parties that the Applicants believe could be potentially interested in financing participation in the AWS-3 Auction, including Catalyst Capital Group Inc. and members of the ad hoc committee of Mobilicity noteholders.

16. The CRO has recused himself from voting as a member of the Board on any matters relating to the financing solicitation process due to an alleged potential conflict of interest.

17. The Monitor has been advised by the Applicants that the only executable proposal it received was by Catalyst Capital Group Inc. ("**Catalyst**"). The parties agreed to a term sheet wherein Wireless is the issuer, 2451608, Holdings and 8440522 are guarantors, and Catalyst, or certain affiliates of Catalyst, are the purchasers (the "**Third DIP Term Sheet**") which has a similar structure to the DIP financing approved by the January Order.

18. The Monitor was involved in the negotiation of the Third DIP Term Sheet and is of the opinion that the Board considered its options after consultation with its advisors and exercised its business judgment to proceed with the Third DIP Term Sheet. A copy of the Third DIP Term Sheet is attached to the Aziz Affidavit as Exhibit "**B**".

19. In reviewing the proposed DIP Facility, the Monitor has carefully considered the facts and circumstances of the Applicants and the factors set out in Section 11.2(4) of the CCAA which provide a non-exhaustive list of factors which this Court is to consider when deciding whether to approve the Applicant's proposed DIP Facility.

20. Pursuant to Section 11.2(4) of the CCAA, the Court is to consider,

a) *the period during which the company is expected to be subject to proceedings under the CCAA.* The discrete use and requirement of the DIP Facility would be to fund the Deposit and the possible purchase of additional spectrum in the AWS-3 Auction. This would all occur prior to the Proposed Stay Extension Date of May 8, 2015;

b) *how the company's business and financial affairs are to be managed during the proceedings.* The Applicants expect to keep existing senior management in place through the Proposed Stay Extension Date as well as the services of its Chief Restructuring Officer with a view to advancing a value-maximizing transaction that is capable of being implemented and supported by the creditors of the Applicants;

c) *whether the company's management has the confidence of its major creditors.* The Monitor is not aware of any stakeholder requesting that the Applicant's management be replaced;

d) *whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company.* The Applicants, with the assistance of their financial advisors, have considered the incremental value to the business and the potential benefits to all stakeholders in participating in the Auction and believe that it is the most advantageous way to advance a value-maximizing transaction;

e) *the nature and value of the company's property.* The additional encumbrances against the property or assets of the Applicants, as a result of the Third DIP Term Sheet, shall be, (i) in the event that funds are drawn, but spectrum has not yet been acquired, a first ranking court-ordered charge over all of the assets of the Applicants securing the full amount outstanding under the Third DIP Term Sheet; and (ii) in the event that funds are drawn and spectrum has been acquired in the AWS-3 Auction, a first ranking court-ordered charge solely over all acquired spectrum from the AWS-3 Auction securing the full amount outstanding; provided, however, that in all cases the amount owing in respect of the DIP Funding Fee and interest (including paid-in-kind interest) under the DIP NPA and DIP Notes shall be secured by a first ranking court-ordered charge over all assets of the Applicants in an amount determined by multiplying (i) the aggregate principal amount of the funding by (ii) 0.05, provided that in no event shall such amount be less than $7.5 million or greater than $10 million; and

f) *whether any creditor would be materially prejudiced as a result of the security or charge.* The additional amount that will rank ahead of the secured creditors of the Applicants in respect of the current assets of the Applicants has been limited to the maximum amount of $7.5 million or $10 million as the case may be.

21. The Monitor is of the view that that the proposed DIP facility represents the most favourable course of action available in the circumstances and is satisfied that the criteria enumerated in the CCAA for the granting of the DIP financing has been met.

AUCTION BIDDING

22. According to the Aziz Affidavit, the Applicants require the ability to bid in the AWS-3 Auction to acquire AWS-3 spectrum licenses without further Court order and are seeking authorization and direction from the Court to proceed to: (a) place any bid in the AWS-3 Auction as deemed appropriate by Wireless; and (b) acquire any AWS-3 spectrum for which Wireless is determined to be the provisional license winner in connection with the AWS-3 Auction.

CONFIDENTIALITY

23. The AWS-3 Auction Framework contains rules which prohibit certain communications by qualified bidders in the AWS-3 Auction. As described in the Aziz Affidavit, a breach of these rules could lead to forfeiture penalties or disqualification from the AWS-3 Auction. The Applicants are concerned that if the contents of this motion and any orders granted in respect thereto are publicly disclosed prior to the conclusion of the AWS-3 Auction, it may be a breach of the AWS-3 Auction Framework.

24. The Applicants are also concerned that any public disclosure, at this time, of the motion materials or any orders granted in respect thereto would be prejudicial to the commercial interests of Mobilicity as it would disclose critical information about Mobilicity's budget for bidding purposes in the AWS-3 Auction.

MONITOR'S CONCLUSIONS AND RECOMMENDATION

25. 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 supports the relief requested by the Applicants, including but not limited to, the execution of the Third DIP Term Sheet and the ability to bid those funds in the AWS-3 Auction.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 3RD DAY OF MARCH 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

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

ELEVENTH REPORT OF THE MONITOR
MARCH 3, 2015

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