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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

Applicants

MOTION RECORD
(Re: Stay Extension)
(Returnable October 24, 2013)

October 16, 2013

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

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Applicants

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TAB 1

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Applicants

NOTICE OF MOTION
(STAY EXTENSION)

(Returnable October 24, 2013)

The Applicants, Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**"), Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**") and 8440522 Canada Inc. ("**844**") will make a motion to a Judge presiding over the Commercial List on October 24, 2013 at 10 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order in the form of a draft order included in the Motion Record:

   (a) if necessary, abridging and validating the time for service of the Notice of Motion and Motion Record in respect of this motion and the First Report of the Monitor, Ernst & Young Inc. (the "**Monitor**"), to be served (the "**First Report**"), and dispensing with further service thereof;

(b) extending the Stay Period, as such term is defined in the initial order granted by this Court on September 30, 2013 (the "**Initial Order**"), up to and including December 20, 2013;

(c) sealing Confidential Exhibit "B" to the Affidavit of William E. Aziz, sworn October 16, 2013 (the "**Confidential Exhibit**"); and

(d) such further and other relief as counsel may request and this Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Stay Extension

1. The Applicants applied for and were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, ("**CCAA**") on September 30, 2013, pursuant to the Initial Order;

2. The Stay Period currently expires on October 30, 2013;

3. Since the issuance of the Initial Order on September 30, 2013, the Applicants have focussed on maintaining the stability of their business and have continued their efforts in furtherance of their proposed acquisition transaction (the "**Proposed Transaction**");

4. The Applicants require more time to pursue the Proposed Transaction and, if Government approval is obtained, to complete the necessary documentation and finalize the Proposed Transaction, subject to this Court's approval;

5. The Applicants, with the assistance of the Monitor, have prepared updated cash flow projections for the proposed extension of the Stay Period (the "**Stay Extension**"), which will show that the Applicants have sufficient resources to meet their post-filing obligations during such period;

6. The Applicants have worked in good faith and with due diligence in the pursuit of the Proposed Transaction and of their restructuring efforts;

Sealing of Confidential Exhibit

7. The parties listed in the Confidential Exhibit provided debtor-in-possession ("**DIP**") financing proposals to the Applicants on the basis that their identities would remain confidential unless ultimately selected as the DIP lender to the Applicants;

8. The sealing of the Confidential Exhibit does not prejudice any other parties in the circumstances;

General

9. The provisions of the CCAA; and

10. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The affidavit of William E. Aziz sworn on October 16, 2013, and the Exhibits attached thereto;

2. The First Report; and

3. Such further and other material as counsel may advise and this Court may permit.

October 16, 2013

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Lawyers for the Applicants

TO: Attached Service List

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

ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,*
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DOCSTOR: 2813244\4

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION (STAY EXTENSION)

(Returnable October 24, 2013)

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TAB 2

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

ONTARIO
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Applicants

AFFIDAVIT OF WILLIAM E. AZIZ
(sworn October 16, 2013)

I, **WILLIAM E. AZIZ**, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President of BlueTree Advisors II Inc. ("**BlueTree**"), which has been retained by Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") to provide my services to Holdings and its affiliates[1] (collectively, with Holdings, the "**Mobilicity Group**") as Chief Restructuring Officer of the Mobilicity Group. I am a director of each of the Mobilicity Group entities. BlueTree was retained pursuant to an Engagement Letter dated April 24, 2013.

2. My engagement was ratified and confirmed by Order of this Court on September 30, 2013 (the "**Initial Order**").

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[1] The affiliates of Holdings are 8440522 Canada Inc. and Data & Audio-Visual Enterprises Wireless Inc.

3. As described in my affidavit sworn September 29, 2013 (the "**Initial Order Affidavit**") in these proceedings, I have been overseeing the restructuring efforts of the Mobilicity Group since April 24, 2013 and, as such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have spoken with certain of the directors, officers, advisors and/or employees of the Mobilicity Group, as necessary, and, where I have relied upon information from such discussions, I believe such information to be true.

4. This affidavit is sworn in support of a motion by the Mobilicity Group to extend the Stay Period, as such term is defined in the Initial Order, to December 20, 2013.

5. This affidavit is also sworn in response to a motion by The Catalyst Capital Group Inc. ("**Catalyst**") that seeks, among other things:

(a) the approval of a debtor-in-possession ("**DIP**") financing solicitation process that would re-open the DIP financing review process that the board of directors of the Mobilicity Group has already undertaken and completed with the assistance of its financial advisors;

(b) the establishment of a "creditors' committee" (the "**Wireless Creditors' Committee**") comprised of an undetermined group of creditors of Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**") only, the mandate of which is unclear;

(c) the creation of an obligation for the Mobilicity Group to pay the fees and expenses of legal and financial advisors to the Wireless Creditors' Committee;

(d) the creation of a $5 million charge upon the assets of the Mobilicity Group to secure certain indemnities in favour of the proposed Wireless Creditors' Committee; and

(e) certain variations to the relief provided under the Initial Order as it relates to the ad hoc committee of certain noteholders of the Mobilicity Group (the "**Ad Hoc Committee of Noteholders**") and to the holders (the "**Bridge Lenders**") of the 15.5% Second Lien Secured Notes issued by Wireless (the "**Bridge Notes**").

6. The Mobilicity Group opposes the relief sought by Catalyst on its motion. The Ad Hoc Committee of Noteholders, the DIP Lenders (as defined below), the Bridge Lenders and QCP CW S.A.R.L. ("**Quadrangle**") support the position of the Mobilicity Group.

STAY EXTENSION

Activities since the issuance of the Initial Order

7. Since the issuance of the Initial Order on September 30, 2013, the Applicants have focussed on maintaining the stability of their business and have continued their efforts in furtherance of their proposed acquisition transaction (the "**Proposed Transaction**").

8. Immediately after the issuance of the Initial Order, the Mobilicity Group issued a press release (the "**Press Release**") advising of the these proceedings, the Proposed Transaction, and Court approval of the DIP financing. A copy of the Press Release is attached hereto as Exhibit "A".

Business Operations

9. On the day of the Initial Order, the Mobilicity Group held a town hall meeting for its head office employees, advising them of the filing and providing information about the nature and need for these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

10. On the days that followed, several calls and meetings took place with various suppliers of the Applicants, including major suppliers Ericsson Canada Inc. ("**Ericsson**"), Amdocs Canadian Managed Services Inc. ("**Amdocs**"), Ingram Micro Inc. ("**Ingram**"), Rogers Wireless Partnership ("**Rogers**"), Bell Canada ("**Bell**"), and Sitel Services Canada in order to discuss the CCAA proceedings and post-filing supply arrangements. The Monitor has been present during material discussions and has been involved in all material correspondence with such suppliers since the commencement of the CCAA proceedings.

11. At the date of swearing this Affidavit, arrangements have either been reached, or are being finalized, with the Mobilicity Group's major suppliers, which will ensure undisrupted supplies of goods and services during the CCAA proceedings.

12. Since the commencement of the CCAA proceedings, the subscriber base of the Mobilicity Group has remained relatively stable with only minimal customer attrition. In the 10 business days following September 30, 2013, the Mobilicity Group has recorded a net customer loss of only 942 subscribers.

13. The Mobilicity Group now expects to end October with over 180,000 active customers. [2]

14. Mobile device orders have been placed with Ingram such that the supply to dealers of product for their customers has restarted with the view to continuing to attract new customers and upgrade existing customers.

15. Since the issuance of the Initial Order, the Applicants have operated within their cash flow forecast (as previously filed with the Court in my Initial Order Affidavit) and honoured their post-filing commitments as they became due.

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[2] This figure would exceed 210,000 if inactive subscribers were included.

Restructuring Steps

16. The Applicants are currently reviewing their contractual arrangements and consulting with the Monitor to determine whether negotiation of amendments to any contracts, or disclaimers, are appropriate in the circumstances.

17. The Applicants have already approached some suppliers about adapting their service offerings to the levels that the Applicants now require. The Monitor has been involved in a number of these discussions.

Proposed Transaction

18. Since the issuance of the Initial Order, I have continued to have business discussions with senior management of the potential acquirer in the Proposed Transaction. There have been further due diligence requests that the Mobilicity Group and its counsel, Norton Rose Fulbright Canada LLP, have responded to and there have been further exchanges of information and documentation.

19. Since the issuance of the Initial Order, I have communicated on numerous occasions with Industry Canada to keep Industry Canada apprised of the circumstances of the Mobilicity Group, including the implications of the Initial Order and these CCAA proceedings, and to provide information to ensure that Industry Canada has the relevant and required information to review the Proposed Transaction under the *Framework Relating to Transfers, Divisions and Subordinate Licensing of Spectrum Licenses for Commercial Mobile Spectrum DGSO-002-13* (the "**Framework**"). It is clear from discussions with Industry Canada that Industry Canada is actively reviewing the Mobilicity Group's Proposed Transaction request.

20. While the Mobilicity Group awaits a response from Industry Canada with respect to the review of the Proposed Transaction under the Framework, counsel for the Mobilicity

Group and counsel to the potential acquirer have continued to develop definitive documentation that will be required to consummate the Proposed Transaction following a positive response from Industry Canada.

Request for a Stay Extension

21. The Applicants require more time to pursue the Proposed Transaction, and, if Industry Canada's approval is obtained, to complete the necessary documentation to finalize the Proposed Transaction, subject to this Court's approval.

22. It is possible that the Proposed Transaction may need to be modified in order to meet the requirements of Industry Canada and the Framework. Additional time would be required for discussion and negotiation with the potential acquirer in connection with any potential conditions that may be imposed by Industry Canada.

23. As such, the Applicants are requesting an extension of the Stay Period to and including December 20, 2013 (the "**Stay Extension**").

24. The Applicants, with the assistance of the Monitor, have prepared updated cash flow projections for the period between the week ending October 18, 2013 and the week ending January 10, 2014 (the "**Updated Cash Flow Statement**"), which corresponds to the proposed Stay Extension period. I understand that the Updated Cash Flow Statement will be attached as an appendix to the Monitor's first report to be served in connection with this motion.

25. The Updated Cash Flow Statement shows that the Applicants have sufficient resources, including access to the DIP loan facility, during the proposed Stay Extension period, to meet their post-filing obligations during that same period.

26. Since the issuance of the Initial Order, the Applicants have worked in good faith and with due diligence in the pursuit of the Proposed Transaction and of their restructuring efforts.

27. The Stay Extension is required in order to maintain stability in the Applicants' business and operations, and to pursue the Proposed Transaction.

28. I am advised that the Monitor, the Ad Hoc Committee of Noteholders, the DIP Lenders, the Bridge Lenders and Quadrangle all support the Stay Extension.

<u>THE CATALYST MOTION</u>

29. The Mobilicity Group does not believe that the relief sought by Catalyst on its motion is appropriate or necessary in the circumstances. In particular, the Mobilicity Group believes:

(a) that the process that the board of directors of the Mobilicity Group undertook, with the advice of financial and legal advisors, to evaluate DIP financing proposals was comprehensive and fair and took into account the interests of the Mobilicity Group's stakeholders;

(b) that the creation of a Wireless Creditors' Committee would be unnecessary, disruptive and destabilizing; and

(c) that the relief sought in relation to the Ad Hoc Committee of Noteholders and the Bridge Lenders would be destabilizing and would disregard the value that such creditors have provided and continue to provide to the Mobilicity Group's restructuring process.

DIP Financing Solicitation

30. The Initial Order approved a DIP Note Purchase and Guarantee Agreement (the "**DIP Loan Agreement**") entered into between the Mobilicity Group and certain holders of 15.5% Second Lien Secured Notes issued by Wireless (the "**DIP Lenders**").

31. The DIP Loan Agreement provides for DIP financing in five tranches in an aggregate amount of up to $30 million. The charge securing the DIP financing ranks behind the 9.5% First Lien Senior Secured Notes (the "**First Lien Notes**") issued by Wireless. The DIP financing ranks *pari passu* with the Bridge Notes.

32. The DIP financing proposal accepted by the Mobilicity Group differs materially from any proposals that Catalyst has provided to date.

33. The DIP financing is essential not only because of the funding provided thereunder but also because it demonstrates that the Mobilicity Group continues to be a stable enterprise with adequate funding to operate. This stability is particularly important in an industry where the Mobilicity Group's subscribers depend upon continuous service without interruption and where those subscribers could move their wireless services to one of the Mobilicity Group's competitors as they are not bound by long term contracts.

34. The existing DIP Loan Agreement is supported by creditors collectively holding approximately $444 million (84%) of the Mobilicity Group's total outstanding debt.

(i) Mobilicity Group's Extensive DIP Review Process

35. In determining to enter into, and seek court approval of, the DIP Loan Agreement, the board of directors of the Mobilicity Group undertook a thorough process to evaluate DIP

financing alternatives available to it on the basis of, among other things: quantum, conditions, price, timing, ranking and execution risk.

36. Since January of 2013, the Mobilicity Group's financial advisors have had discussions with an extensive group of parties that those financial advisors believed may be interested in extending DIP financing to the Mobilicity Group. Those discussions generated DIP financing proposals or expressions of interest from not less than seven well known financing providers. Attached hereto as Confidential Exhibit "B" is the list of parties that provided DIP financing proposals or expressions of interest. These parties provided proposals on the understanding that their identities would not be publicly disclosed unless ultimately selected as the DIP lender to the Mobilicity Group.

37. With the exception of the proposals from Catalyst and from the DIP Lenders, all of the potential DIP financing proposals would have provided financing only on a priming first-priority basis.

38. The Mobilicity Group's board of directors, with legal and financial advice, exercised its business judgment to determine that it could not move forward with a DIP financing proposal that would either rank ahead of the First Lien Notes or *pari passu* with the First Lien Notes. The Mobilicity Group's board of directors was of the view that the existing holders of First Lien Notes (the "**First Lien Noteholders**"), substantially all of which are represented by Catalyst and the Ad Hoc Committee of Noteholders, would both have resisted such a proposal. In particular, counsel to the Ad Hoc Committee of Noteholders had advised the Mobilicity Group that it would oppose any priming first lien DIP financing. Similarly, in an Affidavit sworn on February 26, 2013, Gabriel De Alba, Managing Director and Partner of Catalyst, described the possibility of super-priority debtor-in-possession financing as a

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concern. Mr. De Alba stated that such financing would be "to the direct economic prejudice of Senior Note Holders".

39. Based upon the above information, the Mobilicity Group's board of directors concluded that it would not be appropriate to pursue DIP financing ranking ahead of, or *pari passu* with, the First Lien Notes and that, in any event, such financing would have excessive execution risk.

40. The practical impediments to implementation of DIP financing ranking ahead of, or *pari passu* with, the First Lien Notes left the Mobilicity Group with only two potential DIP financing sources: Catalyst and the DIP Lenders. No other party was willing to provide DIP financing in a subordinate position.

41. Each of the DIP Lenders and Catalyst were provided with several opportunities to present DIP financing proposals to the Mobilicity Group, and each did provide such proposals.

(ii) DIP Financing Proposals From Catalyst

42. During the period from December 27, 2012 until the date of the Initial Order, Catalyst provided not less than five documented DIP financing proposals to the Mobilicity Group (the "**Catalyst Proposals**"). Copies of certain of the term sheets describing the Catalyst Proposals are attached hereto as Exhibits "C" through "E".[3]

43. The first two Catalyst Proposals can be summarized as follows:

(a) December 28, 2012: A $200 million revolving commitment was offered for a 12 month term. Interest would be payable at a floating rate with a minimum

[3] Two of the Catalyst DIP financing proposals are excluded from this affidavit as they were provided on an agreed upon confidential and "without prejudice" basis.

rate of 10%. Each draw under the facility would be subject to a "draw down fee" of 2%. A "commitment fee" of $3 million would be payable on signing. An early payment premium equal to 12 months interest on drawn amounts would be charged in the event that the DIP facility was pre-paid prior to the end of the term. This would have been a priming first lien facility.

(b) June 6, 2013: A $100 million revolving commitment was offered for a 12 month term. Costs of this facility were substantially the same as the December 28, 2012 proposal, but adjusted proportionally for the reduced size of the facility. Again, an early payment premium equal to 12 months interest on drawn amounts would be charged in the event that the DIP facility was pre-paid prior to the end of the term. This financing would rank senior to the Bridge Notes. This proposal was open to acceptance for one day until June 7, 2013.

44. Neither of these facilities was acceptable to the Mobilicity Group. They did not meet the Mobilicity Group's needs, primarily in terms of their excessive quantum, they were not definitive and were subject to detailed documentation with execution risk.

45. The Mobilicity Group did not believe that a DIP facility of the size proposed by Catalyst, and having the fees associated therewith, were warranted in the circumstances. These DIP facilities proposed by Catalyst would have represented a substantial restructuring of the balance sheet and would have placed the Mobilicity Group in a position of unacceptable vulnerability to a single creditor that, as discussed below, appears to be interested in taking a more active role in the Canadian wireless telecommunications sector.

46. On August 6, 2013, Jim Riley, Managing Director and Partner of Catalyst, wrote to me and suggested that a meeting be held at an early date for me to bring Catalyst up to date regarding the Mobilicity Group's financial circumstances. A copy of that letter is attached hereto as Exhibit "F".

47. I responded to Mr. Riley's letter by email on August 8, 2013. In that email I suggested a meeting with Catalyst on August 16th. I also suggested that it would be helpful if Catalyst was able to come to the meeting with a proposed business solution for the Mobilicity Group's consideration. A copy of my email is attached hereto as Exhibit "G"

48. Mr. Riley responded to my August 8, 2013 email on the same date suggesting that any discussion of a business solution commence with a review of Catalyst's December 28th and June 6th term sheets. The Mobilicity Group reconsidered those term sheets and again concluded that neither was acceptable to the Mobilicity Group. A copy of Mr. Riley's email is attached hereto as Exhibit "H".

49. No meeting with Mr. Riley ensued. Rather than meeting with Mr. Riley on August 16, 2013, I attended a five-hour cross-examination requested by Catalyst's counsel in connection with Catalyst's ongoing oppression application against the Mobilicity Group.

50. On August 28, 2013, a letter was received from David Moore, as counsel to Catalyst, in which Mr. Moore stated "Catalyst repeats its earlier willingness to discuss the term sheet provided some time ago and other options, and requests a meeting as soon as possible for this purpose." A copy of Mr. Moore's letter is attached hereto as Exhibit "I".

51. Marc Kestenberg of Norton Rose Fulbright Canada LLP, counsel to the Mobilicity Group, responded to Mr. Moore's letter on August 29, 2013. Mr. Kestenberg wrote that:

> The Mobilicity Group is always open to consider reasonable and executable financing offers. As you know, all previous offers provided by Catalyst Capital Group Inc. ("Catalyst") were not acceptable to the Mobilicity Group.
>
> If Catalyst is prepared to make a materially different financing proposal with materially different terms, we would be pleased to provide that proposal to the Board of Directors for its consideration.

 18

> As you know, time is of the essence. If Catalyst is interested in making any further proposals, we look forward to hearing from your client.

A copy of Mr. Kestenberg's letter is attached hereto as Exhibit "J".

52. On August 31, 2013, Mr. Kestenberg wrote to Mr. Moore by email stating:

> Further to my letter dated August 29, 2013, if Catalyst is in fact prepared to offer financing, we would request that it provide new term sheets contemplating financing both inside and outside of a court process. Time is of the essence and we look forward to your reply, if any, by Tuesday noon.

A copy of Mr. Kestenberg's email is attached hereto as Exhibit "K".

53. On September 2, 2013, Mr. Moore responded to Mr. Kestenberg's email by letter suggesting that:

> a confidential, off the record, meeting take place forthwith between representatives of [Catalyst and the Mobilicity Group], so that Catalyst can make appropriate inquiries regarding Mobilicity's current business issues and plans and its financing needs, and so that Mobilicity can explain what issues it has with Catalyst's recent financing proposals in light of those issues and plans.

A copy of Mr. Moore's email is attached hereto as Exhibit "L".

54. Mr. Kestenberg responded by email on September 3, 2013 inviting Mr. Riley to contact Mr. Aziz to discuss financing proposals that Catalyst may wish to offer. Mr. Kestenberg confirmed that such discussions would be without prejudice. A copy of that response is attached hereto as Exhibit "M".

55. Without prejudice discussions commenced between Catalyst and the Mobilicity Group regarding the terms of a possible DIP financing arrangement. In order to facilitate the exchange of confidential information with Catalyst regarding the Mobilicity Group's business, the Mobilicity Group requested that Catalyst execute a side letter to their existing non-disclosure agreement. An email from Michael Levin, of Canaccord Genuity, one of the Mobilicity Group's financial advisors, to Catalyst communicating this request on September

6, 2013, as well as a copy of the proposed side letter, is attached hereto as Exhibit "N". No response to this request was received from Catalyst.

56. I am informed by Mr. Levin that term sheets and other DIP financing matters were discussed between Canaccord Genuity and Catalyst during the period from September 5, 2013 until September 18, 2013.

57. Discussions with Catalyst broke down on September 18, 2013. I am advised by Barry Goldberg, of Canaccord Genuity, that on that date Mr. De Alba informed Mr. Goldberg by telephone that Catalyst would seek to commence insolvency proceedings against the Mobilicity Group if an agreement on the Catalyst DIP financing proposal could not be reached. No such resolution was reached.

58. Attached at Exhibit "O" is a copy of a letter from Mr. Kestenberg to Mr. Moore, dated September 19, 2013, confirming the substance of Mr. De Alba's discussion with Mr. Goldberg.

59. Although Mr. Moore responded on September 19, 2013 by asserting that the facts contained in Mr. Kestenberg's letter were inaccurate, that evening at approximately 8:30 pm, Catalyst delivered an unissued application for a "creditor sponsored" CCAA proceeding returnable the next day. This application provided a copy of Catalyst's final DIP financing proposal. A copy of that final DIP financing proposal is attached hereto. Notably, this proposal would see Catalyst receive (i) a \$3 million commitment fee, (ii) interest at a minimum rate of 13%, (iii) a drawdown fee of 3%, and (iv) back-stop fees of approximately \$22 million. I am advised by Michael Levin that this financing proposal would be materially more expensive than the DIP Lenders' proposal. The \$22 million "back-stop fee" payable to Catalyst is approximately equal to Catalyst's share of a purported "make-whole" payment on

the First Lien Notes, which the Mobilicity Group does not believe is payable in the circumstances.

60. The Mobilicity Group considered this final term sheet with the assistance of its financial and legal advisors and concluded that:

(a) the term sheet was described as a "summary of certain indicative terms" and stated that the definitive documentation would "contain such terms, conditions and provisions as are customary for financings of this type or deemed appropriate by Catalyst." The term sheet did not provide definitive terms of the Catalyst debtor-in-possession financing proposal.

(b) the quantum of the debtor-in-possession financing proposal, at $100 million, was more than the Mobilicity Group required to seek to implement a restructuring or a sale.

(c) the covenants and approval rights described in the term sheet provided Catalyst with extensive control over the actions of the Mobilicity Group, which Catalyst does not currently have as a holder of First Lien Notes.

(d) the Catalyst financing terms would give Catalyst the ability to block a potential sale transaction or a plan that may otherwise have the support of the requisite majority of current noteholders. The general concern that arises from this negative covenant is heightened by the fact that Catalyst has paid a deposit in order to participate in Industry Canada's upcoming auction for 700 MHz spectrum. Its own interest in establishing itself as an operator in the wireless space would pose a significant conflict of interest where the Mobilicity Group has opportunities to sell to another, possibly competing, buyer.

(iii) Conclusions On DIP Financing Review

61. In summary, the board of directors of the Mobilicity Group, with the assistance of its financial and legal advisors, has run an extensive process and concluded that the DIP financing provided by the DIP Lenders is the best available option in the circumstances. It has determined that no super-priority DIP financing could be implemented without unacceptable execution risk if it did not have the consent of the First Lien Noteholders. It has determined, based upon a review of Catalyst's several DIP financing term sheets that none of those options were acceptable or superior to the DIP financing proposed by the DIP Lenders on the basis of, among other things, quantum, timing, conditions, price, ranking or execution risk. The board has made these determinations with the extensive involvement of its financial and legal advisors and the exercise of its business judgment. I believe that the Mobilicity Group acted reasonably, prudently and fairly in reaching its conclusions with respect to the DIP financing.

62. The DIP Loan Agreement has the support of not less than 84% of the total outstanding debt of the Mobilicity Group.

63. The board of directors of the Mobilicity Group considered the interests of all parties and the fairness of the DIP process prior to making its determination to enter into the DIP Loan Agreement. It would be a distraction to the Mobilicity Group to re-open the DIP financing review process at this stage and doing so would undermine the stability provided by the existing DIP financing that has been approved by the Court.

Wireless Creditors' Committee

64. While the precise mandate of the Wireless Creditors' Committee is unclear, it appears from the relief sought by Catalyst that they see the Wireless Creditors' Committee as a form

of governing body for Wireless only. In particular, Catalyst believes certain indemnities and charges should be granted in favour of the Wireless Creditors' Committee similar to those currently available to the directors and officers of the Mobilicity Group under the Initial Order, presumably because that committee would be acting in some form of corporate governance capacity.

65. I do not believe that the Wireless creditors have any unique interests that need to be protected by a committee in the current circumstances.

66. Goodmans LLP acts for the extensive Ad Hoc Committee of Noteholders and Catalyst is represented by Fasken Martineau DuMoulin LLP and Bellmore & Moore.

67. The Mobilicity Group believes there is no added need to strike a committee and pay additional professional fees and indemnities when such a committee is not needed or supported by the majority of its stakeholders.

68. Mr. Riley makes a number of inaccurate and incorrect factual statements and assumptions in his affidavit sworn October 9, 2013 (the "**Riley Affidavit**").

69. The concerns raised in the Riley Affidavit in support of a Wireless Creditors' Committee are inconsistent with the facts in the current circumstances, in particular:

(a) The aggregate obligations of Wireless are far less than $445 million. Catalyst's $445 million figure contains a number of claimed obligations that are not supported by the facts. First, the Mobilicity Group does not believe that the "make-whole" premium on the First Lien Notes (now valued by Catalyst at $66.5 million) is payable in the current circumstances. Second, Wireless does not owe unsecured obligations to unrelated third parties in the amount of $80.5 million, as suggested by Mr. Riley. The Mobilicity Group creditors list, which is available on the Monitor's website, shows unsecured claims of approximately $18.7 million.

(b) The Proposed Transaction would pay in full all of the obligations which are properly due and payable under the First Lien Notes and preserve any First Lien Noteholder's right to argue for an entitlement to a "make-whole" premium. This is consistent with the indications of value of the Mobilicity Group's assets received from other potential transactions.

(c) The Mobilicity Group's goal is to seek to maximize value for all stakeholders.

(d) The Mobilicity Group has not received any offers suggesting that an acquisition of the Wireless assets alone, rather than the Mobilicity Group as a whole, would be desirable. No transaction that would repay the First Lien Notes through a sale of only the Wireless assets, without providing residual value to other security holders, has been proposed to the Mobilicity Group to date. To date, potential purchasers have looked at purchases of the Mobilicity Group as a whole.

(e) Contrary to Mr. Riley's assertions, the Mobilicity Group has no information to suggest that its assets, and in particular its spectrum licenses, are deteriorating in value.

70. Creditors holding $444 million (or 84%) of the Mobilicity Group's debt have been working with the Mobilicity Group to find solutions in connection with its restructuring efforts.

71. The Mobilicity Group has also worked productively with its trade creditors since the date of the Initial Order. In particular, the Mobilicity Group has held meetings or discussions

with Ericsson, Amdocs, Bell, Rogers, and Ingram on multiple occasions and is working positively toward go-forward arrangements acceptable to those parties.

72. It appears that the only party suggesting a need for a Wireless Creditors' Committee, with significant governance control over the Mobilicity Group, is Catalyst.

Ad Hoc Committee Matters

73. The Initial Order granted an administration charge to cover fees and disbursements of the Monitor and its counsel, counsel to the Mobilicity Group, counsel to the DIP Lenders and counsel to the Ad Hoc Committee of Noteholders. Counsel to the DIP Lenders is also counsel to the Ad Hoc Committee of Noteholders, which includes the holders of First Lien Notes, other than Catalyst, and the holders of the Bridge Notes.

74. The Ad Hoc Committee of Noteholders has been working with the Mobilicity Group in a supportive capacity in an attempt to find solutions with the Mobilicity Group, including providing the funding under the Bridge Notes in February 2013 that was necessary for the continued operation of the Mobilicity Group's business.

75. The administration charge is subordinate to the obligations under the First Lien Notes and was supported by the Monitor. The Mobilicity Group continues to believe that it is both necessary and appropriate to pay the fees and expenses of the Ad Hoc Committee of Noteholders and to include that group in the administration charge.

OPPRESSION APPLICATION

76. On September 30, 2013, Justice Newbould granted an Initial Order which, among other things, stayed all proceedings against the Mobilicity Group, including the Catalyst oppression application. The stay provision is not the subject of Catalyst's motion.

Nonetheless, in Mr. Riley's Affidavit, he attempts to summarize the history of Catalyst's oppression application.

77. I do not believe it to be in the spirit of the Initial Order nor relevant to the issues raised on Catalyst's motion to address each issue raised by Mr. Riley in this response.

78. That said, in order to ensure that the Court has a complete record from the Catalyst oppression application and the CBCA proceedings, I attach to this Affidavit the Affidavits that I previously swore on April 24, 2013, May 2, 2013, May 24, 2013, May 27, 2013 and July 19, 2013 (each without exhibits) as Exhibits "P", "Q", "R", "S" and "T", respectively.

79. In addition, in paragraphs 13-15 of Mr. Riley's Affidavit, Mr. Riley specifically suggests that I withheld relevant information concerning the approval of the TELUS Acquisition Plan from this Court in my September 29, 2013 Affidavit. I disagree for the reasons that follow.

80. Mr. Riley argues that on Catalyst's demands, the draft Order approving the TELUS Acquisition Plan was amended by the Mobilicity Group to contain provisions which "***created***" a fund of $71 million (less certain fees) to be set aside from the TELUS sale proceeds in respect of the claimed First Lien Notes make-whole premium[4]. Mr. Riley suggests that it was Catalyst's intervention which created this fund. That is not correct.

81. The TELUS Acquisition Plan always provided a mechanism for this $71 million fund to be placed in escrow in the event that the parties needed to litigate the issue over whether or not any such payment was owing under the terms of the First Lien Note Indenture. For example, in my May 27, 2013 Affidavit, I confirmed that the Senior Noteholder Payment Election (the "**SNPE**") had been exercised. Once exercised, the SNPE provided for the $71

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[4] At May 27, 2013, the value of the "make-whole" was estimated to be $71 million. That estimate is subject to change based upon the time at which any "make-whole" payment (if any) is expected be paid.

million fund to be placed in escrow on closing of the TELUS Acquisition Plan, so as to allow the parties to litigate that entitlement post-closing of the TELUS Acquisition Plan, if necessary.

82. The TELUS Acquisition Plan was approved by the Court at an approval hearing held on May 28, 2013. Catalyst did not object to the approval of the TELUS Acquisition Plan at that hearing.

CONCLUSIONS

83. On its motion, the Mobilicity Group seeks a stay extension so that it can continue to work productively to pursue the finalization of the Proposed Transaction.

84. The Mobilicity Group should be permitted to move forward without further distraction to achieve this goal.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on October 16, 2013. Commissioner for Taking Affidavits EVAN COBB	WILLIAM E. AZIZ

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

Court File No: ____________________

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 8445022 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC. AND DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn October 16, 2013)

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Lawyers for the Applicants

EXHIBIT “A”

Mobilicity pursues additional restructuring alternatives in the context of CCAA protection

Business as usual for wireless customers

Toronto, ON – September 30, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) announced today that it applied for and received protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"), an order (the "Initial Order") from the Ontario Superior Court of Justice (the "Court"). CCAA protection will allow Mobilicity the necessary time and financing to advance and complete a going-concern transaction, which is before Industry Canada for its review and approval. Mobilicity believes that the proposed transaction is in the best interests of its stakeholders and hopes to advance the transaction in the near term.

It is business as usual for Mobilicity's wireless customers. There are no changes to Mobilicity's network and Mobilicity continues to honour prepayment plans for its customers. Phone service continues to work as it always has and Mobilicity's dealer network is open for business.

Pursuant to the Initial Order, Ernst & Young Inc. has been appointed as Monitor by the Court to assist the Company and its stakeholders. The Court also approved Mobilicity's debtor-in-possession ("DIP") financing from some of its existing noteholders, in a maximum amount of $30 million. Mobilicity continues to operate its business in the normal course and will provide updates on its progress as matters advance.

For more information, please visit www.mobilicity.ca/investorrelations or www.ey.com/ca/mobilicity. Creditors can contact the Monitor by email at mobilicity.monitor@ca.ey.com or by phone at 1-855-287-4005.

About Mobilicity (DAVE Wireless):

Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications at 416-649-8006

This is Exhibit A referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

CONFIDENTIAL EXHIBIT "B"

(INTENTIONALLY OMITTED)

EXHIBIT “C”

This is Exhibit C referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Confidential
The Catalyst Capital Group Inc.
December 28, 2012

Up to C$200,000,000 Senior Secured DIP Facility (the "Facility")

Summary of Terms and Conditions

*Set forth below is a summary of certain indicative terms of the Senior Secured DIP Facility. The arrangement and commitment of The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("**Catalyst**") to finance the Facility is conditioned upon, among other things, negotiation, execution and delivery of definitive documentation including without limitation a loan agreement, a security agreement and other agreements and documents deemed necessary or appropriate by Catalyst (collectively the "**Facility Financing Documents**"), in form and substance satisfactory to Catalyst and its outside legal counsel, which will contain such terms, conditions and provisions as are customary for financings of this type or deemed appropriate by Catalyst for this transaction in particular.*

Borrower........ Data & Audio Visual Enterprises Wireless Inc. (the "**Opco**")

Guarantors........ Data & Audio Visual Enterprises Holdings Inc. (the "Company"), all existing and future subsidiaries

Lender........ The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("**Catalyst**")

Agent........ Catalyst or its designated affiliate

Ranking........ Super Priority Senior Secured

Security Interest........ Super Priority security interest in all assets of the Borrower and Guarantors

Principal........ C$200.0 million Revolver Commitment, drawdown schedule to be agreed upon by the Company and Catalyst based on Management Projection Materials.

Maturity........ Up to 12 months. Maturity to be agreed upon by Catalyst and the Company.

Rate........ L + 800

LIBOR Floor........ 2.00%

Commitment Fee........ 1.50%

Drawdown Fee........ 2.00%

Documentation........ Definitive documentation for the New DIP Facility to be approved by the Catalyst. Target closing date of January 7th, 2013 for definitive documentation.

Mandatory Prepayment........ The Principal payment of the New DIP Facility will be due in full at Maturity.

The Borrower will redeem at par plus accrued interest and fees to the date of redemption, plus the applicable Prepayment Premium referred to below, with: (a) the net after-tax cash proceeds received by the Borrower or any of its subsidiaries from any permitted sale or other disposition of assets, (b) all net insurance proceeds or other awards payable in connection with the loss, destruction or condemnation of any assets of the Borrower or any of its subsidiaries, and (c) the net proceeds of any additional issuance of debt, securities, commercial bank facilities or equity by the Borrower or the Guarantors.

Optional Prepayment........ The Facility may be redeemed in full, at the option of the Borrower at any time after the Closing Date, upon at least 30 but not more than 60 days' prior written notice at a price equal to 100% of the principal amount thereof, plus accrued interest and fees to the date of prepayment, plus the amount of interest that would have accrued on the prepaid amount of principal over the following twelve months ("**Prepayment Premium**").

Financial Covenants........ The Facility Financing Documents will contain financial covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to

- Minimum Cash Balance

- Maximum Capital Expenditures
- Minimum weekly variance levels to rolling 13 week cash flow projections

Covenant levels established off Management Projections Materials with 5% cushion.

Negative Covenants.. The Facility Financing Documents will contain negative covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to prohibitions on dividends or other distributions, liens, investments, asset sales and other debt where applicable.

Affirmative Covenants.................................... The Facility Financing Documents will contain affirmative covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to:

- Maintenance of corporate existence.
- Maintenance of insurance.
- Maintenance of property and assets.
- Maintenance of all required permits and licenses.
- Compliance with all laws, regulations and contracts.
- Payment of taxes and other obligations.
- Provision of compliance certificates.
- Provision of notice of any defaults or events of default.
- Provision of inspection rights and access to management, legal counsel, accountants, consultants and any other professionals utilized by the Borrower, the Guarantors and their respective affiliates and subsidiaries.

Reporting Requirements............................... Weekly

Subordination.. Subordination provisions usual and customary for transactions of this type on terms reasonably satisfactory to Catalyst.

Representations... Usual and customary

Events of Default.. Usual and customary

EXHIBIT “D”

This is Exhibit.....D.....referred to in the affidavit of....William Aziz.... sworn before me, this.....16th..... day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Confidential
The Catalyst Capital Group Inc.
June 6, 2013

DIP Summary of Terms and Conditions

Up to C$100,000,000 Senior Secured DIP Facility (the "DIP Facility")

*Set forth below is a summary of certain indicative terms of the Senior Secured DIP Facility. The arrangement and commitment of The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("**Catalyst**") to finance the DIP Facility is conditioned upon, among other things, negotiation, execution and delivery of definitive documentation including without limitation a loan agreement, a security agreement and other agreements and documents deemed necessary or appropriate by Catalyst (collectively the "**DIP Facility Financing Documents**"), in form and substance satisfactory to Catalyst and its outside legal counsel, which will contain such terms, conditions and provisions as are customary for financings of this type or deemed appropriate by Catalyst for this transaction in particular.*

Borrower	Data & Audio-Visual Enterprises Wireless Inc. (the "**Opco**")
Guarantors	Data & Audio-Visual Enterprises Holdings Inc. (the "**Company**"), all existing and future subsidiaries
Lender	The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("**Catalyst**")
Agent	Catalyst or its designated affiliate
Ranking	2nd Lien Senior Secured
Security Interest	2nd Lien security interest in all assets of the Borrower and Guarantors
Principal	Up to C$100.0 million Revolver Commitment, drawdown schedule to be agreed upon by the Company and Catalyst based on Management Projection Materials.
Maturity	Up to 12 months. Maturity to be agreed upon by Catalyst and the Company.
Rate	L + 800
LIBOR Floor	2.00%
Commitment Fee	1.50%
Drawdown Fee	2.00%
Documentation	Definitive DIP Facility Financing Documents for the DIP Facility to be approved by Catalyst. Target closing date of June 21st, 2013 for definitive documentation.
Mandatory Prepayment	The Principal payment of the New DIP Facility will be due in full at Maturity. The Borrower will redeem at par plus accrued interest and fees to the date of redemption, plus the applicable Prepayment Premium referred to below, with: (a) the net after-tax cash proceeds received by the Borrower or any of its subsidiaries from any permitted sale or other disposition of assets, (b) all net insurance proceeds or other awards payable in connection with the loss, destruction or condemnation of any assets of the Borrower or any of its subsidiaries not utilized within 6 months to replace or repair such assets, and (c) the net proceeds of any additional issuance of debt, securities, commercial bank facilities or equity by the Borrower or the Guarantors.
Optional Prepayment	The DIP Facility may be redeemed in full, at the option of the Borrower at any time after the closing date, upon at least 30 but not more than 60 days' prior written notice at a price equal to 100% of the principal amount thereof, plus accrued interest and fees to the date of prepayment, plus the amount of interest that would have accrued on the prepaid amount of principal over the following twelve months ("**Prepayment Premium**").
Financial Covenants	The DIP Facility Financing Documents will contain financial covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to ▪ Minimum Cash Balance ▪ Maximum Capital Expenditures ▪ Minimum weekly variance levels to rolling 13 week cash flow projections

Covenant levels established off Management Projections Materials with 5% cushion.

Negative Covenants................................ The DIP Facility Financing Documents will contain negative covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to prohibitions on dividends or other distributions, liens, investments, asset sales and other debt where applicable.

Affirmative Covenants........................... The DIP Facility Financing Documents will contain affirmative covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to:

- Maintenance of corporate existence.
- Maintenance of insurance.
- Maintenance of property and assets.
- Maintenance of all required permits and licenses.
- Compliance with all laws, regulations and contracts.
- Payment of taxes and other obligations.
- Provision of compliance certificates.
- Provision of notice of any defaults or events of default.
- Provision of inspection rights and access to management, legal counsel, accountants, consultants and any other professionals utilized by the Borrower, the Guarantors and their respective affiliates and subsidiaries.

Reporting Requirements .... Weekly

Subordination... Subordination provisions usual and customary for transactions of this type on terms reasonably satisfactory to Catalyst.

Representations...................................... Usual and customary

Events of Default.................................... Usual and customary

Conditions...

1. New financing notes provided to the Company and Opco on February 6th, 2013 are postponed, contractually and structurally subordinated to the DIP Facility.
2. Either amendment of all Support Agreements already executed by stakeholders of the Company or Opco, including by current holders of 1st Lien Claims, Senior Unsecured claims, Senior Subordinated Claims and Existing Equity Interests to offer support to transactions contemplated by this Commitment Letter or cancellation of said Support Agreements
3. There shall be no additional issuance of debt, securities or commercial bank facilities by the Company, Opco or any of their respective subsidiaries being offered, placed or arranged except with the written consent of Catalyst (which consent shall only be forthcoming if all fees referred to herein and otherwise payable on closing or drawdown are paid immediately upon any commitment being accepted in relation to such debt, securities or bank facilities)
4. Execution and delivery of definitive documentation with respect to the New Investment in a form acceptable to Catalyst that contains terms and conditions consistent with those set out herein and the satisfaction or waiver of all conditions precedent contained in such definitive documentation
5. The commitment of Catalyst hereunder is also subject to the conditions that, as of the financial close (being the date upon which the definitive documentation is signed by Catalyst), there will have occurred as determined by Catalyst in its sole discretion no event or events of whatever nature, foreseeable or unforeseeable, that could reasonably be expected to have a material adverse effect, individually or in the aggregate, on (a) the business, financial condition or prospects, short or long-term, of the Company, Opco, or any of their subsidiaries or (b) the industry in which the Company, Opco, or any of their subsidiaries operate, or (c) domestic or international debt or capital markets

Expiration of Term Sheet...................... June 7th, 2013 at 12pm.EST

EXHIBIT “E”

This is Exhibit E referred to in the affidavit of William Aziz sworn before me, this 16th day of October 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Confidential
The Catalyst Capital Group Inc.
September 19, 2013

DIP Summary of Terms and Conditions
Up to C$100,000,000 Senior Secured DIP Facility (the "DIP Facility")

*Set forth below is a summary of certain indicative terms of the Senior Secured DIP Facility. The arrangement and commitment of The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("**Catalyst**") to finance the DIP Facility is conditioned upon, among other things, negotiation, execution and delivery of definitive documentation including without limitation a loan agreement, a security agreement and other agreements and documents deemed necessary or appropriate by Catalyst (collectively the "**DIP Facility Financing Documents**"), in form and substance satisfactory to Catalyst and its outside legal counsel, which will contain such terms, conditions and provisions as are customary for financings of this type or deemed appropriate by Catalyst for this transaction in particular.*

Borrower	Data & Audio-Visual Enterprises Wireless Inc. (the "**Opco**")
Guarantors	Data & Audio-Visual Enterprises Holdings Inc. (the "**Company**"), all existing and future subsidiaries
Lender	All existing holders of 9.5% 1st Lien Senior Secured Notes due April 29th, 2018 ("**1st Lien Notes**") will be given the option to participate in a 50% commitment allocation of the DIP Facility on a prorate basis for their current holdings. Catalyst will backstop the entire DIP Facility and will be guaranteed a minimum allocation of 50% of the DIP Facility.
Agent	Catalyst or its designated affiliate
Security Interest	1st ranking security on all present and future property and assets of all Guarantors and security on all present and future property and assets of the Borrower with a ranking acceptable to Catalyst, in its sole discretion
Principal	Up to C$100 million Revolver Commitment, drawdown schedule to be agreed upon by the Company and Catalyst based on Management Projection Materials.
Use of Proceeds	Operational expenses in accordance with a rolling 13 week budget to be approved by Catalyst acting reasonably which budget may include reasonable CCAA costs of the Company and Opco
Maturity	6 months with two options to extend term for a period of three months each (i.e. total term of up to 12 months if both extension options are utilized)
Rate	CDOR + 10.00%
CDOR Floor	3.00%
Commitment Fee	3.00%
Drawdown Fee	3.00%
Expenses	The Borrower and Guarantors will reimburse Catalyst from time to time on demand for all reasonable out-of-pocket fees, syndication expenses and other expenses (including, but not limited to, the reasonable fees, disbursements and other charges of Catalyst's outside counsel, and professional fees of consultants, local counsel and other experts) incurred in connection with the DIP Facility, including the preparation of definitive documentation for the DIP Facility and other transactions contemplated hereby
Backstop	Pursuant to a backstop agreement in form and substance satisfactory to Catalyst ("**Backstop Agreement**"), Catalyst agrees to backstop the entire DIP Facility commitment in accordance with the provisions of the Term Sheet and Backstop Agreement. Catalyst will be guaranteed a minimum allocation of 50% of the DIP Facility.
Backstop Fee	C$22 million
Documentation	Definitive DIP Facility Financing Documents for the DIP Facility to be approved by Catalyst. Target closing date of October 4th, 2013 for definitive documentation.

Mandatory Prepayment .... The Principal payment of the DIP Facility will be due in full at Maturity.

The Borrower will redeem at par plus accrued interest and fees to the date of redemption, plus the applicable Prepayment Premium referred to below, with: (a) the net after-tax cash proceeds received by the Borrower or any of its subsidiaries from any permitted sale or other disposition of assets, (b) all net insurance proceeds or other awards payable in connection with the loss, destruction or condemnation of any assets of the Borrower or any of its subsidiaries not utilized within 6 months to replace or repair such assets, and (c) the net proceeds of any additional issuance of debt, securities, commercial bank facilities or equity by the Borrower or the Guarantors.

Optional Prepayment............................. The DIP Facility may be redeemed in full, at the option of the Borrower at any time after the closing date, upon at least 30 but not more than 60 days' prior written notice at a price equal to 100% of the principal amount thereof, plus accrued interest and fees to the date of prepayment, plus the amount of interest that would have accrued on the prepaid amount of principal to maturity and through any extension thereof if applicable ("**Prepayment Premium**").

Financial Covenants............................... The DIP Facility Financing Documents will contain financial covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to

- Minimum Cash Balance
- Maximum Capital Expenditures
- Minimum weekly variance levels to rolling 13 week cash flow projections

Covenant levels established off Management Projections Materials with 10% cushion.

Negative Covenants................................ Usual for debtor-in-possession financings of this nature, including, without limitation, the following to be applicable to Opco and each Guarantor:

- limitation on incurring additional debt, guarantees and hedging arrangements;
- limitations on charges and liens;
- limitations on loans and investments;
- limitations on payment of principal, interest, fees or other amounts in respect of any indebtedness (other than under the DIP Facility);
- limitations on prepayments, redemptions and repurchases of debt (other than under the DIP Facility);
- limitations on capital expenditures;
- limitations on mergers, amalgamations, consolidations, reorganization or recapitalizations;
- limitations on acquisitions;
- limitations on asset sales, sale leaseback transactions, leases, transfers and other dispositions and transactions resulting in the change of ownership or control;
- limitations on dividends and other distributions on, and redemptions and repurchases of, equity interests and other restricted payments;
- limitations on issuance of additional equity;
- limitations on change of ownership and control;
- limitations on transactions with affiliates;
- limitations on advances and management bonuses or similar payments;
- limitations on changing its name and any changes to its organizational documents;
- limitations on actions which could reasonably be expected to have a material adverse effect;
- limitations on changes in business;

- limitations on pre-petition/pre-filing payments;
- limitations on modifications, stays, vacations or amendments to court orders;
- limitations on plans of arrangement, reorganization or liquation;
- limitations on right to settle claims and proceedings;
- limitations on entering into any credit facilities other than the DIP Facility; and
- limitations on amendments of debt and other material agreements.

Affirmative Covenants............................ Usual for debtor-in-possession financings of this nature, including, without limitation, the following to be applicable to Opco and each Guarantor:

- Comply with provisions of the court orders made in connection with the CCAA proceeding;
- use of proceeds;
- validity and enforceability of loan and security documents;
- maintenance of first priority security interests;
- maintenance of corporate existence and rights;
- performance of obligations;
- conduct all activities in accordance with cash flow projects and other provisions set out in the DIP Facility Financing Documents;
- delivery of cash flow reports and forecasts, monthly financial covenant compliance, financial statements and other information;
- delivery of all pleadings, motions, applications, judicial information, reports, financial information and other materials filed by or on behalf of Opco or any Guarantor or distributed to Opco or any Guarantor in connection with the CCAA proceeding;
- delivery of notices of litigation, tax or environmental events, default notices and material adverse change notices;
- access to Opco's chief restructuring officer, other advisors and senior management team
- maintenance of assets, properties and operations;
- maintenance of all licences, approvals, permits and consents;
- maintenance of satisfactory insurance;
- compliance with laws;
- access to and inspection of books, records and properties;
- payment of all DIP Facility related interest, expenses, fees and other costs;
- payment of taxes and other obligations; and
- further assurances.

Reporting Requirements........................ Weekly

Subordination... Subordination provisions usual and customary for transactions of this type on terms reasonably satisfactory to Catalyst.

Representations....................................... Usual for debtor-in-possession financings of this nature, including, without limitation, the following to be applicable to Opco and each Guarantor:

- corporate status, organization and power;
- due authorization, non-contravention and no imposition of non-permitted liens;
- legal, valid, binding and enforceable documentation;
- validity, priority and perfection of security;
- no approvals or consents;
- accuracy of financial statements;

- accuracy of information provided to the Lenders;
- no material adverse change;
- absence of undisclosed liabilities, litigation and investigations;
- no violation of agreements or instruments other than those caused by the commencement of the Companies' Creditors Arrangement Act ("CCAA") proceeding;
- compliance with laws;
- filing of tax returns and payment of taxes;
- ownership of or valid leasehold or other interest in properties and assets;
- licenses and permits;
- issued and outstanding equity;
- employment matters;
- insurance; and
- regulatory matters.

Events of Default.................................... Usual for debtor-in-possession financings of this nature, including, without limitation, the following to be applicable to Opco and each Guarantor:

- the initial order is not satisfactory in form and substance to the Lenders or the stay of proceedings or other provisions of the initial order expires without being extended;
- the CCAA proceeding shall be dismissed or terminated or converted to a proceeding under the Bankruptcy and Insolvency Act;
- the filing of an involuntary or voluntary liquidation or bankruptcy proceeding;
- the appointment of a receiver and manager, receiver, interim receiver or similar official;
- an examiner or monitor with enlarged powers is appointed in the CCAA proceeding;
- the entry of an order staying, reversing, vacating or otherwise modifying, in each case in a manner adverse to the Lenders and without the prior consent of the Lenders, the DIP Facility, the superpriority of the court ordered charge to secure the DIP Facility, the initial order or any other order;
- the filing of any pleading by Opco or any Guarantor seeking, or otherwise consenting to, any of the matters set forth above;
- the filing of a plan of arrangement or reorganization that does not provide for the indefeasible payment in full upon confirmation in cash of all obligations owed to the Lenders;
- the entry of an order charging any of the collateral under applicable law against the Lenders or the commencement of other actions adverse to the Lenders or their respective rights and remedies under the DIP Facility;
- the entry of an order granting relief from the automatic stay so as to allow a third party to proceed against any assets;
- existence of any claims, other than in respect of the DIP Facility and other than those claims that are to have priority over the DIP charge under the CCAA initial order, entitled to superpriority under applicable laws senior to or pari passu with the superpriority of the Lenders' claims;
- failure to pay any principal, interest, fees or any other amount under the DIP Facility when due and owing;
- failure to comply with the cash flow projections;
- any representation or warranty is incorrect or misleading in any material respect on or as of the date made or deemed made;
- failure to comply with the terms, covenants or conditions of the DIP Facility Financing Documents;

- cross-default and cross-acceleration;
- actual or asserted unenforceability, invalidity, illegality, termination or impairment of any DIP Facility Financing Documents (including the failure of any lien to remain perfected);
- a court order is made, a liability arises or an event occurs that is or could reasonably be expected to have a material adverse effect;
- a change of ownership or control occurs; and
- non-compliance with laws.

Conditions ....

1. A court order in form and substance satisfactory to Catalyst shall have been issued in respect of the Company and Opco under the Companies' Creditors Arrangement Act which, among other things, orders that, while the DIP Facility (including the principal amount thereof, all accrued and unpaid interest thereon and all fees pertaining thereto) will rank subsequent and subordinate to the existing 1st Lien Notes (as defined below), the DIP Facility will rank senior and in priority to all other liabilities and obligations of the Company and Opco including, without limitation, the new financing notes and security therefor provided to the Company and Opco on February 6th, 2013.
2. There shall be no additional issuance of debt, securities or commercial bank facilities by the Company, Opco or any of their respective subsidiaries being offered, placed or arranged except with the written consent of Catalyst (which consent shall only be forthcoming if all fees referred to herein and otherwise payable on closing or drawdown are paid immediately upon any commitment being accepted in relation to such debt, securities or bank facilities)
3. Execution and delivery of definitive documentation with respect to the DIP Facility in a form acceptable to Catalyst that contains terms and conditions consistent with those set out herein and the satisfaction or waiver of all conditions precedent contained in such definitive documentation
4. The commitment of Catalyst hereunder is also subject to the conditions that, as of the financial close (being the date upon which the definitive documentation is signed by Catalyst), there will have occurred as determined by Catalyst in its sole discretion no event or events of whatever nature, foreseeable or unforeseeable, that could reasonably be expected to have a material adverse effect, individually or in the aggregate, on (a) the business, financial condition or prospects, short or long-term, of the Company, Opco, or any of their subsidiaries or (b) the industry in which the Company, Opco, or any of their subsidiaries operate, or (c) domestic or international debt or capital markets

Expiration of Term Sheet .... September 29th, 2013 at 12pm EST

EXHIBIT "F"

This is Exhibit F referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

The Catalyst Capital Group Inc.

77 King Street West
Royal Trust Tower
TD Bank Centre
Suite 4320, P.O. Box 212
Toronto, Ontario M5K 1J3

Telephone: 416.945.3000
Facsimile: 416.945.3060

August 6, 2013

Via Courier and Email
Private and Confidential

Mr. William E. Aziz, Chief Restructuring Officer
Data and Audio Visual Enterprises Wireless Inc.
c/o Hollinger Inc.
First Canadian Place
100 King St W, Suite 5600
Toronto ON M5X 1C9

Dear Mr. Aziz:

Re: Financial Circumstances of Data and Audio Visual Enterprises Wireless Inc.

As you are aware investment funds managed by us hold in excess of 30% of the outstanding First Lien Notes issued by Data and Audio Visual Enterprises Wireless Inc. ("**Mobilicity**").

A lengthy period has passed since Mobilicity first filed material with the court in relation to effecting a plan of arrangement. It is clear from the court materials including your affidavits that Mobilicity is under serious and continuing financial pressure. We are concerned given the passage of time and the cash needs of Mobilicity's business that the value of the collateral for the First Lien Notes is materially eroding.

We suggest that a meeting be held at an early date for you to bring us up to date regarding Mobilicity's financial circumstances. As we do not expect that any Noteholder would receive better or worse treatment when it comes to disclosure (including as to the timing of that disclosure), we have no objection to you inviting other Noteholders to the meeting. Indeed, we expect that a number of Noteholders share our desire for such a meeting and will welcome such an invitation. We would welcome their attendance at such meeting and would encourage you to invite them.

Yours truly,
THE CATALYST CAPITAL GROUP INC.

Jim Riley
Managing Director and Partner

EXHIBIT “G”

[REDACTED]

This is Exhibit G referred to in the affidavit of WILLIAM E. AZIZ sworn before me, this 16Th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

From: Bill Aziz [mailto:baziz@bluetreeadvisors.com]
Sent: August-08-13 3:02 PM
To: jriley@catcapital.com
Cc: Stewart Lyons
Subject: Mobilicity
Importance: High
Sensitivity: Confidential

Hi Jim. As noted in my email of August 6th, we are in receipt of your letter of the same date.

You are correct that Mobilicity continues to be under serious financial pressure. However, Catalyst should have no concern that the passage of time nor the cash needs of Mobilicity's business has or will erode the value of the collateral for the First Lien Notes either materially, or at all. As you know, the primary assets of Mobilicity are its Spectrum Licenses. The value ascribed to those assets by TELUS suggests that more than sufficient collateral value is available to cover the obligations under the First Lien Notes. The Company's use of cash (which has been funded entirely by the Bridge Facility) has no material impact on the First Lien Noteholders' collateral.

In addition, as you are aware, Mobilicity is a private company. Mobilicity's reporting obligations to its First Lien Note holders are clearly described in the First Lien Note Indenture, dated April 29, 2011. In particular, these obligations are set out in Sections 4.03 and 4.04. As you are also aware, there are certain First Lien Noteholders that hold other securities issued by the Mobilicity Group and those security holders may receive additional information in accordance with the terms of those other securities.

All that said, we would be pleased to have a meeting with Catalyst to address some of the concerns raised in your letter and see if it is possible to reach a global resolution of the Oppression Application commenced by Catalyst. We are available for such meeting on Friday, August 16th in the morning at 10:00 a.m. I would suggest we meet at the offices of Norton Rose-38th Floor, Royal Bank Plaza, South Tower. Please confirm that this works for you and indicate who will attend for Catalyst.

We believe it would be helpful if Catalyst is able to come to the meeting with a proposed business solution for our consideration.

We look forward to hearing from you.

Finally, I do not have current phone contact information for you. Please email it to me. Thanks.

Bill Aziz
BlueTree Advisors

Cell: 416-575-2200
Phone: 905-849-4332
Fax: 905-849-4248

EXHIBIT "H"

[REDACTED]

[REDACTED]

This is Exhibit H referred to in the affidavit of William E. Aziz sworn before me, this 16th day of October 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

From: Riley, Jim
Sent: Thursday, August 8, 2013 6:28 PM
To: Bill Aziz
Subject: RE: Mobilicity

Bill,
Thank you for your prompt response. I would love to meet with you on the 16th, but I have dental surgery that day (I really would rather meet with you). Could we please meet earlier in the week?

We remain very concerned about the differential information provided to different stakeholders of the same class. Indeed, the oppression action has that as part of its basis. We also see that action as entirely separate from our current meeting request.

We are surprised by your " business solution" request. We have provided term sheets designed to address the financial pressure. Perhaps we should start with those.

Please advise.

Jim

From: Bill Aziz [mailto:baziz@bluetreeadvisors.com]
Sent: August-08-13 3:02 PM
To: Riley, Jim
Cc: Stewart Lyons
Subject: Mobilicity
Importance: High
Sensitivity: Confidential

Hi Jim. As noted in my email of August 6th, we are in receipt of your letter of the same date.

You are correct that Mobilicity continues to be under serious financial pressure. However, Catalyst should have no concern that the passage of time nor the cash needs of Mobilicity's business has or will erode the value of the collateral for the First Lien Notes either materially, or at all. As you know, the primary assets of Mobilicity are its Spectrum Licenses. The value ascribed to those assets by TELUS suggests that more than sufficient collateral value is available to cover the obligations under the First Lien Notes. The Company's use of cash (which has been funded entirely by the Bridge Facility) has no material impact on the First Lien Noteholders' collateral.

In addition, as you are aware, Mobilicity is a private company. Mobilicity's reporting obligations to its First Lien Note holders are clearly described in the First Lien Note Indenture, dated April 29, 2011. In particular, these obligations are set out in Sections 4.03 and 4.04. As you are also aware, there are certain First Lien Noteholders that hold other securities issued by the Mobilicity Group and those security holders may receive additional information in accordance with the terms of those other securities.

All that said, we would be pleased to have a meeting with Catalyst to address some of the concerns raised in your letter and see if it is possible to reach a global resolution of the Oppression Application commenced by Catalyst. We are available for such meeting on Friday, August 16th in the morning at 10:00 a.m. I would suggest we meet at the offices of Norton Rose-38th Floor, Royal Bank Plaza, South Tower. Please confirm that this works for you and indicate who will attend for Catalyst.

We believe it would be helpful if Catalyst is able to come to the meeting with a proposed business solution for our consideration.

We look forward to hearing from you.

Finally, I do not have current phone contact information for you. Please email it to me. Thanks.

Bill Aziz
BlueTree Advisors

Cell: 416-575-2200
Phone: 905-849-4332
Fax: 905-849-4248

Blue Tree
Advisors

EXHIBIT "I"

Bellmore & Moore
Barristers & Solicitors

Brian P. Bellmore, B.Sc., LL.B., LL.M.
David C. Moore, B.Sc., LL.B.
Karen M. Mitchell, B.A., LL.B.
Kenneth G.G. Jones, LL.B.
Diana M. Soos, B.Sc., M.B.A., LL.B.

Suite 1600
393 University Avenue
Toronto, Canada
M5G 1E6
Tel: 416-581-1818
Fax: 416-581-1279

VIA EMAIL

August 28, 2013

This is Exhibit I referred to in the affidavit of William Aziz sworn before me, this 15th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Norton Rose Canada LLP
Royal Bank Plaza, South Tower
Suite 3800
200 Bay Street
Toronto, ON M5J 2Z4

Attention: Marc Kestenberg

Dear Mr. Kestenberg:

Re: Catalyst Capital Group Inc. and Data & Audio Visual Enterprises Wireless Inc.
Court File No.: CV 13-10016-00CL
Our File No.: CATA407

It appears from the latest financial information provided to Senior Noteholders that the Mobilicity Group projects, absent a change in circumstances, that its funds will run out on or about September 20, 2013.

If this occurs, the next payments to the First Lien Noteholders, due on September 20, 2013, will not be made. In addition, Mobilicity would not be able to qualify for the upcoming Spectrum auction.

While a CCAA filing is an obvious option, in Catalyst's opinion, this step would erode the potential value of the collateral held as security for the First Lien Notes, result in significant professional and related expenses, and have an adverse impact on the terms of any potential sale of the business.

Bellmore & Moore

In these circumstances, Catalyst repeats its earlier willingness to discuss the term sheet provided some time ago and other options, and requests a meeting as soon as possible for this purpose.

Yours very truly,
BELLMORE & MOORE

David Moore

Per: David C. Moore
DCM/bh

EXHIBIT "J"

[REDACTED]

From:	Kestenberg, Marc
Sent:	August-29-13 12:35 PM
To:	David Moore
Cc:	Soliman, Walied; Pasparakis, Orestes; 'Bill Aziz (baziz@bluetreeadvisors.com)'; Robert Chadwick (rchadwick@goodmans.ca); Levin, Michael
Subject:	Letter to Moore - Mobilicity re Catalyst [OR-EDRMS.FID6125537]
Attachments:	DOCSTOR-#2799560-v1-Letter_to_D__Moore_-_August_29__2013.pdf

Please see attached.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

This is Exhibit J referred to in the affidavit of William E Aziz sworn before me, this 16th day of October 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930
nortonrosefulbright.com

Marc Kestenberg
+1 416.216.3977
marc.kestenberg@nortonrosefulbright.com

Your reference
CATA407

Our reference
01021782-0006

August 29, 2013

Sent By E-mail

David C. Moore
Bellmore & Moore
Barristers and Solicitors
Suite 1600
393 University Avenue
Toronto, ON M5G 1E6

Dear Mr. Moore:

Mobilicity re: Catalyst
Court File No. CV-13-10016-00CL

We are in receipt of your letter dated August 28, 2013.

Further to Mr. Aziz's email to Mr. Riley on August 8, 2013, notwithstanding the Mobilicity Group's financial position, the collateral secured by the First Lien Notes, being primarily the Spectrum Licences, remains unchanged.

That said, the Mobilicity Group is always open to consider reasonable and executable offers of financing. As you know, all previous offers provided by Catalyst Capital Group Inc. ("Catalyst") were not acceptable to the Mobilicity Group.

If Catalyst is prepared to make a materially different financing proposal with materially different terms, we would be pleased to provide that proposal to the Board of Directors for its consideration.

As you know, time is of the essence. If Catalyst is interested in making any further proposals, we look forward to hearing from your client.

Yours very truly,

Marc Kestenberg

MK/ac

cc: Robert Chadwick, Goodmans LLP
Walied Soliman, Norton Rose Fulbright Canada LLP
Orestes Pasparakis, Norton Rose Fulbright Canada LLP
William Aziz, Chief Restructuring Officer
Michael Levin, Canaccord Genuity

DOCSTOR: 2799290\1

EXHIBIT “K”

[REDACTED]

From: Kestenberg, Marc
Sent: August-31-13 3:33 PM
To: 'david@bellmore.ca'
Cc: Soliman, Walied; Pasparakis, Orestes; 'baziz@bluetreeadvisors.com'; 'rchadwick@goodmans.ca'; 'MLevin@canaccordgenuity.com'
Subject: Re: Letter to Moore - Mobilicity re Catalyst [OR-EDRMS.FID6125537]

David,

Further to my letter dated August 29, 2013, if Catalyst is in fact prepared to offer financing, we would request that it provide new term sheets contemplating financing both inside and outside of a court process. Time is of the essence and we look forward to your reply, if any, by Tuesday noon.

Marc Kestenberg
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930

NORTON ROSE FULBRIGHT

From: Kestenberg, Marc
Sent: Thursday, August 29, 2013 12:35 PM Eastern Standard Time
To: David Moore <david@bellmore.ca>
Cc: Soliman, Walied; Pasparakis, Orestes; 'Bill Aziz (baziz@bluetreeadvisors.com)' <baziz@bluetreeadvisors.com>; Robert Chadwick (rchadwick@goodmans.ca) <rchadwick@goodmans.ca>; Levin, Michael <MLevin@canaccordgenuity.com>
Subject: Letter to Moore - Mobilicity re Catalyst [OR-EDRMS.FID6125537]

Please see attached.

Marc Kestenberg
Partner

This is Exhibit K referred to in the affidavit of WILLIAM E AZIZ sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

EXHIBIT “L

[REDACTED]

From: David Moore <david@bellmore.ca>
Sent: September-02-13 4:47 PM
To: Kestenberg, Marc
Attachments: Catalyst 407--Letter to Marc Kestenberg dated September 2, 2013.pdf

Please see attached correspondence.

David Moore

This is Exhibit L referred to in the affidavit of WILLIAM E. AZIZ sworn before me, this 16th day of October, 2015

A COMMISSIONER FOR TAKING AFFIDAVITS

Bellmore & Moore
Barristers & Solicitors

Brian P. Bellmore, B.Sc., LL.B., LL.M.
David C. Moore, B.Sc., LL.B.
Karen M. Mitchell, B.A., LL.B.
Kenneth G.G. Jones, LL.B.
Diana M. Soos, B.Sc., M.B.A., LL.B.

Suite 1600
393 University Avenue
Toronto, Canada
M5G 1E6
Tel: 416-581-1818
Fax: 416-581-1279

VIA EMAIL to Marc.Kestenberg@nortonrosefulbright.com

September 2, 2013

Norton Rose Canada LLP
Royal Bank Plaza, South Tower
Suite 3800
200 Bay Street
Toronto, ON M5J 2Z4

Attention: Marc Kestenberg

Dear Mr. Kestenberg:

Re: Catalyst Capital Group Inc. and Data & Audio Visual Enterprises Wireless Inc.
Court File No.: CV 13-10016-00CL
Our File No.: CATA407

Thank you for your letter dated August 29 and email dated September 1, 2013, in response to my letter dated August 28, 2013.

Catalyst continues to have serious concerns regarding, inter alia, the conflicts inherent in the manner in which the Mobilicity Group and certain of its stakeholders have acted over the past several months. These concerns and conflicts arise, in part, from the differing economic interests of certain First Lien Holders, and the manner in which attempts have been made to merge the debts at Opco and Holdco which, in Catalyst's view, improperly favors one group of First Lien Holders. More generally, Holdco's failure to recognize and respect the fact that all of the assets and operations of the Mobilicity Group are held by Opco is detrimental to all of the stakeholders in Holdco.

Despite these concerns, as the single largest secured creditor of Opco, holding well in excess of $50 Million of First Lien Notes, Catalyst had (and continues to have) a genuine desire to engage in a meaningful dialogue with Mobilicity regarding business and/or financing issues and options. Consequently, I received instructions late last week to suggest a meeting, as set out in my August 28, 2013 letter.

I have difficulty understanding your reply.

Without revisiting all of the history, and focusing on the most recent events, the latest of several financing proposals provided to Mobilicity by Catalyst were sent by Mr. Levin shortly after the announcement that the Government of Canada had decided not to approve the TELUS transaction.

In response, Mr. Soliman advised Mr. Levin that Mobilicity was unable to discuss or respond to those proposals because of unspecified exclusivity constraints related to the TELUS transaction. Mr. Levin asked for an explanation of what these might be, but received none.

Shortly thereafter, the TELUS transaction was formally terminated.

Notwithstanding the termination of the TELUS transaction, Mobilicity did not and still has not responded to Catalyst's latest proposals. These proposals related, firstly, to a restructuring involving financing of $100 Million, on terms which, in Catalyst's view, were more advantageous to Mobilicity than its Recap Plan. In addition, Catalyst's proposals included an alternative offer of financing should CCAA proceedings become necessary, on the basis that such DIP financing would be subordinate to the existing First Lien Notes.

During Mr. Aziz's most recent cross-examination, he was asked to confirm that Mobilicity had had no discussion with Catalyst about Catalyst's most recent proposals. Mr. Aziz confirmed "not at this stage". He did not identify any issue with said proposals, and testified that the reason that there had been no discussion with Catalyst about them was "we haven't had a need to pursue that with Catalyst at this time." Mr. Aziz also testified that there had recently been three additional financing proposals made to Mobilicity, but that Mobilicity had had no discussions regarding any of those proposals either. He testified "we haven't seen the need to seek those discussions at this juncture" (see pages 217-219 of Mr. Aziz's cross-examination).

In Catalyst's view, the stated absence of any need to even discuss any financing alternatives, as asserted by Mr. Aziz in his recent testimony, cannot be reconciled with the financial report provided to the First Lien Holders shortly thereafter. As you know, that report projects that the Mobilicity Group will run out of cash by September 20, 2013 and indicates that, barring new financing or some other change, Opco will be unable to meet certain obligations to the First Lien Holders which fall due on September 30, 2013.

Moreover, given Mobilicity's lack of response to the proposals communicated by Mr. Levin, Catalyst does not know what issues or objections Mobilicity has with respect to those proposals. Similarly, in the absence of any dialogue, Catalyst does not know what plans or needs Mobilicity has with respect to any revised financing options.

In these circumstances, the suggestion that Catalyst could submit a meaningful revised financing proposal by noon tomorrow hardly seems realistic or reasonable.

Bellmore & Moore

Rather, if Mobilicity is serious about entering into a dialogue with Catalyst, I respectfully suggest that a confidential, off the record meeting take place forthwith between representatives of our clients, so that Catalyst can make appropriate inquiries regarding Mobilicity's current business issues and plans and its financing needs, and so that Mobilicity can explain what issues it has with Catalyst's recent financing proposals in light of those issues and plans.

By proceeding in this manner, Catalyst would be in a position to assess what revised financing terms might make sense, and could expeditiously consider making a revised proposal on an informed basis.

Catalyst is willing to meet immediately for the above purposes.

Please advise whether representatives of your client are willing to do so.

Yours very truly,

BELLMORE & MOORE

David C. Moore

Per: David C. Moore

DCM/bh

EXHIBIT “M”

[REDACTED]

From: Kestenberg, Marc
Sent: September-03-13 8:48 AM
To: David Moore
Cc: Pasparakis, Orestes; Soliman, Walied; 'Bill Aziz (baziz@bluetreeadvisors.com)'
Subject: RE: Mobilicity re Catalyst [OR-EDRMS.FID6125537]

David,

We disagree with many of your statements but do not see the benefit of responding point by point. We also do not believe your approach or tone is constructive. To date your client's threats, negotiating style and litigious behaviour have not advanced its interest nor has it been useful for the Company. If you have a constructive proposal, please have Jim call Bill. Any such discussion would be "without prejudice" to avoid disagreements over what was said. If your client is going to continue to bully and threaten, then there is no need to talk.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

From: David Moore [mailto:david@bellmore.ca]
Sent: September-02-13 4:47 PM
To: Kestenberg, Marc
Subject:

Please see attached correspondence.

David Moore

This is Exhibit M referred to in the affidavit of William E. Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

EXHIBIT "N"

[REDACTED]

[REDACTED]

This is Exhibit N referred to in the affidavit of WILLIAM E. AZIZ sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

----- Original Message -----
From: Levin, Michael
Sent: Friday, September 06, 2013 10:09 PM
To: 'dealba@catcapital.com' <dealba@catcapital.com>
Cc: Goldberg, Barry
Subject: Follow-up

Gabriel,
Company counsel asked me to forward this side letter to the pre-exising NDA to you for execution,
Thanks,
Michael

[On Mobilicity Letterhead]

●, 2013

The Catalyst Capital Group Inc.
77 King St. West, Suite 4320
PO Box 212
Toronto, Ontario M5K 1J3
Attention: Gabriel de Alba and Jim Riley

RE: Mutual Confidentiality Agreement dated December 24, 2013

Dear Sirs:

Reference is made herein to the following:

1. The Mutual Confidentiality Agreement (the "**NDA**") made with effect as of and from December 24, 2012 between The Catalyst Capital Group Inc. ("**Catalyst**") and Data & Audio-Visual Enterprises Wireless Inc. ("**Mobilicity**"); and

2. DIP Summary of Terms and Conditions dated September 5, 2013 (the "**DIP Term Sheet**").

All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the NDA.

Mobilicity and its Affiliates, or their respective Representatives, have reviewed the DIP Term Sheet and wish to engage in discussions with Catalyst relating to that DIP Term Sheet.

In such discussions, Mobilicity and its Affiliates, or their respective Representatives, may provide certain Confidential Information to Catalyst, including information about the Mobilicity Group's business, affairs, assets, liabilities, plans, prospects or operations (the "**Mobilicity Information**").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Catalyst hereby acknowledges and agrees that:

1. Catalyst hereby agrees to receive the Mobilicity Information;

2. Catalyst hereby agrees that the Mobilicity Information is Confidential Information pursuant to the NDA. As such, the Mobilicity Information shall be subject to all obligations and protections applicable to Confidential Information in the NDA.

3. Catalyst shall use the Mobilicity Information solely for the purpose of evaluating a potential debtor in possession financing transaction with Mobilicity and its Affiliates and not use the Mobilicity Information for any other purpose.

4. Notwithstanding any other provision of the NDA or this letter agreement, Mobilicity and its Affiliates and Representatives shall, to the extent required by law or by the current terms of any contractual arrangement now in effect, be entitled to disclose to Goodmans LLP, as counsel to the Ad Hoc Committee of certain holders of notes issued by Mobilicity and

its Affiliates the status of any discussions or negotiations between Catalyst and Mobilicity or its Affiliates regarding any debtor in possession financing transaction.

5. Each party to this letter agreement acknowledges and agrees that unless and until a definitive agreement exists, no party has any legal obligation of any kind whatsoever with respect to any debtor in possession financing.

6. The parties to this letter agreement confirm that all terms and conditions of the NDA remain in full force and effect.

Kindly confirm your acknowledgement and agreement to the foregoing by signing where indicated below and returning one fully signed copy to the attention of:

Data & Audio-Visual Enterprises Holdings Inc.
101 Exchange Ave.
Vaughan, Ontario L4K 5R6
Attention: Stewart Lyons & William Aziz

Yours very truly,

DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

Per: ______________________________

DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC.

Per: ______________________________

By signing below, the undersigned confirms his acknowledgement and agreement to the terms of this letter agreement:

Dated this _____ day of _____________, 2013.

THE CATALYST CAPITAL GROUP INC., on its own behalf and on behalf of various limited partnerships managed by it

Per: ______________________________

EXHIBIT “O

[REDACTED]

From: Kestenberg, Marc
Sent: September-19-13 1:03 PM
To: David Moore
Cc: Soliman, Walied; Pasparakis, Orestes; Barry Goldberg (bgoldberg@canaccordgenuity.com); 'Bill Aziz (baziz@bluetreeadvisors.com)'; Stewart Lyons
Subject: Letter to Moore - September 19, 2013 [OR-EDRMS.FID6125537]
Attachments: DOCSTOR-#2816711-v1-Letter_to_David_Moore_-_Sept_19_2013.pdf

This is Exhibit D referred to in the affidavit of William E. Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Please see attached.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
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79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
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NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

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TD South Tower, Suite 2300
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79 Wellington Street West, P.O. Box 128
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F: +1 416.360.8277
nortonrosefulbright.com

Marc Kestenberg
+1 416.216.3977
marc.kestenberg@nortonrosefulbright.com

Your reference	Our reference
CATA407	01021782-0006

September 19, 2013

Sent By E-mail

David C. Moore
Bellmore & Moore
Barristers and Solicitors
Suite 1600
393 University Avenue
Toronto, ON M5G 1E6

Dear Mr. Moore:

Mobilicity re: Catalyst

We understand from Barry Goldberg that on September 17, 2013, he received a "courtesy" phone call from Mr. De Alba inquiring about the status of Catalyst's DIP financing proposal. We are told by Mr. Goldberg that Mr. De Alba advised of Catalyst's intention to bring a petition for a bankruptcy order against Mobilicity.

As you know, in order for a petition in bankruptcy to succeed against Mobilicity, the company must have committed an act of bankruptcy. To date, Mobilicity has not committed such an act. Any petition by Catalyst is without merit.

More fundamentally, threatening to petition Mobilicity into bankruptcy as a negotiating strategy, or to obtain some collateral advantage, is highly improper. Should Catalyst choose to proceed with such strategy, its threats will be brought to the attention of the Court.

Yours very truly,

Marc Kestenberg
Partner

cc: Walied Soliman, Norton Rose Fulbright Canada LLP
Orestes Pasparakis, Norton Rose Fulbright Canada LLP
Stewart Lyons, President and Chief Executive Officer
William Aziz, Chief Restructuring Officer
Barry Goldberg, Canaccord Genuity

DOCSTOR: 2815956

EXHIBIT “P”

This is Exhibit P referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No.___________________

ONTARIO
SUPERIOR COURT OF JUSTICE
(*COMMERCIAL LIST*)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT,* R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 8440522 CANADA INC., AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., AND DATA & AUDIO-VISUAL ENTERPRISES LEASING INC.

Applicant

AFFIDAVIT OF WILLIAM E. AZIZ
(sworn April 24, 2013)

I, WILLIAM E. AZIZ, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President of BlueTree Advisors II Inc., which has been retained by Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") to provide my services to Holdings and its affiliates (including the Applicant) (collectively, with Holdings, the "**Mobilicity Group**") as Chief Restructuring Officer of the Mobilicity Group. I report to the independent committee of the board of directors of Holdings.

2. I have more than 24 years of turnaround and corporate restructuring experience. I have led restructurings as an executive or board member involving all aspects of balance sheet and operational restructurings in diverse industries, including softwood lumber, steel manufacturing, refrigerated warehousing, transportation, retail, telecommunications, manufacturing and media.

3. I am a Chartered Accountant and an alumnus of Ernst & Young. I am a graduate of the Ivey School of Business at the University of Western Ontario. I am currently a director of Canada Bread Company, Limited and have previously been a director of a number of private and publicly traded companies including OMERS, Sun-Times Media Group, Tecumseh Products, Doman Industries and Algoma Steel.

4. I have primary oversight of this mandate and, as such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have reviewed the material records of the Mobilicity Group and have spoken with certain of the directors, officers, advisors and/or employees of the Mobilicity Group, as necessary, and, where I have relied upon such information, do verily believe such information to be true.

5. I have carefully reviewed both Plans of Arrangement (described below) and believe the information set out in this Affidavit to be accurate in all respects.

6. I swear this Affidavit to provide information in connection with:

(a) a Motion for an Interim Order addressing the calling, holding and conducting of a meeting (the "**Re-Cap Plan Meeting**") of the holders of 9.5% first lien senior secured notes (the "**First Lien Notes**") of Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**"), holders of 15% senior unsecured debentures (the "**Unsecured Senior Notes**") of Holdings, holders of the Initial Convertible Debentures, as such term is defined in the second amended and restated commitment agreement dated April 29, 2011, among Holdings, QCP CW S.A.R.L. ("**Quadrangle**") and Data & Audio-Visual Enterprises Investments Inc. ("**Investments**") (the "**Amended and Restated Commitment Agreement**"), which rank *pari passu* with the Unsecured Senior Notes (the "**Unsecured Pari Passu Notes**") and the holders of convertible subordinated debentures issued pursuant to the Amended and Restated Commitment Agreement, which rank subordinate to the Unsecured Senior Notes and the Unsecured Pari Passu Notes (the "**Unsecured Subordinated Notes**") of Holdings and with respect to the underlying Application for approval of the proposed Plan of Arrangement for the recapitalization of the Mobilicity Group (the "**Re-Cap Arrangement**" or the "**Re-Cap Plan**"), pursuant to section 192 of the Canada Business Corporations Act (the "**CBCA**"), contemplated by the arrangement agreement among the members of the Mobilicity Group; and

(b) a Motion for an Interim Order addressing the calling, holding and conducting of a meeting (the "**Acquisition Plan Meeting**" and, together with the Re-Cap Plan Meeting, the "**Meetings**") of the holders of First Lien Notes, Unsecured

Senior Notes, Unsecured Pari Passu Notes and Unsecured Subordinated Notes and with respect to the underlying Application for approval of the proposed Plan of Arrangement for a potential acquisition of the shares of Holdings (the "**Acquisition Arrangement**" or the "**Acquisition Plan**"), pursuant to section 192 of the CBCA.

7. Attached hereto and marked as Exhibit "A" is a copy of the current draft of the Notice of Meeting and Information Circular with respect to the Re-Cap Arrangement (the "**Re-Cap Information Circular**").

8. Attached hereto and marked as Exhibit "B" is a copy of the current draft of the Notice of Meeting and Information Circular with respect to the Acquisition Arrangement (the "**Acquisition Information Circular**").

9. Attached hereto and marked as Exhibit "C" is a current draft of the cover letter that will accompany the Re-Cap Information Circular and the Acquisition Information Circular.

10. Terms capitalized in this Affidavit but not defined herein have the meaning set forth in the Re-Cap Information Circular and the Acquisition Information Circular.

Background on the Mobilicity Group

11. The Mobilicity Group is a Canadian wireless carrier which provides wireless telecommunication services to Canadians in Toronto, Ottawa, Calgary, Edmonton and Vancouver. In addition to voice, text, data and long distance cellular services, the Mobilicity Group offers hardware handsets and accessories to their customers.

Mobilicity Group's Corporate Structure

12. The Mobilicity Group's corporate structure consists of the following entities:

(a) **8440522 Canada Inc.** (the "**Applicant**"): a private company incorporated under the CBCA that is wholly-owned by Wireless. The Applicant's registered office is located at 101 Exchange Avenue in Vaughan, Ontario.

(b) **Holdings**: a private company incorporated under the *Business Corporations Act* (Ontario) ("**OBCA**") in March 2008. Holdings holds 100% of the shares of

Wireless and carries on no active operations. Holdings' registered office is located at 101 Exchange Avenue in Vaughan, Ontario.

(c) **Wireless**: the operating entity of the Mobilicity Group, is a private company incorporated under the OBCA in March 2008 and wholly owned by Holdings. Wireless' registered office is located at 101 Exchange Avenue in Vaughan, Ontario.

(d) **Leasing**: a private company incorporated under the OBCA in January 2010, wholly-owned by Wireless. Leasing holds the Mobilicity Group's network assets and has no active operations. Leasing's registered office is located at 101 Exchange Avenue in Vaughan, Ontario.

13. As of the date of this Affidavit, the authorized capital of Holdings consists of:

(a) an unlimited number of Common Shares, of which 4,995,211 Common Shares are issued and outstanding. Investments holds 3,330,141 Common Shares and Quadrangle holds the other 1,665,070 Common Shares; and

(b) an unlimited number of non-voting Class B shares, of which 20,204,790 Class B shares are issued and outstanding. All of Holdings' Class B shares are held by Quadrangle. Holdings' Class B shares are convertible at the option of the holder on a one-for-one basis into Common Shares, subject to certain regulatory restrictions and compliance requirements.

14. Investments holds an approximately 13.2% equity interest and a 66.7% voting interest in Holdings. Quadrangle holds an approximately 86.8% equity interest and 33.3% voting interest in Holdings (each on a non-diluted basis).

The Applicant

15. The Applicant is a wholly-owned subsidiary of Wireless and is incorporated under the CBCA. As contemplated in both the Re-Cap Arrangement and the Acquisition Arrangement, the Applicant will be amalgamated with another member of the Mobilicity Group. The amalgamated entity will also be the issuer of all new securities to be issued under the Re-Cap Arrangement.

16. The Applicant itself has no material liabilities, either directly or under any guarantees. It is a solvent company.

The First Lien Notes

17. On April 29, 2011, pursuant to an indenture (as amended, the "**First Lien Note Indenture**") among Wireless, Holdings, Leasing and Equity Financial Trust Company, as trustee and collateral agent, Wireless issued the First Lien Notes totalling $195 million, due April 29, 2018. The First Lien Notes bear interest at a rate of 9.5% annually, due and payable semi-annually in cash on March 31 and September 30 until maturity. A copy of the First Lien Notes Indenture (and all supplements thereto) is attached hereto as Exhibit "D".

18. Holdings and Leasing are guarantors of the First Lien Notes and each of Wireless, Holdings and Leasing has entered into general security agreements in connection with the First Lien Notes.

The Second Lien Notes

19. Pursuant to the terms and conditions of a Note Purchase, Guarantee and Backstop Agreement, dated February 6, 2013, Wireless agreed to issue up to $43.25 million in second lien notes (the "**Bridge Notes**") in three tranches, subject to the fulfilment of certain conditions precedent. At this time, a principal amount of $33.25 million in Bridge Notes is outstanding. These Bridge Notes mature, at the latest, on May 30, 2013.

20. On February 26, 2013, The Catalyst Capital Group Inc. ("**Catalyst**") commenced an application in the Ontario Superior Court of Justice for, among other things, oppression remedies under the OBCA. A copy of Catalyst's Amended Notice of Application is attached as Exhibit "E". The Application is scheduled to be heard on May 24, 2013.

The Unsecured Senior Notes

21. Pursuant to a trust indenture, as amended and restated as of April 29, 2011 (the "**Unsecured Senior Note Indenture**") between Holdings and Equity Financial Trust Company, as trustee, Holdings issued the Unsecured Senior Notes in the total principal amount of $95 million. The Unsecured Senior Notes mature on September 25, 2018. A copy of the Unsecured Senior Note Indenture (and all supplements thereto) is attached hereto as Exhibit "F".

22. The Unsecured Senior Notes bear interest at an annual rate of 15% (in certain limited circumstances, the interest rate will be 13.5%), which is payable semi-annually on June 30 and December 31. Interest payments are capitalized on each payment date as "payment in kind" interest, which is added to the principal amount outstanding on the Unsecured Senior Notes. As of March 31, 2013, the amount outstanding on the Unsecured Senior Notes (including payment in kind interest that has been added to the principal amount outstanding as well as accrued interest to March 31, 2013) is approximately $147.2 million.

The Unsecured Pari Passu Notes and the Unsecured Subordinated Notes

23. Pursuant to the Amended and Restated Commitment Agreement, Quadrangle advanced approximately $95 million to Holdings between May 22, 2009 and October 1, 2012 and received the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes (collectively, the "**Convertible Notes**"). An initial amount of $59,741,000 was advanced (evidenced by the Unsecured Pari Passu Notes). Subsequently, an additional $35,000,000 was advanced (evidenced by the Unsecured Subordinated Notes). A copy of the Amended and Restated Commitment Agreement is attached hereto as Exhibit "G".

24. The Convertible Notes bear interest at an annual rate of 12%, which is payable annually on each anniversary of the date of issue of each tranche. Interest payments are capitalized each year as "payment in kind" interest, which is added to the principal amount outstanding on the Convertible Notes. As of March 31, 2013, the amount outstanding on the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes (including payment in kind interest that has been added to the principal amount outstanding as well as accrued interest to March 31, 2013) respectively, is approximately $85.1 million and approximately $37.2 million.

25. Holdings, Wireless, Quadrangle and Equity Financial Trust Company (in its capacity as trustee for each of the First Lien Notes and the Unsecured Senior Notes) entered into an intercreditor agreement (the "**Intercreditor Agreement**") dated April 29, 2011. A copy of the Intercreditor Agreement is attached hereto as Exhibit "H".

26. Equity Financial Trust Company (in its capacity as trustee for each of the First Lien Notes and the Unsecured Senior Notes) and Quadrangle entered into an Amended and Restated Support Agreement dated April 29, 2011. A copy of that support agreement is attached hereto as Exhibit "I".

Background to the Arrangements

27. According to audited financial statements for the Mobilicity Group, as of December 31, 2012, which are attached hereto and marked as Exhibit "J", the Mobilicity Group's total assets were approximately $387.5 million at book value. Of these, approximately $33.5 million were current assets.

28. According to those same financial statements, as of December 31, 2012, the total liabilities of the Mobilicity Group were approximately $418.0 million. Of these, approximately $53.89 million were current liabilities such as accounts payable and deferred revenue.

29. As of the date of this Affidavit, the Mobilicity Group has approximately 250,000 subscribers which generate revenues of between $6 and $7 million per month. To date, the Mobilicity Group has raised over $650 million in debt and equity. For the quarter ended December 31, 2012, the cost of maintaining the Mobilicity Group's network, paying distributors and other service partners exceeded revenue and financing proceeds by approximately $12 million prior to financing costs, or $30 million in total.

30. The Mobilicity Group has engaged National Bank and Canaccord Genuity (together, the "**Financial Advisors**") as their financial advisors in an effort to raise additional financing and review strategic alternatives.

31. I am informed by Michael Levin of Canaccord Genuity that with the assistance of the Financial Advisors, the Mobilicity Group solicited more than 30 potential investors in an attempt to raise financing. In this regard, an investor roadshow was completed in August and September of 2012 without success. Subsequently, the Bridge Notes facility was entered into – a second lien facility that was made available in three tranches to allow the Mobilicity Group to continue operations while it pursued strategic alternatives. As of the date of this Affidavit, the first and second tranches of this facility have been drawn and the third tranche will need to be drawn in the very near future.

32. The Bridge Notes facility also contemplated a further transaction substantially in the form of the Re-Cap Plan as a potential second stage. Under the Bridge Notes facility, certain existing holders of Unsecured Senior Notes committed to subscribe for the Bridge Notes and, as discussed in greater detail below, those parties also agreed to backstop the offering of $75 million worth of New Second Lien Notes (as defined below) under the Re-Cap Plan.

33. In the meantime, I am informed by Mr. Levin that the Mobilicity Group also canvassed the market for potential buyers for its business. I am informed by Mr. Levin that the Financial Advisors contacted more than 30 potential buyers, including wireless carrier incumbents, new wireless carrier entrants and international telecom providers and US private equity firms. However, to date, the Mobilicity Group has not reached a binding agreement with any potential purchaser.

Plans of Arrangement

34. Given its current financial circumstances, the Mobilicity Group needs to either reach agreement with a willing buyer for its business who can finance the operations going forward or it needs to restructure its capital and secure additional funding in order to advance its business.

35. The Mobilicity Group is therefore presenting two Plans of Arrangement. These Plans of Arrangement are mutually exclusive. Since time is of the essence, both Applications are being advanced concurrently.

36. The plans are structured such that the Re-Cap Plan will be completed if either (i) the Company does not enter into an acquisition agreement on satisfactory terms, or (ii) an acquisition agreement, if entered into, is terminated in accordance with its terms.

37. I am advised by Walied Soliman at Norton Rose Canada LLP, counsel for the Special Committee of the Board of Directors of Holdings, that in light of the current financial state of the Mobilicity Group and after the broad review of alternatives conducted by the Mobilicity Group, the Board of Directors has determined that the Plans of Arrangement are the best available options to the Mobilicity Group.

Summary of the Proposed Acquisition Arrangement

38. The Company has determined that it is efficient, appropriate and necessary given its ongoing financial requirements to distribute materials in respect of a proposed Acquisition Plan at this time even though an acceptable offer capable of being implemented has not been received at this time.

39. The Acquisition Plan provides the framework for a potential purchaser to effectively and efficiently implement an acquisition of the Mobilicity Group and will be pursued in parallel

to the Re-Cap Plan (described below). If implemented, the Acquisition Plan would provide for the repayment of outstanding first lien debt and second lien debt of the Mobilicity Group. Any remaining proceeds after the above payments are made would be distributed to holders of unsecured debt securities in accordance with their priorities and in satisfaction of their claims, subject to payment of the support consideration described below.

40. As set out above, the Mobilicity Group has not reached a definitive agreement with any potential purchaser. Rather, the Mobilicity Group has created an acquisition plan for a transaction that could be implemented if the Mobilicity Group is able to come to terms with a purchaser. If an acquisition cannot be completed in time, the Mobilicity Group will seek approval of the Re-Cap Plan.

41. The Acquisition Plan is described in much greater detail in the section of the Acquisition Information Circular entitled "The Plan", currently found between pages 20 and 31 of the draft Acquisition Information Circular attached to this affidavit as Exhibit "B".

Summary of the Proposed Re-Cap Arrangement

42. As set out above, the Re-Cap Plan is a strict alternative to the Acquisition Plan.

43. The Re-Cap Plan, if implemented, will provide the Mobilicity Group with additional working capital pursuant to a new second lien indenture, and the satisfaction of the Mobilicity Group's indebtedness under its existing unsecured notes by the issuance of new second lien notes and new shares depending on the circumstances.

44. The Re-Cap Plan will provide for the subscription by certain existing debt holders for $75 million in principal value of new second lien notes (the "**New Second Lien Notes**"). Those parties who subscribe for the New Second Lien Notes will also have the right to exchange a portion of their existing debt securities for additional New Second Lien Notes. The proceeds of the New Second Lien Notes would be used to: (i) repay the Bridge Notes issued by Wireless on February 6, 2013; and (ii) the remainder would be used for general corporate purposes. The offering of New Second Lien Notes is backstopped to ensure that the full $75 million is subscribed for.

45. The Re-Cap Plan is described in much greater detail in the section of the Re-Cap Information Circular entitled "The Plan", currently found between pages 26 and 44 of the draft Re-Cap Information Circular attached to this affidavit as Exhibit "A".

46. The Mobilicity Group's obligations to its trade creditors, suppliers, customers and employees will be unaffected by the Re-Cap Plan.

47. Aside from the amendments to the First Lien Note Indenture as contained in the supplemental indenture attached as Schedule 5 to the Re-Cap Plan, the Re-Cap Plan has no effect upon the holders of First Lien Notes in their capacities as such. The amendments to the First Lien Note Indenture are contemplated for the purpose of facilitating the issuance of the New Second Lien Notes under the Plan and to modify certain administrative provisions. These amendments are not intended to affect the timing of payment, amount of payment, ranking or security that holders of First Lien Notes are currently entitled to under the First Lien Note Indenture.

Practicability

48. I am advised by Mr. Soliman that due to the complexity of the Re-Cap Plan and the Acquisition Plan, it is not practicable for the Mobilicity Group to effect a fundamental change in the nature of either of those plans without application to the Court.

Review Process

49. An independent committee comprised of three members of the Board of Directors of Holdings has been established and has reviewed the Acquisition Plan and the Re-Cap Plan. I have been informed by Mr. Soliman that the Board of Directors of Holdings has determined that, if a definitive acquisition transaction is entered into that has the requisite support from creditors under the Acquisition Plan, the Acquisition Plan would be in the best interests of the Mobilicity Group. I am further informed by Mr. Soliman that the Board of Directors of Holdings has determined that in absence of a definitive transaction to give effect to the Acquisition Plan, the Re-Cap Plan would be in the best interests of the Mobilicity Group.

50. I am advised by Mr. Soliman that Jeffrey Baylis of the office of the Director, as appointed by Section 260 of the CBCA, has been updated periodically on the progress of this matter and does not object to the Interim Orders sought.

Stakeholder Support

51. Support agreements have been entered into with various stakeholders in connection with each of the Acquisition Plan and the Re-Cap Plan pursuant to which these stakeholders have agreed to support and vote in favour of the respective plan. Parties that execute support agreements within prescribed timelines will be eligible for additional consideration under each of the Acquisition Plan and the Re-Cap Plan.

52. I am informed by Robert Chadwick at Goodmans LLP, counsel to the Initial Consenting Noteholders, that, in connection with the Acquisition Plan, the following stakeholders have signed support agreements:

(a) Holders accounting for 67% of the principal value of the First Lien Notes; and

(b) Holders accounting for 94% of the principal value of the Unsecured Senior Notes.

53. I am informed by Mr. Chadwick that, in connection with the Re-Cap Plan, the following stakeholders have signed support agreements:

(a) Holders accounting for 67% of the principal value of the First Lien Notes; and

(b) Holders accounting for 94% of the principal value of the Unsecured Senior Notes.

Alternative CCAA Plan

54. The proposed relief sought in respect of an Alternative CCAA Plan, as set out in the Plans of Arrangement, would allow all of the planning, implementation and voting steps that are to be undertaken in the CBCA proceedings to continue to have value and be fully utilized in any subsequent proceeding that becomes necessary under the CCAA.

No Right to Declare Default

55. The Mobilicity Group is seeking an Order limiting the rights of certain persons to declare a default as a result of the Plans of Arrangement being filed or pursued and allowing the business of the Mobilicity Group to continue without interruption or interference during the Plan approval and implementation process.

56. The following is a brief summary of the provisions of certain agreements under which the commencement of these Plans of Arrangement proceedings may create the threat of an event of default:

(a) Pursuant to Section 6.01 of the First Lien Note Indenture, the commencement by the Mobilicity Group of a voluntary case under "Bankruptcy Law" is an event of default that provides certain acceleration rights to holders of First Lien Notes. The definition of Bankruptcy Law in that indenture includes "... and other laws concerning formal or informal moratoria of debt or compositions with creditors, and proceedings seeking reorganization, arrangement, or other relief of debtors." As set out above, First Lien Notes in a principal amount of $195 million are currently outstanding;

(b) Provisions similar to those found in Section 6.01 of the First Lien Note Indenture also exist in Section 7.1(f)(v) of the Unsecured Senior Note Indenture and in Section 7.1(e) of the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes; and

(c) The commencement of these proceedings, may also provide certain suppliers with a basis to terminate certain material contracts. Material contracts exist with: Ericsson Canada Inc.; Ingram Micro Inc., AMDOCS Canadian Managed Services, Inc., and Research In Motion Limited.

57. The Mobilicity Group intends to continue to conduct its business in the ordinary course during these proceedings, including making payments to creditors and suppliers in the ordinary course and in accordance with past practice.

Shareholder Vote

58. Neither the terms of the Re-Cap Plan nor the terms of the Acquisition Plan nor the terms of the proposed Interim Orders contemplate a vote by shareholders on a resolution to approve the Re-Cap Plan and the Acquisition Plan.

59. Holdings has two shareholders: Investments and Quadrangle. Investments is a corporation indirectly controlled by a director of Holdings. Quadrangle is a Voting Securityholder under the Plans of Arrangement.

60. Based upon the efforts that have been undertaken by the Mobilicity Group and the Financial Advisors to date, the price to be achieved in any potential sale of the Mobilicity Group would not be sufficient to provide value to the existing shareholders of Holdings after considering all debts that would have to be paid in priority to any existing shareholder recoveries.

The Meetings

61. The Re-Cap Plan Meeting has been scheduled to be held at the offices of Norton Rose Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 on May 21, 2013 at 10:00am

62. The Acquisition Plan Meeting has been scheduled to be held at the offices of Norton Rose Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 on May 21, 2013 at 10:30am.

63. Each of the Meetings may be adjourned at the discretion of the Mobilicity Group or the chair of the Meetings. In particular, the Mobilicity Group may adjourn the Acquisition Plan Meeting if no acquisition transaction is definitively identified by the Meeting date.

64. Registered holders of the First Lien Notes, Unsecured Senior Notes, Unsecured Pari Passu Notes and Unsecured Subordinated Notes as at the close of business on April 25, 2013, or the person or persons they appoint as proxies, will be entitled to attend and vote on all matters that may properly come before the Meetings in respect of which their vote is required.

65. Under each of the Plans of Arrangement the holders of First Lien Notes vote as a single class and the holders of all other unsecured debt securities vote as a separate class. The requisite majority of each class under both Plans of Arrangement is approval by 66 2/3% of the outstanding dollar value for each class. Attached as Exhibit "K" is a chart summarizing the differences between the provisions on notice, quorum and voting in the governing debt documents, if any, and the terms proposed for the Re-Cap Plan Interim Order and the Acquisition Plan Interim Order.

66. It is expected that a member of the board of directors of Holdings will be the Chairperson of the Meetings to consider and vote on the Re-Cap Plan and the Acquisition Plan.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on April 24, 2013

Commissioner for Taking Affidavits

EVAN COBB

WILLIAM E. AZIZ

EXHIBIT "Q"

This is Exhibit Q referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV 13-10016-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

In the matter of a Note Purchase, Guarantee and Backstop Agreement dated February 6, 2013 made by Data & Audio-Visual Enterprises Wireless Inc. Equity Financial Trust Company, and certain purchasers of notes thereunder whose identity is unknown (referred to in the Title of Proceedings herein as "the Unknown Purchasers").

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

Applicant

- and -

DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES LEASING INC., EQUITY FINANCIAL TRUST COMPANY, AND THE UNKNOWN PURCHASERS

Respondents

APPLICATION UNDER section 248 of the *Ontario Business Corporations Act*, R.S.O. 1990, c. B.16, as amended and Rule 14.05 (3)(d) of the *Rules of Civil Procedure*.

AFFIDAVIT OF WILLIAM E. AZIZ

(sworn May 2, 2013)

I, WILLIAM E. AZIZ, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President of BlueTree Advisors II Inc., which was recently retained by Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") to provide services to Holdings and its affiliates (collectively, the "**Mobilicity Group**") as Chief Restructuring Officer of the Mobilicity Group. I report to the independent committee of the Board of Directors of Holdings.

2. I have more than 24 years of turnaround and corporate restructuring experience. I have led restructurings as an executive or board member involving all aspects of balance

sheet and operational restructurings in diverse industries, including softwood lumber, steel manufacturing, refrigerated warehousing, transportation, retail, telecommunications, manufacturing and media.

3. I am a Chartered Accountant and an alumnus of Ernst & Young. I am a graduate of the Ivey School of Business at the University of Western Ontario. I am currently a director of Canada Bread Company, Limited and have previously been a director of a number of private and publicly traded companies including OMERS, Sun-Times Media Group, Tecumseh Products, Doman Industries and Algoma Steel.

4. As Chief Restructuring Officer of the Mobilicity Group, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have reviewed the material records of the Mobilicity Group and have spoken with certain of the directors and advisors of the Mobilicity Group, as necessary, and, where I have relied upon such information, do believe such information to be true. The information provided in this affidavit as it relates to matters prior to my involvement with the Mobilicity Group is based upon that review of records and those discussions. Where I provide evidence by way of information obtained from lawyers for the Mobilicity Group it is not my intention to waive, or to have the Mobilicity Group waive, solicitor-client privilege. Solicitor-client privilege is relied upon and asserted throughout.

5. I swear this Affidavit in response to an application commenced by Catalyst Capital Group Inc. ("**Catalyst**") for, among other things, oppression remedies under the *Business Corporations Act* (Ontario) (the "**OBCA**").

6. On April 24, 2013 I swore an affidavit (the "**CBCA Affidavit**") in support of two applications by 8440522 Canada Inc. to commence arrangement proceedings under the *Canada Business Corporations Act* identified by Court File Numbers CV 13-10080-00CL and CV 13-10081-00CL. The following paragraphs of the CBCA Affidavit are incorporated by reference into this affidavit and are not repeated herein: 11 - 13; 14; 17 - 29; and 31 - 33.

Mobilicity Group Structure

7. The corporate structure of the Mobilicity Group is described in detail in the CBCA Affidavit. The Mobilicity Group includes four separate corporations: Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**"); Data & Audio-Visual Enterprises Wireless Inc.

("**Wireless**"); Data & Audio-Visual Enterprises Leasing Inc. ("**Leasing**") and 8440522 Canada Inc.

8. The Mobilicity Group's debt structure is also set out in detail in the CBCA Affidavit. Briefly, the Mobilicity Group has the following classes of debt securities outstanding:

(a) 9.5% first lien secured notes in a principal amount of $195 million (the "**First Lien Notes**"), governed by an indenture dated April 29, 2011, as amended (the "**First Lien Note Indenture**");

(b) 15.5% second lien secured notes in a principal amount of up to $43.25 million issued pursuant to a Note Purchase Agreement, dated February 6, 2013 (the "**Bridge Notes**");

(c) 15% senior unsecured debentures (the "**Unsecured Senior Notes**") on which $147.2 million was owing as at March 31, 2013 including accrued and "payment in kind" interest; and

(d) 12% convertible unsecured debentures (the "**Convertible Notes**"), on which $122.3 million was owing as at March 31, 2013 including accrued and "payment in kind" interest. A $37.2 million portion of these Convertible Notes ranks subordinate to the Unsecured Senior Notes and the remainder of the Convertible Notes.

Mobilicity Group Stakeholders

9. Along with the security holders set out above and the Mobilicity Group's shareholders, the Mobilicity Group's stakeholders include a large network of employees, suppliers, independent vendors, and customers.

10. As of March 31, 2013, the Mobilicity Group had approximately 140 full time equivalent employees ("**FTEs**"). Approximately 24 of those FTEs work in four corporately-owned stores in Toronto, Vancouver, Ottawa and Calgary.

11. Most of the other 116 FTEs work in the Mobilicity Group's corporate offices. As of March 31, 2013, the Mobilicity Group's senior management team was comprised of 20 people. None of the Mobilicity Group's employees are unionized.

12. In addition to the four corporately-owned stores, the Mobilicity Group sells cellular services and handsets through a mixture of dealers (including independently operated stores) and partnerships with retail vendors.

13. In particular, Mobilicity has approximately 350 points of distribution which include approximately 95 "platinum-level" stores that exclusively sell Mobilicity services and only offer wireless-related products at their stores, and approximately 170 "gold" and "silver" level stores that either exclusively or non-exclusively sell Mobilicity services, but also sell non-wireless related products. I understand that the platinum, gold and silver level stores are generally owner-operated small businesses.

14. In addition, the Mobilicity Group has distribution partnerships with a variety of regional and national retail stores, including: Loblaws, Winners, Value Mobile, Mobile Republic, and Mobile Depot.

15. The Mobilicity Group has approximately 250,000 subscribers who receive coverage in the Greater Toronto Area, Ottawa, Calgary, Edmonton, and the Greater Vancouver area.

16. The Mobilicity Group also has a number of important service suppliers including: Ericsson Canada Inc., which monitors and maintains the network to ensure that the Mobilicity Group's customers continue to receive reliable service; AMDOCS Canadian Managed Services, Inc., which provides a real-time billing and operational support system for the Mobilicity Group that includes activation, provisioning, rating and charging; Ingram Micro Inc., which provides logistics and forward purchasing, as well as "turn-key solutions" for handset distribution to the Mobilicity Group's distribution channel partners; and Sitel Teleservices Canada, which provides call centre services for the Mobilicity Group's subscribers.

Catalyst

17. Catalyst is only one of many stakeholders of the Mobilicity Group.

18. Catalyst asserts that it is a beneficial holder of First Lien Notes in a principal amount of $53,710,000, or approximately 27.5% of the outstanding First Lien Notes.

19. According to its website, Catalyst is a private equity investment firm founded in June 2002 that specializes in control and/or influence investments in distressed and undervalued Canadian situations. According to its website, the Catalyst team collectively possesses more

than 110 years of relevant experience in restructuring, credit markets and merchant and investment banking in both the U.S. and Canada. It boasts of extensive knowledge of and experience in navigating the Canadian capital markets and integrating Canadian restructurings. Catalyst describes itself as "specialists in operational restructurings" and states that it "believes its job is to manufacture risk-adjusted returns." Attached as Exhibit "A" are copies of the referenced pages from Catalyst's website.

20. According to its website, Catalyst has taken positions in a number of recent high profile insolvent companies including: Calpine Corporation, Canwest, Gateway Casinos and Quebecor World. Attached as Exhibit "B" is a copy of a page from the Catalyst website on which these investments are described.

The Mobilicity Group's Financial Circumstances in Late 2012

21. The Canadian wireless market is highly competitive and operations are highly capital intensive particularly for a service provider of the Mobilicity Group's size. The incumbents (Bell, Rogers and TELUS) are well-established. Moreover, the incumbents offer multi-platform services (i.e. home phone services, cable or satellite television services and internet services) which can be bundled with their cellular phone services at a discounted rate to retain subscribers.

22. This has created a challenging landscape for the Mobilicity Group.

23. The difficult financial circumstances facing the Mobilicity Group in late 2012 and at the current time are set out in detail in the CBCA Affidavit. In summary, as of December 31, 2012, the Mobilicity Group's current liabilities exceeded its current assets by over $20 million at book value, and its aggregate liabilities exceeded the book value of its assets by over $30 million.

24. The Mobilicity Group was forecasted to exhaust its remaining cash by mid-February. The Mobilicity Group has faced significant liquidity challenges over that period.

Strategic Review and Solutions

25. In January 2013, the Board of Directors of Holdings was comprised of a number of sophisticated business people, namely: John Barnett, John Bitove, Paul Godfrey, Michael Huber, Michael Moskovitz, Michael Neuman, and Bret Oettmeier. The Holdings board has

also established an independent committee, who I report to, comprised of: Paul Godfrey, John Barnett and Michael Neuman.

26. Both Wireless and Leasing operate under unanimous shareholder declarations dated August 1, 2008 and February 19, 2010, respectively, copies of which are attached as Exhibit "C" and "D". I am the director of 8440522 Canada Inc.

27. I am informed by Michael Levin of Canaccord Genuity that the Mobilicity Group has undertaken a board driven process since the late summer of 2012 to review and critically evaluate potential solutions to its financial circumstances.

28. To assist with this process the Mobilicity Group has engaged National Bank and Canaccord Genuity (together, the "**Financial Advisors**") as its financial advisors in an effort to raise additional financing and review strategic alternatives.

29. I am informed by Michael Levin that an investor roadshow was completed in August and September 2012 without success. The Financial Advisors also canvassed the market for potential buyers for the Mobilicity Group business. As discussed in the CBCA Affidavit, more than 30 potential financing sources and more than 30 potential buyers were contacted in connection with these efforts.

30. In August 2012, the Board of Directors of Holdings retained Norton Rose Canada LLP as its legal counsel to assist in reviewing strategic alternatives.

31. I am advised by Walied Soliman, a partner with Norton Rose Canada LLP, and believe that throughout the strategic review process from September of 2012 forward, the Board of Directors of Holdings met, either by phone or in person, on not less than 25 occasions to consider issues related to the Mobilicity Group's financial circumstances and the financing and acquisition alternatives that may have been available.

Discussions with the Bridge Lenders

32. I am advised by Walied Soliman that beginning in October 2012, the Mobilicity Group entered into discussions with parties who were described by their counsel to be significant holders of First Lien Notes and who were also similarly described as significant holders of Unsecured Senior Notes (the "**Bridge Lenders**") regarding the possibility of obtaining additional financing for the Mobilicity Group.

33. On November 9, 2012, the Mobilicity Group received a term sheet from the Bridge Lenders for a facility that would bridge the Mobilicity Group to a value maximizing transaction (i.e. a sale). However, I am advised by Walied Soliman that negotiation of the bridge financing transaction ceased in mid-December 2012 because the Board of Directors of Holdings, after consultation with its advisors, decided that it was not willing to pursue a bridge funding arrangement in the form presented in the absence of an identifiable transaction to bridge to.

Discussions with Catalyst

34. On or about December 6, 2012 a letter was received from Catalyst by the Board of Directors of Wireless discussing a potential financing. A copy of that letter is attached hereto as Exhibit "E".

35. The letter from Catalyst stated that "[o]ur team has come up with what we hope you will find to be a highly desirable proposal for your consideration". The letter also stated:

> We have heard rumours of a proposal that, if these rumours are true and that proposal is implemented, would hurt senior creditors in order to benefit junior and other creditors. Based on these rumours, we have had no choice but to engage Faskens as our counsel. We hope that we will not need them to be actively involved in protecting our rights.

36. On December 9, 2012, the Mobilicity Group received a draft Mutual Confidentiality Agreement from Catalyst's counsel, which was to be executed as a pre-requisite to the Mobilicity Group's review of the Catalyst proposal. A copy of that draft is attached hereto as Exhibit "F".

37. I am advised by Walied Soliman that the Mobilicity Group had concerns with the Mutual Confidentiality Agreement requested by Catalyst. The Mutual Confidentiality Agreement included:

(a) a "Standstill Period" of 14 days, which would automatically be extended from time to time. During the "Standstill Period" the Mobilicity Group would be prohibited from, among other things, engaging in any discussions or negotiations with any third party in relation to a financial restructuring, refinancing or recapitalization plan; and

(b) a term that provided that Catalyst's proposed recapitalization plan was "proprietary" and subject to confidentiality restrictions. I am advised by Walied Soliman that such a provision had the potential to expose the Mobilicity Group to arguments that any other restructuring transactions negotiated or entered into with third parties on terms similar to the Catalyst plan were somehow based upon what Catalyst characterized as its "proprietary" plan, irrespective of whether those alternative restructuring plans were developed in a manner completely independent of any review of the Catalyst plan.

38. I am advised by Walied Soliman that the Mobilicity Group did not agree to the above provisions as both provisions would have had the effect of preventing the Mobilicity Group from exploring strategic alternatives to the Catalyst proposal. These provisions were believed to be particularly problematic given that the Mobilicity Group had not yet been provided with an opportunity to review the commercial terms that Catalyst was proposing or to determine if the Mobilicity Group would be interested in those terms.

39. I am advised by Walied Soliman that discussions continued with Catalyst in an attempt to arrive at an acceptable form of non-disclosure agreement for a period of two weeks. Eventually, a form of non-disclosure agreement that remedied the above described concerns was signed by Catalyst and the Mobilicity Group on December 24, 2012.

40. Catalyst subsequently sent the Mobilicity Group two term sheets that detailed terms for potential financings. Attached hereto as Exhibit "G" is a term sheet, dated December 28, 2012, regarding a proposed Debtor-in-Possession facility, in contemplation of any potential proceedings in respect of the Mobilicity Group under the *Companies' Creditors Arrangement Act* (Canada). The priority attaching to that facility would prime all other existing security holders, including the First Lien Notes. Attached hereto as Exhibit "H" is a term sheet, also dated December 28, 2012, regarding a potential recapitalization transaction that Catalyst would sponsor (the "**Catalyst Recap Plan**"). Catalyst proposed that the priority of that facility would rank behind the First Lien Notes and ahead of the Unsecured Senior Notes (i.e. new second lien notes). In either case, Catalyst proposed to provide up to $200 million of new financing to the Mobilicity Group.

41. Over the following week, Catalyst and the Mobilicity Group's counsel and Financial Advisors exchanged correspondence in which a variety of outstanding issues on the Catalyst

Recap Plan, including Catalyst's request for exclusive negotiations, a minimum $15 million break fee, and the value to be received by current equity holders of Holdings were addressed. A copy of that email correspondence is attached hereto as Exhibit "I".

42. An email was received by the Mobilicity Group from Catalyst's counsel on the substantive terms of the Catalyst Recap Plan on or about January 6, 2013, in which Catalyst's counsel advised that the economics of the proposed Catalyst Recap Plan as it affected current equity holders of Holdings were changing due to timing issues. Counsel explained "by now I expect that Catalyst has decided to reduce the 5% of equity to be allocated [to current equity holders] as mutually agreed in their term sheet to 4.5%. I am guessing that 24 hours from now it will be 4%. Just thought you should know." A copy of that email is attached hereto as Exhibit "J".

43. I am advised by Walied Soliman that the proposed terms of the Catalyst Recap Plan were never materially advanced because Catalyst continued to insist that, prior to finalizing the terms of such financing, the Mobilicity Group agree to negotiate exclusively with Catalyst and discontinue any ongoing discussions with other parties.

44. I am advised by Walied Soliman that the Board of Directors of Holdings considered the Catalyst proposal with its advisors and concluded that the proposal could not be supported due to Catalyst's requirement of exclusivity and a $15 million break fee (which was considered to be far too high in the circumstances), particularly at a time when the principal terms of the transaction were not yet finalized. Discussions on the Catalyst Recap Plan broke off on or about January 6, 2013.

Potential Acquirer

45. I am advised by Walied Soliman that in or about late December the Mobilicity Group identified a potential purchaser for its business, which the Mobilicity Group believed to be credible and worth pursuing. The proceeds from that purchase contemplated the repayment of the First Lien Notes in full and provided financial benefits to other stakeholders as well.

46. I am advised by Walied Soliman that the Board of Directors of Holdings, in consultation with its advisors, considered pursuit of a sale to be the most beneficial course of action at that time. The Board of Directors considered many factors including the financial pressures faced by the Mobilicity Group, the few options available to the Mobilicity Group at

the time (after the strategic review described above), the potential recoveries that an acquisition transaction would provide to security holders and the potential going concern solution that it provided to other stakeholders.

Bridge Financing Discussions Continue

47. I am advised by Walied Soliman that in early January 2013, the Mobilicity Group resumed negotiations with the Bridge Lenders and received a revised proposal for a bridge facility (the "**Bridge Facility**").

48. I am advised by Walied Soliman that during January 2013, the Board of Directors of Holdings held at least seven meetings at which the proposals provided by the Bridge Lenders were discussed. Input was received at these meetings from members of management of Holdings, the Financial Advisors, and legal counsel. I am further advised by Walied Soliman that the Board of Directors considered, among other things, the following matters: (a) the reasonableness of the commercial terms of the Bridge Lenders' proposals; (b) the feasibility of implementing the Bridge Lenders' proposals; (c) the impact of the Bridge Lenders' proposal on all stakeholders, including holders of First Lien Notes; and (d) whether a potential sale transaction was viable.

49. I am advised by Walied Soliman that the Board of Directors was concerned with the extreme financial pressures facing the Mobilicity Group in January of 2013 and that unless additional financing was obtained quickly, the Mobilicity Group would have exhausted its remaining cash by mid-February 2013.

50. The proposed transaction with the Bridge Lenders was voted upon and approved by the members of the Board of Directors of Holdings who were entitled to vote on that matter on January 31, 2013. Directors who were nominees of security holders of Holdings did not vote on this matter.

51. In all, the negotiation and drafting of these documents took approximately one month.

Bridge Facility

52. On February 6, 2013, Wireless, Holdings and Leasing entered into a note purchase, guarantee and backstop agreement (the "**New Note Purchase Agreement**" or the "**NPA**") to give effect to the Bridge Facility with the Bridge Lenders.

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53. Pursuant to the terms of the NPA, which is confidential by its terms, Wireless agreed to issue up to $43.25 million in aggregate principal amount of second lien promissory notes (the "**New Notes**") to the Bridge Lenders in three tranches.

54. Pursuant to the NPA, all of the debt issued under the NPA ranks subordinate to the First Lien Notes.

55. The facility created under the NPA was structured as a bridge facility, meaning that it was for a finite period to lead to a specific transaction. The bridge facility in this case was a bridge to either an acquisition or a recapitalization transaction.

56. I know of no basis why a subordinate facility cannot be for a shorter duration than a senior ranking facility provided the terms of the subordinate facility do not create an event of default under the senior facility. One would always expect a bridge facility to be of very short duration by definition.

57. As is clear from its terms, the NPA also contemplated a "follow-on facility", backstopped by the Bridge Lenders, for $75 million. This follow-on financing would be effected as part of a Plan of Arrangement which has already been filed with this Court (Court File No. CV 13-10080-CL) (discussed below) if a beneficial acquisition transaction cannot be completed.

58. The NPA contains a number of confidentiality provisions that preclude the disclosure of the NPA. For instance, section 21.11 states that the NPA:

> is being executed on a highly confidential basis on the understanding that this Agreement, any related documents, the existence and contents thereof and the existence and contents of any discussions related thereto... shall not be disclosed by the Issuer or any Guarantor to any third party or made public without the prior written consent of the purchasers...

In my experience, this type of confidentiality arrangement is common for a bridge financing provided to a private company.

Amendments to First Lien Notes Indenture

59. In order to facilitate the transactions contemplated by the NPA, certain amendments to the First Lien Notes Indenture, among other things, were required.

60. Section 9.02 of the First Lien Notes Indenture provides the mechanism by which amendments to the First Lien Notes Indenture may be made. Section 9.02 provides, in part, that:

> Except as provided below in this Section 9.02, [Wireless] and the Trustee may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.15 hereof) and the Notes and the Note Guarantees and the Collateral Documents **with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class.** [Emphasis added]

61. It is my understanding based upon a review of recent precedent indentures and credit agreements that the above provision is not unique to the First Lien Notes Indenture. Attached as Exhibit "K" are excerpts from three indentures and one credit agreement from other borrowers that contain similar provisions.

62. In accordance with Section 9.02 of the First Lien Notes Indenture, the Mobilicity Group obtained the consent of holders of at least a majority in aggregate principal amount of the then outstanding First Lien Notes to make certain amendments to the First Lien Notes Indenture. Attached as Exhibit "L" is a copy of the letter from counsel for certain First Lien Note holders, beneficially holding an aggregate of $100,250,000 in principal amount of notes, representing 51.4% of the then outstanding First Lien Notes.

63. Catalyst was not one of the holders of the First Lien Notes that consented to the amendments.

64. The amendments to the First Lien Notes Indenture were made by a Supplemental Indenture dated February 6, 2013 (the "**Supplemental Indenture**").

65. The Supplemental Indenture provides, among other things, that:

> The Senior Trustee has received noteholder resolutions dated February 6, 2013 signed by the Required Holders of Record (as defined therein) on behalf of the Holder (as defined therein), approving, inter alia, this Supplemental Indenture (the "**Noteholder Resolutions**"). The Senior Trustee has also received a confirmation letter from counsel to the Required Beneficial Holders (as defined in the Noteholder Resolutions), dated February 6, 2013, and

> noteholder statements dated on or before February 6, 2013 signed by each Required Beneficial Holder associated with such Noteholder Resolutions (collectively, the "**Associated Documents**"). The Senior Trustee confirms that the Noteholder Resolutions together with the Associated Documents constitute evidence satisfactory to the Senior Trustee of the consent of the Holders of at least a majority in aggregate principal amount of the Notes outstanding as of January 31, 2013 in accordance with Section 9.02 of the Senior Secured Indenture.

66. Copies of the "Noteholder Resolutions" and "Associated Documents" described above, are also attached in redacted form in the Catalyst Application Record.

67. The amendments to the First Lien Notes Indenture were necessary to:

(a) modify certain covenants that previously prevented the Mobilicity Group from incurring additional indebtedness required by the NPA;

(b) modify certain covenants that previously prevented the Mobilicity Group from entering into agreements containing restrictions of the nature contained in the NPA;

(c) modify certain covenants that previously prevented the Mobilicity Group from creating new liens on its assets as required by the NPA; and

(d) modify certain covenants that previously prevented the Mobilicity Group from making periodic payments such as those due under the NPA.

68. I am advised by Walied Soliman that with the exception of the amendments set out in the Supplemental Indenture, the First Lien Notes Indenture remains unchanged. Of significance, the First Lien Notes still maintain priority over *all debt* issued by the Mobilicity Group for borrowed money.

69. In my experience, none of the alleged expectations set out by Mr. De Alba at paragraphs 20 and 52 of his Affidavit are customs of the trade or otherwise obvious deal terms or expectations in the absence of specifically negotiated transaction terms.

Disclosure of Amendments to First Lien Indenture

70. Section 9.02 of the First Lien Notes Indenture provides:

> After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of Notes affected thereby **a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture, Collateral Documents or waiver.** [Emphasis added]

71. I am advised by Evan Cobb that on February 13, 2013, a copy of the notice to registered holders of First Lien Notes in connection with the Supplemental Indenture was delivered to First Lien Note holders (the "**Amendment Notice**"). I am advised by Evan Cobb that this Amendment Notice was also delivered to brokers who were listed as Holders of Record on a report received from CDS & Co., as the depository of the First Lien Notes. Among those holders of record was CIBC Mellon, who I understand from Mr. De Alba's affidavit is Catalyst's broker. Attached hereto as Exhibit "M" is a copy of the Amendment Notice. Attached as Exhibit "N" is a copy of the Press Release issued by the Mobilicity Group.

72. The level of disclosure contained in the Mobilicity Group's press release seems customary for a financing transaction of a private company.

Catalyst's Demands for Information

73. I am not aware of any other holder of First Lien Notes (including those who are not Bridge Lenders) having raised any concerns about the disclosure that they received regarding the Bridge Facility.

74. I am advised by Evan Cobb that after the Amendment Notice was issued, Catalyst's counsel, David C. Moore, made a series demands for information related to the NPA, the future financial plans of the Mobilicity Group, and the amendments to the First Lien Notes Indenture.

75. The Mobilicity Group provided information and documentation to Catalyst in response to requests as set out in the Affidavit of Mr. De Alba. Upon providing a second copy of the NPA to Catalyst (which was almost entirely unredacted) counsel to the Mobilicity Group wrote an email to Mr. Moore stating, "If there are any specific items in the attached version of the Note Purchase, Guarantee and Backstop Agreement that raise additional specific

questions relevant to Catalyst's interest in its capacity as a 9.5% First Lien Note holder, please advise and we will attempt to deal with those specific requests." Attached hereto as Exhibit "O" is a copy of that email.

76. The next correspondence that the Mobilicity Group received from Catalyst or its counsel was its Application Record commencing these proceedings. Subsequently, Catalyst delivered an Amended Notice of Application on April 19, 2013, which is attached hereto as Exhibit "P". In its Amended Notice of Application, Catalyst acknowledges that no Event of Default has occurred under the First Lien Notes Indenture as a result of the Mobilicity Group entering into the NPA or issuing the Bridge Notes.

The Mobilicity Group's Plans of Arrangement

77. The Mobilicity Group is attempting to proceed to implement potential transactions that would benefit stakeholders overall and deal with significant liquidity issues. The Mobilicity Group has filed two Applications for approval of two Plans of Arrangement to address its pressing financial needs. The Plans of Arrangement are described in the CBCA Affidavit at paragraphs 38-47.

78. In sum, one Plan of Arrangement is for a recapitalization of the Mobilicity Group (the "**Re-Cap Plan**"). The other Plan of Arrangement presents a framework for an acquisition of the Mobilicity Group (although it has not reached a binding agreement with a purchaser at this time) (the "**Acquisition Plan**"). Information Circulars substantially in the form of those sent to certain stakeholders on April 29, 2013 in connection with those two Plans of Arrangement are attached as Exhibits "A" and "B" to the CBCA Affidavit.

79. The Bridge Facility was a temporary financing to bridge the Mobilicty Group to a more comprehensive recapitalization – as set forth in the Re-Cap Plan – or an acquisition transaction – as set forth in the Acquisition Plan.

80. The First Lien Notes will be unaffected by the New Second Lien Notes under the Re-Cap Plan. Indeed, the Re-Cap Plan contemplates comprehensive inter-creditor terms which have been disclosed as part of the meeting materials.

81. The Bridge Lenders have consented to a stay of enforcement of their Bridge Notes in order to give the restructuring process time to be considered by all stakeholders.

82. All First Lien Note holders will be given an opportunity to vote on the proposed Re-Cap Plan.

83. Comprehensive meeting materials, including a summary of the material terms of a new second lien indenture, a summary of the terms of the Re-Cap Plan, a copy of the then current draft of the Re-Cap Plan and a summary of the terms of a proposed inter-creditor agreement have been sent to all stakeholders.

84. Following the granting of the interim orders in connection with the Re-Cap Plan and the Acquisition Plan, Catalyst issued the press release attached hereto as Exhibit "Q"

85. On May 2, 2013 an article was published by the Globe and Mail discussing Catalyst's intentions to participate in Canada's wireless industry. A copy of that article is attached hereto as Exhibit "R".

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on May 2, 2013. Commissioner for Taking Affidavits	WILLLIAM E. AZIZ

EXHIBIT "R"

This is Exhibit R referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-13-10081-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT,* R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 8440522 CANADA INC., AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., AND DATA & AUDIO-VISUAL ENTERPRISES LEASING INC.

Applicant

SUPPLEMENTARY AFFIDAVIT OF WILLIAM E. AZIZ

(Sworn May 24, 2013)

TELUS Acquisition Plan - Fairness Hearing - Returnable May 28, 2013

I, WILLIAM E. AZIZ, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I previously swore an Affidavit in this matter on April 24, 2013 (my "**First Affidavit**") in connection with, among other things, (i) a Motion for an Interim Order addressing the calling, holding and conducting of the Acquisition Plan Meeting of the holders of First Lien Notes, Unsecured Senior Notes, Unsecured Pari Passu Notes and Unsecured Subordinated Notes and with respect to this underlying Application for approval of a proposed Acquisition Plan pursuant to s. 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "**CBCA**").

2. I also swore an Affidavit on May 2, 2013 in connection with a related proceeding commenced by The Catalyst Capital Group ("**Catalyst**") bearing Court File No. CV 13-10016-00CL.

3. I remain the Chief Restructuring Officer of the Mobilicity Group. I continue to have primary oversight of this mandate and, as such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have reviewed the material records of the Mobilicity Group and have spoken with certain of the directors, officers, advisors and/or employees of the Mobilicity Group, as necessary, and, where I have relied upon such information, do verily believe such information to be true.

4. Terms capitalized in this Affidavit but not defined herein have the meaning set forth in my First Affidavit or the Acquisition Information Circular, as appropriate.

5. I swear this Affidavit to update and supplement the information contained in my First Affidavit, in support of the within Application for approval of the Revised TELUS Acquisition Plan (as defined below).

6. On April 26, 2013, Justice Wilton-Siegel made two Interim Orders. One in respect of the Re-Cap Plan (bearing Court File No. CV 13-10080-00CL). The other (the "**Acquisition Plan Interim Order**") in respect of this Application which, at the time, contemplated a framework for a potential purchaser to effectively and efficiently implement an acquisition of the Mobilicity Group (the "**April 26th Acquisition Plan**") .

7. Since that time, the Mobilicity Group has reached an agreement with TELUS Corporation ("**TELUS**") for the sale of the Mobilicity Group to TELUS (the "**TELUS Sale**"), and executed a definitive Arrangement Agreement with TELUS. The particulars of the TELUS Sale, which is subject to Court approval, among other conditions precedent, are set out below.

8. The Mobilicity Group is now moving forward with its application for approval of an amended April 26th Acquisition Plan (the "**TELUS Acquisition Plan**" and as further amended on May 22, 2013, the "**Revised TELUS Acquisition Acquisition**"), which implements the TELUS Sale. At this time, the Mobilicity Group has postponed its vote and application for approval of the Re-Cap Plan. It believes the Revised TELUS Acquisition Plan is the most viable option and is in best interests of the Mobilicity Group and its stakeholders. As the Mobilicity Group has by now had to draw down on all tranches of the Bridge Financing established by the Bridge Notes, it is critical that the Mobilicity Group complete this transaction as soon as possible.

The Acquisition Circular

9. A copy of the final form of the Notice of Meeting of the holders of First Lien Notes, Unsecured Senior Notes, Unsecured Pari Passu Notes and Unsecured Subordinated Notes and Acquisition Information Circular, dated April 26, 2013, (the "**Acquisition Circular**") is marked as **Exhibit "A"** to this Affidavit. Attached as **Exhibit "B"** is a copy of a blackline of the Acquisition Circular showing changes from the draft Acquisition Circular attached to my First Affidavit.

Notice to Voting Securityholders – April 26th Acquisition Plan

10. On April 29, 2013, the Acquisition Circular and its Schedules including the Notice of Application, the Acquisition Plan Interim Order, and the form of proxy for the Acquisition Arrangement Resolution (collectively, the "**Meeting Materials**") were mailed by Equity Financial Trust Company to the First Lien Noteholders and the Unsecured Senior Noteholders of record as of April 25, 2013 (the "**Record Date**"). On April 29, 2013, the Meeting Materials were mailed by Norton Rose Canada LLP ("**Norton Rose**"), counsel to the Mobilicity Group, to the holder of the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes as of

the Record Date. The Affidavit of Mailing of Carol Mikos is attached at **Exhibit "C".** The Affidavit of Mailing of Seemal Patel is attached at **Exhibit "D"**.

11. In addition, I am advised by Evan Cobb of Norton Rose, that delivery of the Meeting Materials:

(a) to the Unsecured Senior Note Indenture Trustee was completed in accordance with paragraph 13(b) of the Acquisition Plan Interim Order;

(b) to the First Lien Note Indenture Trustee was completed in accordance with paragraph 13(c) of the Acquisition Plan Interim Order; and

(c) to the respective directors of Holdings, Wireless, Leasing and the Applicant and to the Director appointed under the CBCA was completed in accordance with paragraph 13(d) of the Acquisition Plan Interim Order.

12. Accordingly, the Meeting Materials were mailed at least 21 days prior to the date of the Meeting, excluding the date of sending and excluding the date of the Meeting, in accordance with paragraph 13 of the Acquisition Plan Interim Order.

13. The Meeting Materials were also sent to the auditor of Holdings, Wireless and Leasing on May 2, 2013.

Notice to Material Suppliers

14. I am advised by Mr. Cobb that on April 30, 2013, in accordance with paragraphs 34 and 35 of the Acquisition Plan Interim Order, a copy of the Acquisition Plan Interim Order was sent by Norton Rose by email to three of the Material Suppliers, namely, Ericsson Canada Inc., Ingram Micro Inc., and AMDOCS Canadian Managed Services Inc. A copy of the Acquisition Plan Interim Order was sent by Norton Rose to Research in Motion Limited by courier on that day as well.

15. I am advised by Mr. Cobb that no Material Supplier raised any issue about any aspect of the Acquisition Plan Interim Order with Norton Rose.

Notice to Voting Securityholders - TELUS Acquisition Plan

16. On the morning of May 16, 2013, the Mobilicity Group announced by press release that it had entered into an arrangement agreement with TELUS to provide for the sale of the Mobilicity Group as a going concern for a purchase price of $380 million subject to a working capital adjustment. A copy of that press release (the "**Press Release**") is attached hereto as **Exhibit "E"**.

17. Along with the Press Release, a Supplemental Information Statement, dated May 16, 2013, was also posted on the Mobilicity Group's website at http://mobilicity.ca/investorrelations (the "**Investor Relations Site**"). A copy of the final form of the Supplemental Information Statement to the Acquisition Circular dated May 16, 2013 (the "**Acquisition Supplement**") is attached as **Exhibit "F"** to this Affidavit.

18. The following documents were attached to the Acquisition Supplement on the Investor Relations Site: (a) the TELUS Acquisition Plan; (b) the Arrangement Agreement; and (c) the Fairness Opinion (as defined below).

19. In addition, a blackline of the TELUS Acquisition Plan to the April 26th Acquisition Plan was posted on the Investor Relations Site. Attached as **Exhibit "G"** is a copy of that blackline.

20. On May 15, 2013, Wireless and Leasing amalgamated.

21. On May 16, 2013, a bulletin was also delivered by CDS Clearing and Depository Services Inc. regarding the TELUS Acquisition Plan. A copy of that bulletin is attached hereto as **Exhibit "H"**.

22. The Mobilicity Group determined that the above methods of distribution were the most reasonably practicable and expedient in the circumstances given the timelines and the securityholders involved. As part of this notice, the Mobilicity Group also announced that it was postponing the meeting to vote on the TELUS Acquisition Plan to May 23, 2013, so as to give Voting Securityholders additional time to consider the TELUS Acquisition Plan. The notice materials discussed above constituted the Purchase Price Notice contemplated by the Acquisition Plan Interim Order.

The TELUS Acquisition Plan

Background

23. As described in my First Affidavit, in early 2013, given its financial circumstances, the Mobilicity Group had to either reach an agreement with a willing buyer for its business who could finance operations going forward or restructure its capital and secure additional funding in order to advance its business.

24. The TELUS Sale represents an agreement to acquire the Mobilicity Group's business. TELUS is a publicly traded company that describes itself as a leading national telecommunications company in Canada, with $10.9 billion in annual revenue and 13.1 million customer connections, including 7.7 million wireless subscribers. An excerpt from the TELUS 2013 Information Circular is attached hereto as **Exhibit "I"**.

25. As described in my First Affidavit, the Mobilicity Group engaged in a strategic review process in 2012 and 2013. TELUS was one of the strategic buyers that the Mobilicity Group approached.

26. Although a number of firms responded and signed non-disclosure agreements in order to receive additional details of the business opportunity, TELUS was the only firm to proceed to advanced negotiations.

27. I am informed by Michael Levin of Canaccord Genuity, a financial advisor to the Mobilicity Group, that the TELUS offer represents the only executable acquisition proposal that was provided during the strategic review process in 2012 and 2013. Based upon its advisor assisted marketing efforts, the terms of the transaction negotiated with TELUS, and the Fairness Opinion (as defined below) the Mobilicity Group believes that the TELUS Sale represents the best available transaction for the Mobilicity Group and its stakeholders.

28. I am informed by Walied Soliman of Norton Rose that negotiations first commenced with TELUS when the Mobilicity Group approached TELUS in December of 2012.

29. Negotiations with TELUS took place over several months and involved legal and financial advisors for TELUS, the Mobilicity Group and certain key stakeholders.

The TELUS Sale

30. The TELUS Sale is materially consistent with the framework of the April 26th Acquisition Plan originally sent to Voting Securityholders. In particular, it provides for the repayment of outstanding first lien debt and second lien debt on the terms set out in the TELUS Acquisition Plan, with the remaining proceeds to be distributed to holders of unsecured debt securities in accordance with their priorities and in satisfaction of their claims, subject to payment of any support consideration, transaction fees and, in certain cases, a portion of the operating costs incurred by the Mobilicity Group until closing.

31. The terms of the TELUS Acquisition Plan are to be implemented in connection with the Arrangement Agreement among the Mobilicity Group and TELUS, dated May 16, 2013.

32. The Purchase Price under the TELUS Acquisition Plan is $380 million, subject to the working capital adjustment described below. The amount available for distribution to security holders of the Mobilicity Group will be reduced by the payment of certain fees and expenses relating to the transaction and, in certain cases, a portion of the operating costs incurred by the Mobilicity Group until closing.

33. The Purchase Price is subject to a dollar for dollar adjustment to the extent that the net working capital of the Mobilicity Group on closing (as calculated in accordance with the Arrangement Agreement) of the transaction is estimated just prior to closing to be greater than or less than an agreed, targeted amount and such difference is greater than $750,000. A secondary adjustment will be made when final working capital is fully determined. An additional $3.5 million holdback (the "**Working Capital Holdback**") from the Purchase Price will be retained by TELUS in connection with this secondary adjustment, for a period of up to 60 days after the Effective Date.

34. A Trust and Escrow Agreement will be entered into between a trust company (the "**Trust Company**") to be determined, TELUS and the Mobilicity Group with respect to the terms and conditions on which the sale proceeds shall be held and distributed.

35. There are three categories of securityholders who receive consideration under the TELUS Acquisition Plan:

(a) First Lien Noteholders – who will be paid in full in accordance with the terms of the TELUS Acquisition Plan and the First Lien Note Indenture;

(b) Second Lien Noteholders – who will be paid in full in accordance with the terms of the TELUS Acquisition Plan; and

(c) Unsecured Senior Noteholders and Unsecured Pari Passu Noteholders – who will be paid the remainder of the proceeds subject to the terms of the TELUS Acquisition Plan.

36. The Unsecured Subordinated Notes and the Existing Shares and Existing Share Options will be cancelled without consideration.

37. The TELUS Acquisition Plan is conditional upon, among other things,:

(a) the delivery of a non-refundable deposit of $10 million by TELUS if the Effective Date has not occurred by June 10, 2013;

(b) the receipt of approval from (i) Industry Canada, (ii) the Competition Bureau, (iii) Voting Securityholders (which has been obtained) and obtaining the Final Order sought on this Application;

(c) TELUS receiving written advice from Industry Canada that the transactions contemplated by the TELUS Acquisition Plan will not have a material adverse impact on either TELUS' or Wireless' ability to participate in the 700 Mhz spectrum auction; and

(d) if the Effective Date has not occurred by August 2, 2013, the Purchaser shall have delivered the Extension Period Notice by such date and provided the Monthly Operating Advance by August 9, 2013.

38. The implementation of the TELUS Acquisition Plan is subject to a number of other conditions precedent that are customary for transactions of this nature.

39. Aside from the Purchase Price and the working capital adjustments, an option for TELUS to fund the Mobilicity Group if the Effective Date has not occurred by a certain date, and certain of the above conditions, the above terms were substantially described in the Acquisition Circular.

40. In connection with the review of the TELUS Sale, an opinion of MPA Morrison Park Advisors Inc. (the "**Fairness Opinion**") was received and reviewed. As set out above, the Fairness Opinion was attached to the Acquisition Supplement and posted on the Investor Relations Site (as is attached to this Affidavit as part of Exhibit "F").

41. I am a member of the Special Committee of the Board of Directors who reviewed the terms of the TELUS Sale. Upon completion of our review, we formed the view that the TELUS Sale is in the best interests of the Mobilicity Group and its stakeholders.

42. We unanimously recommended to the Board of Directors of Holdings that it approve the TELUS Sale. The members of the Board of Directors of Holdings who were independent and had no conflicts of interest then determined that the TELUS Sale is in the best interests of the Mobilicity Group and its stakeholders and passed a resolution to proceed with Court approval of the TELUS Acquisition Plan. In particular, the Board of Directors considered, among other things, the information set out above and each stakeholder whose interests were being arranged and concluded that the TELUS Acquisition Plan addressed those stakeholders in a manner that was fair and reasonable given the comprehensive attempts to address the Mobilicity Group's financial circumstances (as described in paragraphs 27-33 of my First Affidavit).

The Revised TELUS Acquisition Plan

43. After the Mobilicity Group announced the TELUS Sale, Catalyst, who claims to hold more than 25% of the principal value of the First Lien Notes, issued a press release (the "**Catalyst Press Release**") indicating that it "welcomed news that TELUS has entered into an agreement to acquire Mobilicity". Attached as **Exhibit "J"** is a copy of that press release.

44. Following the announcement and circulation of the TELUS Acquisition Plan on May 16, 2013, and the issuance of the Catalyst Press Release, the Mobilicity Group engaged in substantive discussions with Catalyst regarding the terms of the TELUS Acquisition Plan as it related to First Lien Noteholders, such as Catalyst. Based on these discussions, the Mobilicity Group, with the consent of TELUS and all of the other securityholders who signed support agreements to support the TELUS Acquisition Plan, made certain further revisions to the

TELUS Acquisition Plan to address concerns raised by Catalyst in its capacity as a First Lien Noteholder.

45. These changes are reflected in the Revised TELUS Acquisition Plan that was amended and posted on the Investor Relations Site on May 22, 2013. Attached as **Exhibit "K"** is a copy of the Revised TELUS Acquisition Plan. Attached as **Exhibit "L"** is a copy of a blackline of the Revised TELUS Acquisition Plan against the Plan posted on May 16, 2013, which was also posted on the Investor Relations Site on May 22, 2013.

46. The Revised TELUS Acquisition Plan was announced by press release on May 22, 2013. Attached as **Exhibit "M"** is a copy of that press release which was also posted on the Investor Relations Site.

47. The Mobilicity Group determined that this method of distribution was the most reasonably practicable and expedient in the circumstances given the timelines and the securityholders involved.

48. The main effect of the changes made in the Revised TELUS Acquisition Plan was to clarify, that if made, the operation of the Senior Noteholder Payment Election, as set out in the Acquisition Plan Interim Order, the Acquisition Circular, the Acquisition Plan, the TELUS Acquisition Plan and the Revised TELUS Acquisition Plan, pursuant to which all Obligations (as such term is defined in the First Lien Indenture) claimed under the First Lien Indenture, however so arising, would be satisfied by (i) paying from the Purchase Price on the Effective Date all principal and accrued but unpaid interest as of the Effective Date to the First Lien Noteholders; and (ii) paying into escrow, from the Purchase Price, on the Effective Date $71 million (the "**Holdback Amount**"), being the full amount that Catalyst has claimed is also owing under the terms of the First Lien Indenture. In addition, certain changes were made to clarify that, if the Senior Noteholder Payment Election is made, Catalyst (or any other First Lien

Noteholder) will be able to continue any claims that it (or any other First Lien Noteholder) has or may assert with respect to Obligations owed to the First Lien Noteholders as against the Holdback Amount.

Stakeholder Support

49. The Mobilicity Group developed the April 26th Acquisition Plan, the TELUS Acquisition Plan and the Revised TELUS Acquisition Plan in consultation with representatives of its main creditors. As a result, I am informed by Mr. Cobb that the following stakeholders signed support agreements:

(a) the holder accounting for 100% of the principal value of the Unsecured Subordinated Notes (whose interests are being entirely compromised);

(b) the holder accounting for 100% of the principal value of the Unsecured Pari Passu Notes (whose interests are being partially compromised);

(c) holders accounting for 95% of the principal value of the Unsecured Senior Notes (whose interests are being partially compromised);

(d) holders of 100% of the Second Lien Notes (who are being paid in full); and

(e) holders accounting for approximately 67% of the principal value of the First Lien Notes (who are also being paid in full on the terms set forth in the Revised TELUS Acquisition Plan).

50. As set out in my First Affidavit, the holder of the Unsecured Subordinated Notes and the Unsecured Pari Passu Notes (i.e. Quadrangle) also holds approximately 87% of the equity interest and 33.3% of the voting interest in Holdings (each on a fully-diluted basis). Quadrangle signed a support agreement in favour of this Plan, notwithstanding that its Unsecured Pari Passu Notes are being partially compromised and its Unsecured Subordinated Notes and its equity are being cancelled without consideration under the Plan.

The Meeting

51. On May 23, 2013, commencing at approximately 10:30 a.m. (Toronto time), the Meeting was held at the offices of Norton Rose, Royal Bank Plaza South Tower, Suite 3800,

200 Bay Street, Toronto, Ontario, to consider and vote on the Revised TELUS Acquisition Plan.

52. I am advised by Mr. Cobb that the Meeting was held in accordance with the Acquisition Plan Interim Order. The Meeting was held to consider and, if deemed advisable, to pass the Acquisition Arrangement Resolution to approve the Revised TELUS Acquisition Plan.

53. I was the Chair of the Meeting, at which the Acquisition Arrangement Resolution and the Revised TELUS Acquisition Plan were approved by the Voting Securityholders, as set out below.

Scrutineers

54. Steven Nguyen of TMX Equity Transfer Services was duly appointed to act as Scrutineer for the Meeting and prepared a Scrutineer's Report on attendance at the Meeting and with respect to the votes taken at the Meeting (the "**Scrutineer's Report**"). A copy of that report is marked as **Exhibit "N"** to this Affidavit.

Quorum and Approval of the Arrangement by Voting Securityholders

55. The registered holders of the First Lien Notes, Unsecured Senior Notes, Unsecured Pari Passu Notes and Unsecured Subordinated Notes as at the close of business on April 25, 2013, or the person or persons they appointed as proxies, were entitled to attend and vote at the Meeting.

56. As set out in the Scrutineers' Report, at the Meeting, the following Voting Securityholders (or their proxyholders) were present (based on the calculation set out immediately below):

(a) 14 registered holders of the First Lien Notes; and

(b) 9 registered holders of the Unsecured Notes.

57. The votes at the Meeting were counted on the basis of one vote for each dollar of Voting Claim of the First Lien Notes, Unsecured Senior Notes, Unsecured Pari Passu Notes or Unsecured Subordinated Notes, calculated using the principal amount plus accrued and unpaid interest showing on the records of Holdings or Wireless, as applicable, as at the Record Date on each First Lien Note, Unsecured Senior Note, Unsecured Pari Passu Note and Unsecured Subordinated Note, respectively.

58. The Voting Securityholders (or their proxyholders) voted in favour of the Acquisition Arrangement Resolution in respect of the Revised TELUS Acquisition Plan as follows:

(a) the registered holders of the First Lien Notes, representing 67.45% in value of the Voting Claims of all First Lien Noteholders who actually voted on the Arrangement Resolution (in person or by proxy) at the Meeting; and

(b) the registered holders of the Unsecured Notes, representing 100% in value of the Voting Claims of all Unsecured Noteholders who actually voted on the Arrangement Resolution (in person or by proxy) at the Meeting.

59. As a result, the Arrangement Resolution was passed under the terms of the Acquisition Plan Interim Order.

60. In addition, TMX Equity Transfer Services separately recorded the votes of Voting Securityholders. Attached as **Exhibit "O"** is a copy of that separate tabulation.

Solvency

61. I am advised by Mr. Cobb that corporations must meet certain solvency requirements in order to complete an arrangement under the CBCA. In particular, I am advised that under s. 192(2)(b) of the CBCA, a corporation is insolvent where the realizable value of its assets is less than the aggregate of its liabilities and stated capital of all classes.

62. The Applicant is not insolvent and in light of the TELUS Sale, all indebtedness incurred under outstanding debt securities will be fully and finally released and discharged pursuant to the terms of the Revised TELUS Acquisition Plan.

Practicability

63. I am advised by Mr. Cobb that it would be inconvenient or less advantageous for the Mobilicity Group to proceed under other provisions of the CBCA to implement the Revised TELUS Acquisition Plan.

64. Due to the complexity of the Revised TELUS Acquisition Plan, it is not practicable for the Mobilicity Group to effect the complex and multi-step transactions contemplated therein without application to this Court.

65. In particular, the Revised TELUS Acquisition Plan sets out an extensive list of "Effective Date Transactions" which must be sequenced in a particular manner for tax and other purposes. Implementation of these transactions and payments is accomplished far more efficiently by means of a Plan of Arrangement. If implemented outside of a Plan of Arrangement, each of these transactions and payments may require separate corporate or contractual authorizations, extensive documentation giving effect to the particular conveyances, transfers, amalgamations, amendments and payments and manual filings with corporate authorities that would need to be coordinated. In addition, outside of an arrangement, the time delays in completing all of the steps contemplated in this transaction would create execution risks since it is conceivable that unforeseen intervening events could disrupt the transaction part way through.

66. Furthermore, I am advised by Mr. Cobb that the Applicant requires the provisions of Section 192 of the CBCA to effect the limited releases contemplated by the Revised TELUS Acquisition Plan.

CBCA Director

67. I am advised by Mr. Cobb that the Applicant provided notice of this Application to the Director under the CBCA, in accordance with Section 15.1 of Industry Canada's Policy Concerning Arrangements Under Section 192 of the CBCA, dated January 4, 2010. The Director has confirmed that it does not need to be heard or appear at this Application.

Notices of Appearance

68. Pursuant to paragraph 30 of the Acquisition Plan Interim Order, a Notice of Appearance may be served on the solicitors of the Applicant no less than five days prior to the date of the hearing of the Application. I am advised by Mr. Cobb and believe that as of the date of this Affidavit, the Applicant has only received a Notices of Appearance from QCP CW S.A.R.L. and TELUS.

SWORN BEFORE ME at the Town of Oakville, Province of Ontario, on May 24, 2013 Lauren Edith Hauser, a Commissioner, etc., Province of Ontario, while a Student-at-Law. Expires May 10, 2014.	William E. Aziz
Commissioner for Taking Affidavits	William E. Aziz

EXHIBIT "S"

This is Exhibit S referred to in the affidavit of William Aziz sworn before me, this 15th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV-13-10081-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 8440522 CANADA INC., AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., AND DATA & AUDIO-VISUAL ENTERPRISES LEASING INC.

Applicant

FURTHER SUPPLEMENTARY AFFIDAVIT OF WILLIAM E. AZIZ

(Sworn May 27, 2013)

TELUS Acquisition Plan - Fairness Hearing - Returnable May 28, 2013

I, WILLIAM E. AZIZ, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I previously swore Affidavits relating to this matter on April 24, 2013, May 2, 2013 and May 24, 2013.

2. I remain the Chief Restructuring Officer of the Mobilicity Group. I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have reviewed the material records of the Mobilicity Group and have spoken with certain of the directors, officers, advisors and/or employees of the Mobilicity Group, as necessary, and, where I have relied upon such information, do verily believe such information to be true.

3. Terms capitalized in this Affidavit but not defined herein have the meaning set forth in my May 24, 2013 Affidavit and the Revised TELUS Acquisition Plan, as appropriate.

4. I swear this Affidavit to update and supplement the information contained in my previous Affidavits, in support of the within Application for approval of the Revised TELUS Acquisition Plan.

5. On May 27, 2013 at 3:30pm, pursuant to the Revised TELUS Acquisition Plan and paragraph 24 of the Interim Order, the Senior Noteholder Payment Election was exercised. Attached as **Exhibit "A"** is a copy of the Press Release announcing the exercise of the Senior Noteholder Payment Election.

6. On May 27, 2013, counsel for the Mobilicity Group received the letter attached as **Exhibit "B"** from the CBCA Director.

7. The Mobilicity Group's press release announcing that the Plan was approved by its debtholders on May 23, 2013 is attached as **Exhibit "C"**.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on May 27, 2013	
Commissioner for Taking Affidavits	William E. Aziz

EXHIBIT “T”

This is Exhibit T referred to in the affidavit of William Aziz sworn before me, this 16th day of October, 2013

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. CV 13-10016-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

In the matter of a Note Purchase, Guarantee and Backstop Agreement dated February 6, 2013 made by Data & Audio-Visual Enterprises Wireless Inc. Equity Financial Trust Company, and certain purchasers of notes thereunder whose identity is unknown (referred to in the Title of Proceedings herein as "the Unknown Purchasers").

BETWEEN:

THE CATALYST CAPITAL GROUP INC.

Applicant

- and -

DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES LEASING INC., EQUITY FINANCIAL TRUST COMPANY, AND THE UNKNOWN PURCHASERS

Respondents

APPLICATION UNDER section 248 of the *Ontario Business Corporations Act*, R.S.O. 1990, c. B.16, as amended and Rule 14.05 (3)(d) of the *Rules of Civil Procedure*.

AFFIDAVIT OF WILLIAM E. AZIZ

(sworn July 19, 2013)

I, WILLIAM E. AZIZ, of the Town of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President of BlueTree Advisors II Inc., which was retained by Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") to provide services to Holdings and its affiliates (collectively, the "**Mobilicity Group**") as Chief Restructuring Officer of the Mobilicity Group. I report to the Independent Committee of the Board of Directors of Holdings.

2. I have more than 24 years of turnaround and corporate restructuring experience. I

have led restructurings as an executive or board member involving all aspects of balance sheet and operational restructurings in diverse industries, including softwood lumber, steel manufacturing, refrigerated warehousing, transportation, retail, telecommunications, manufacturing and media.

3. I am a Chartered Accountant and an alumnus of Ernst & Young. I am a graduate of the Ivey School of Business at the University of Western Ontario. I am currently a director of Canada Bread Company, Limited and have previously been a director of a number of private and publicly traded companies including OMERS, Sun-Times Media Group, Tecumseh Products, Doman Industries and Algoma Steel.

4. As Chief Restructuring Officer of the Mobilicity Group, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have reviewed the material records of the Mobilicity Group and have spoken with certain of the directors and advisors of the Mobilicity Group, as necessary, and, where I have relied upon such information, do believe such information to be true. The information provided in this affidavit as it relates to matters prior to my involvement with the Mobilicity Group is based upon my review of records and those discussions. Where I provide evidence by way of information obtained from lawyers for the Mobilicity Group it is not my intention to waive, nor does the Mobilicity Group waive, solicitor-client privilege. Solicitor-client privilege is relied upon and asserted throughout.

5. I have previously sworn Affidavits in connection with, or related to, this proceeding on April 24, 2013 and May 2, 2013.

6. I swear this Affidavit in response to an application commenced by The Catalyst Capital Group Inc. ("**Catalyst**") for oppression remedies under the *Business Corporations Act* (Ontario) (the "**OBCA**") and, in particular, in response to the Affidavit of Gabriel De Alba, sworn May 9, 2013 (the "**Second De Alba Affidavit**").

7. This affidavit will not respond to those assertions in the Second De Alba Affidavit that relate to the Acquisition Plan or the Re-Cap Plan. A plan of arrangement based upon an Acquisition Plan with TELUS Corporation (the "**TELUS Acquisition Plan**") was approved by Mr. Justice Campbell on May 28, 2013 (and was the subject of Affidavits that I swore on May 24, 2013 and May 27, 2013). Catalyst did not oppose the application to approve the TELUS Acquisition Plan. The terms of the Re-Cap Plan are not a part of Catalyst's current

application. Based upon my understanding of discussions between counsel to the Mobilicity Group and counsel to Catalyst, the Re-Cap Plan is not being addressed in this Application at this time because the Re-Cap Plan is not currently proceeding to implementation. I further understand that if these circumstances change, the current Application and evidentiary record may be revisited.

8. All capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in my Affidavit, sworn May 2, 2013 (my "**May Affidavit**").

The Mobilicity Group's Continuing Review of Strategic Alternatives

9. Catalyst's oppression application is brought in the context of the Mobilicity Group's continuing efforts to find a solution to the liquidity problems that it faces.

10. In that regard, in my May Affidavit, I outlined the strategic review conducted by the Mobilicity Group to that point in time. At that time, the Mobilicity Group was considering a potential acquisition transaction or, alternatively, the Re-Cap Plan.

11. My May Affidavit was prepared in the context of those two potential transactions. Since that time, the Moblicity Group has continued to work toward a solution to its financial problems, including:

(a) finalizing, and obtaining court approval for the TELUS Acquisition Plan on May 28, 2013. Despite obtaining Court approval, this transaction was not implemented because regulatory approvals were not obtained. The regulatory approvals were a pre-condition to completion of the TELUS Acquisition Plan;

(b) continuing discussions with financing sources to obtain additional funding, either through the Re-Cap Plan or alternative avenues; and

(c) engaging in confidential discussions with multiple alternative purchasers following the termination of the TELUS Acquisition Plan, which remains the Mobilicity Group's preferred route.

12. In each instance, as it was for the Bridge Financing, the Board[1] continues to consider the best interests of the Mobilicity Group and the interests of its stakeholders.

13. Catalyst has been involved in the process of working towards potential solutions, as appropriate. For example, in the context of the TELUS Acquisition Plan, once the deal was announced publicly, Catalyst was heavily engaged in negotiations with the Mobilicity Group, and other interested parties, including TELUS. This culminated in an early morning meeting on the day of the Fairness Hearing, at which time Catalyst's remaining objections to that plan were constructively and effectively resolved.

14. On June 6, 2013, after the TELUS Acquisition Plan was approved, but after it became clear that regulatory approvals would not be obtained, Catalyst on its own initiative delivered two new term sheets to the Mobilicity Group for a proposed $100 million financing. These term sheets have been considered by the Board and its advisors. Similar to Catalyst's prior proposals, Catalyst's more recent proposals did not suit the Mobilicity Group's present needs. Attached as **Exhibit "A"** is a copy of Catalyst's cover letter enclosing the two term sheets. Attached as **Exhibit "B"** are copies of the two term sheets.

Moblicity Group's Spectrum Licence Submission

15. At paragraph 49 of his Second Affidavit, Mr. De Alba states that on April 3, 2013, the Mobilicity Group made submissions to the Federal government. While it is true that the Mobilicity Group suggested that the Federal government consider returning funds paid by new entrants for their spectrum licenses and implementing an alternative instalment payment plan for those spectrum licenses, contrary to the speculation of Mr. De Alba in paragraph 50 of his Affidavit, this was not the Mobilicity Group's primary strategic plan. Throughout its submission to the Federal government, the Mobilicity Group repeats that its primary concern is to ensure that a clear and efficient license transfer regime exists.

16. The Mobilicity Group has not yet determined whether it will participate in the Federal government's 700 MHz spectrum auction, now scheduled to take place in January 2014. The deadline to register and provide a cash deposit to participate in the auction is September 17, 2013.

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[1] Throughout this Affidavit where I refer to the Board, I am referring to the Board of Directors of all entities in the Mobilicity Group which are bound by Unanimous Shareholder Declarations and a Unanimous Shareholder Agreement as referred to in my May Affidavit.

The Bridge Facility

17. As stated in paragraph 12 of Second De Alba Affidavit, in early 2013, the Mobilicity Group "was facing significant cash flow problems and there was considerable urgency to inject new money into the company, failing which, its business (and value) was at potential risk". I believe that Mr. De Alba is correct that "time was of the essence" and that the Mobilicity Group needed to move forward as quickly as possible.

18. I am advised by Walied Soliman of Norton Rose Fulbright Canada LLP, counsel for the Mobilicity Group, that in February 2013, the Board moved forward with the best option available to it for a financing of a size and duration that the Board believed it required to bridge to a potential acquisition.

19. As stated in my May Affidavit, at paragraph 45, in or about late December 2012, the Mobilicity Group identified a potential acquirer for its business. That potential acquirer can now be identified as TELUS Corporation. Once this proposal was more fully developed in mid-January 2013, I am advised by Mr. Soliman that the Board, in consultation with its advisors, considered the pursuit of a sale to TELUS to be the most beneficial course of action at that time.

20. The sale to TELUS was not binding until May 2013 (subject to the conditions therein). However, in early 2013, the Mobilicity Group worked to set the stage for that potential acquisition transaction. The Mobilicity Group required short term bridge financing in an amount necessary to provide liquidity to complete the potential transaction.

21. While Catalyst provided a financing proposal in December 2012, that proposal did not suit the Mobilicity Group's needs at that time. At paragraph 11 of the Second De Alba Affidavit, he states that Barry Goldberg of Canaccord Genuity was "highly supportive" of Catalyst's financing proposal. Mr. Goldberg has advised me that while he was never "highly" supportive, he was *initially* supportive of Catalyst's proposal. At that time, discussions with TELUS were still at a preliminary stage. Once discussions with TELUS moved forward, the Mobilicity Group's financing needs became materially different.

22. Correspondence shows that, contrary to the assertions in paragraphs 16 and 17 of the Second De Alba affidavit, Catalyst was not flexible or open to negotiation of the economic terms of its financing approach. In a January 6, 2013 email Mr. De Alba wrote that the

Mobilicity Group should "discuss internally about approving a deal with NO change to the economics." A copy of that email is attached hereto as **Exhibit "C"**.

23. I am advised by Mr. Soliman that the only party offering financing of the type required at the time were the Bridge Lenders. I am further advised by Mr. Soliman that the Bridge Lenders' proposal was considered and negotiated extensively by the legal and financial advisors of the Mobilicity Group.

24. I am advised by Mr. Soliman that the Board and its advisors considered not only the fees applicable to the proposed Bridge Facility, but also the second priority security ranking that the Bridge Lenders required to provide the Bridge Facility. Ultimately, the Board concluded that the Bridge Facility was the best option available in the circumstances.

The Rights of First Lien Noteholders

25. I am also informed by Mr. Soliman that prior to entering into the Bridge Facility, the Board considered the rights, interests and reasonable expectations of security holders of Wireless, including the holders of First Lien Notes. The Board did not believe that the Bridge Facility would have any material effect on the rights, interests or reasonable expectations of the holders of First Lien Notes. In particular, I am advised by Mr. Soliman that it was anticipated that the First Lien Noteholders would be paid out in full in the event of an acquisition transaction.

26. The Mobilicity Group believes that both before and after entry into the Bridge Facility and issuance of the Bridge Notes, the positions of First Lien Note holders were adequately protected by the collateral over which they have a first priority charge.

27. The $380 million offer that was received from TELUS in May 2013 suggests that the assets of the Mobilicity Group have substantial value beyond the amounts payable under the First Lien Notes (being $195 million, plus accrued interest).

28. In this regard, it is important to note that, contrary to paragraph 29 of the Second De Alba Affidavit, the NPA does not acknowledge that, as of February 6, 2013, there was not 'adequate protection' for the holders of First Lien Notes to permit further financing. The NPA states, "there is not adequate protection for the holders of the [Bridge Notes], the [First Lien Notes] **and the [Unsecured Senior Notes]"** [emphasis added]. The value of the Unsecured Senior Notes as at March 31, 2013 was approximately $147.2 million. At this time, I believe

the Mobilicity Group has assets sufficient to cover all obligations owing on account of the First Lien Notes.

29. Mr. De Alba refers to the reasonable expectations of the First Lien Noteholders and the Bridge Financing placing "*de facto*" control of the affairs of the Moblicity Group in the hands of "subordinate" security holders. The Bridge Lenders do not have *de facto* control over the affairs of the Mobilicity Group. The Mobilicity Group continues to make decisions independent of the Bridge Lenders, but subject to its contractual obligations. The Bridge Financing may have provided certain contractual rights to the Bridge Lenders relating to restructuring options that may be undertaken by the Mobilicity Group, but any such rights are merely consistent with the proportions of the Mobilicity Group's various debt securities that are held by the Bridge Lenders. In particular, the Bridge Lenders are holders of more than 67% of the First Lien Notes and are also holders of the vast majority of the Unsecured Senior Notes. There is currently no value in the equity of the Moblicity Group. The economic reality is that the Bridge Financing did not change the *de facto* control of the Mobilicity Group's restructuring plans in any material way.

30. Catalyst acknowledges in its most recent Amended Notice of Application that steps that the Mobilicity Group has taken to enter into and utilize the Bridge Facility have not caused an event of default under the First Lien Notes.

The Fees of the Bridge Facility

31. In paragraph 16 of the Second De Alba Affidavit, he takes issue with the fees associated with the Bridge Facility. Interestingly, the fees in the plan of arrangement term sheet proposed by Catalyst in December 2012, may have been comparable.

32. At that time, Catalyst offered to provide new notes which would be adjusted to ensure that total proceeds of the offering would equal $200 million. In other words, Catalyst's proposal contemplated an undetermined potential original issue discount on the notes. This original issue discount could have been equivalent to, or greater than, the fees applicable to the Bridge Facility.

33. Furthermore, Mr. Goldberg has advised me that he always believed that the "break fee" proposed by Catalyst to be extraordinary. Catalyst based its "break fee" upon the enterprise value of the Mobilicity Group. In my experience, in financings of the nature

proposed by Catalyst, "break fees" are not typically tied to enterprise value. They are more frequently related to the value of the transaction itself and the costs to be incurred by an unsuccessful bidder. In my experience, break fees are customarily 1-3% of the transaction value, not the 7.5% of the value of the transaction proposed by Catalyst.

34. The fees associated with the Bridge Facility are as follows:

(a) an $8.25 million "Bridge Funding Fee", payable through the issuance of additional Bridge Notes;

(b) a $7 million "Liquidity Payment", payable in cash upon certain prescribed sale or change of control transactions entered into with the consent of the Bridge Lenders; and

(c) interest payable in cash on a monthly basis at an annualized rate of 15.5%.

35. Contrary to paragraph 26(c) of the Second De Alba Affidavit, there are no undisclosed fees under the Bridge Facility. Of note, all of the foregoing fees are secured by a second priority lien, subordinate to Catalyst's First Lien Notes security.

36. I am informed by Mr. Soliman that the fees charged in connection with the Bridge Facility were considered by the Board and its advisors in light of the circumstances facing the Mobilicity Group in February 2013 and the entirety of the rights and obligations of the parties to the Bridge Facility agreement. The Board, with legal and financial advice, exercised their business judgment in the circumstances. Mr. De Alba's comparison of the fees charged under the Bridge Facility solely against the benefits of the first tranche of financing under the Bridge Facility is misleading.

Stayed Enforcement of the Bridge Facility

37. To date, the Bridge Lenders have taken a flexible approach to the maturity of the Bridge Notes.

38. While, originally, the Bridge Notes were set to mature no later than May 30, 2013, the most recent amendment to the Bridge Facility extended that date to July 31, 2013.

39. In addition, in connection with the potential Acquisition Plan and the Re-Cap Plan, the Mobilicity Group obtained two Interim Orders from Mr. Justice Wilton-Siegel, both dated April

26, 2013. In each Interim Order, the Bridge Lenders consented to the inclusion of a term providing that: "on consent of the holders of the [Bridge Notes], all holders of the [Bridge Notes] are hereby stayed from enforcing the payment or security in respect of the [Bridge Notes]." Attached **as Exhibit "D" and "E"** are copies of the two Interim Orders.

40. I believe that the inclusion of this provision in the Interim Orders addresses any residual concerns Catalyst may have had regarding the enforcement of the Bridge Notes or the absence of any intercreditor agreement relating thereto.

Fiduciary Out

41. In paragraph 16 of the Second De Alba Affidavit, he takes issue with the fact that there was no "fiduciary out" in respect of the Bridge Facility. It is true that *upon execution* of the Bridge Facility, the Mobilicity Group agreed to deal exclusively with the Bridge Lenders as it related to financing options represented by the Bridge Notes.

42. However, I am advised by Mr. Soliman that the Mobilicity Group was comfortable with agreeing to this exclusivity only once the terms of the Bridge Notes were fully agreed and funding was fully committed, subject to certain conditions precedent. In contrast, Catalyst sought exclusivity prior to any definitive transaction being agreed upon.

43. Furthermore, the Mobilicity Group did not irrevocably tie itself to the follow-on financing provided by the Re-Cap Plan without allowing for the flexibility to consider other restructuring or acquisition options. For example, the Mobilicity Group had the flexibility to take all steps necessary to implement the TELUS Acquisition Plan as an alternative to the Re-Cap Plan.

44. The Mobilicity Group continues, at this time, to have discussions to implement strategic alternatives to the Re-Cap Plan. The Bridge Lenders are aware that this is occurring and, as evidenced by multiple extensions to the maturity date of the Bridge Notes, the Bridge Lenders have been supportive of these discussions.

Funding from the Bridge Facility

45. The Bridge Facility provided $35 million in new liquidity to the Mobilicity Group, which has been fully drawn. Upon execution of the Bridge Facility, the holders of Bridge Notes were obligated, subject to certain conditions precedent, to provide the full balance of funding

under the Bridge Facility, which has now been provided, in full, in three separate tranches. At the request of the Mobilicity Group, the Bridge Lenders agreed to advance these tranches despite the fact that, in some cases, the Mobilicity Group had not been able to meet certain of the conditions precedent to the advancement of the tranche requested. These accommodations by the Bridge Lenders were of further benefit to the Mobilicity Group.

Disclosure of the Bridge Facility

46. Paragraphs 73 through 76 of my May Affidavit contain a detailed description of Catalyst's initial requests for information on the Bridge Facility and the Mobilicity Group's corresponding disclosure of a copy of the Bridge Facility agreement that was almost entirely unredacted.

47. At paragraphs 29-32 of the Second De Alba Affidavit, he asserts that the disclosure of the Bridge Financing remains deficient, even after further disclosure as part of the filing of the Re-Cap Plan on April 25, 2013.

48. The Mobilicity Group does not believe that public disclosure of its confidential information, such as its current financial condition and its projected cash flow, are appropriate or are required in the circumstances. The Mobilicity Group was and remains a group of private companies. The information provided to the Bridge Lenders was, and is, in their capacities as Bridge Lenders pursuant to the contractual obligations of the Mobilicity Group.

49. In any event, most of the information that Catalyst has complained that it was not provided after the Bridge Financing, has since been provided to Catalyst. Most recently, on June 21, 2013, counsel to the Bridge Lenders provided Catalyst with the following additional schedules to the Bridge Facility:

(a) Schedule B – Permitted Affiliate Transactions

(b) Schedule C – Notices

(c) Schedule D – Definitions

(d) Schedule F – Terms of Plan of Arrangement

(e) Schedule G – New Permitted Liens

(f) Schedule H – Material Contracts

(g) Exhibit A – Form of Note

50. The Collateral Agency Agreement entered into in connection with the Bridge Facility has also been provided. A copy of the email enclosing the above items is attached hereto as **Exhibit "F"**.

51. No party, other than Catalyst, has suggested to the Mobilicity Group that they need, or are entitled to, more information than they have already received at this stage.

Conclusion

52. The Mobilicity Group continues to work through its financial difficulties with a view to an acquisition transaction.

53. As was the case in late 2012, the Board continues to explore options that are in the Mobilicity Group's best interests and that consider the interests of stakeholders while exercising their considerable business experience and judgment, assisted by legal and financial advice.

54. The Mobilicity Group has involved Catalyst in this process, as appropriate. However, Catalyst's oppression claim has been, and continues to be, a distraction and a drain on the limited resources of the Mobilicity Group.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on July 19, 2013. Commissioner for Taking Affidavits EVAN COBB	WILLLIAM E. AZIZ

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

Court File No: ____________________

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn October 16, 2013)

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TAB 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 24TH
	)	
JUSTICE NEWBOULD	)	DAY OF OCTOBER, 2013

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
(Stay Extension)

THIS MOTION, made by the Applicants for an order, *inter alia*:

(a) that the time for service of **[**the Notice of Motion, the Motion Record and**]** the First Report of the Monitor, Ernst & Young Inc., (the "**Monitor**") dated ●, 2013 (the "**First Report**") is abridged and validated so that this Motion is properly returnable today and dispensing with further service thereof;

(b) approving an extension of the stay of proceedings to and including December 20, 2013; and

(c) sealing Confidential Exhibit "B" to the Affidavit of William E. Aziz, sworn October 16, 2013 (the "**Aziz Affidavit**"),

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Aziz Affidavit, the exhibits thereto and the First Report 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 affidavit of service of ● sworn on October ●, 2013.

Service

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

Stay Extension

2. THIS COURT ORDERS that the Stay Period, as defined in paragraph 15 of the Initial Order granted by this Court on September 30, 2013, be and is hereby extended up to and including December 20, 2013.

Sealing of Confidential Exhibit

3. THIS COURT ORDERS that Confidential Exhibit "B" to the Aziz Affidavit shall be treated as confidential and shall be sealed and segregated from the public record pending further Order of the Court.

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
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Proceeding commenced at Toronto

ORDER

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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 8440522 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., AND DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

MOTION RECORD
(Returnable October 24, 2013)

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