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## **FOR IMMEDIATE RELEASE**

### **DIGIFONICA PROVIDES AN UPDATE ON ITS ACQUISITION OF THE BIDCACTUS INTERNET-BASED PENNY AUCTION BUSINESS**

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**Vancouver, B.C., December 21, 2012** - Digifonica International Inc. (TSXV-NEX: DIL.H, the “Company” or “Digifonica”) is pleased to provide an update of its previously announced transaction (the “Transaction”) to acquire from BidCactus, LLC (“BidCactus”) its internet-based penny auction business (the “BidCactus Business”).

BidCactus is a Delaware company formed in 2009 that operates a “penny-auction” website at [www.BidCactus.com](http://www.BidCactus.com). Users of the website purchase the right to place bids on items put up for auction through the website. Each bid increases the current bid on the auction by \$0.01 but reduces the number of available bids in a user’s account. This incremental bidding allows participants to purchase items won in an auction for a fraction of the retail cost. If a participant’s bid is not successful, commonly the participant will have the right to buy the product at retail cost for which he will receive credit for the cost of his bids. The website is available to residents in the United States and Canada.

#### ***Formal Agreement Signed***

The Company and BidCactus have now entered into a formal asset purchase agreement dated December 10, 2012, pursuant to which the previously announced consideration of 25,000,000 shares to acquire the BidCactus Business will be reduced to 24,147,500 shares in consideration for a payment of US\$341,000 to be made by the Company at the closing of the Transaction (the “Closing”) to cover certain legal expenses incurred by BidCactus.

A finder’s fee of 500,000 shares of the Company is payable on the Closing.

#### ***Sponsorship***

Canaccord Genuity Corp. (“Canaccord”), subject to completion of satisfactory due diligence, has agreed to act as sponsor to Digifonica in connection with the Transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the Transaction or the likelihood of completion.

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### ***The Private Placements***

As previously announced, Canaccord has agreed on a commercially reasonable efforts basis to sell up to 7,500,000 units (the “Units”) at \$0.40 per Unit for gross proceeds of up to \$3,000,000 (the “Brokered Private Placement”). Each Unit will consist of one share and one half of one warrant, each whole warrant entitling the holder to purchase one additional share for \$0.75 for a period of two years from Closing.

The Company has also granted Canaccord an over-allotment option to solicit an additional 2,500,000 Units, which option is exercisable 48 hours prior to Closing to raise an additional \$1,000,000.

As previously announced, the Company is organizing a non-brokered private placement of up to 5,000,000 Units at \$0.40 per Unit for gross proceeds of up to \$2,000,000 (the “Non-Brokered Private Placement”). Finder’s fees will be paid in accordance with the policies of the TSX Venture Exchange (the “Exchange”).

Proceeds of the Brokered Private Placement and the Non-Brokered Private Placement (the “Placements”) will provide working capital to progress the BidCactus business. Closing of the Placements is subject to various conditions including the approval of the Exchange and the concurrent acquisition of the BidCactus Business and the listing of the Company as a Tier 2 issuer on the Exchange.

### ***Issued Share Capital***

The Company’s outstanding warrants exercisable at \$0.10 each expired on December 14, 2012. As a result of the exercise of certain of these warrants, the Company now has 39,558,143 shares issued and outstanding. In addition, 3,975,000 warrants have been conditionally exercised subject only to Closing (payment for such exercise being made by the provision of bridge loans to BidCactus that will be assumed by the Company at Closing), which will bring the Company’s issued shares to 43,533,143 shares (excluding shares to be issued to acquire the BidCactus Business and shares to be issued in the Placements, etc.).

### ***Bridge Loans***

The Company and BidCactus have entered into agreements with certain persons (the “Lenders”), who have lent or agreed to lend BidCactus Cdn\$400,000 until Closing. The loans will earn interest at 10% per annum and will be assumed and repaid by DigiFonica at Closing. In consideration for providing these bridge loans, the Company has agreed to issue bonus shares to the Lenders in accordance with the Policies of the Exchange.

In addition, a previous bridge loan to BidCactus for US\$300,000 will be assumed by and repaid by DigiFonica at Closing, and another previous bridge loan to BidCactus for

US\$100,000 will be assumed by Digifonica at Closing and applied to purchase Units in the Non-Brokered Private Placement.

### ***New Directors and Name Change***

The Company's existing directors and officers will retain their positions after Closing. Concurrent with the Closing:

- Michael Staw will be appointed as a director and Chairman of the Company.
- Messrs. Robert Russell and Daniel Schultz will be appointed directors of the Company.
- Mr. Ken Kennedy will be appointed as a director and as COO of the Company.

Information regarding Messrs. Staw, Russell, Schultz and Kennedy was provided in the Company's news release dated April 30, 2012.

The Company will change its name and effect a corporate continuance out of Alberta and into the Province of British Columbia at Closing.

### ***Conditions***

Completion of the Transaction is subject to a number of conditions, including without limitation, completion of satisfactory technical and legal due diligence, Exchange approval, and Digifonica shareholders' approval. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Digifonica should be considered highly speculative.

### **ON BEHALF OF THE BOARD OF DIRECTORS DIGIFONICA INTERNATIONAL INC.**

*"Gunther Roehlig"*

Gunther Roehlig,  
President & CEO

For further information, please contact Gunther Roehlig, President & CEO, at 604-683-0911 (email: [groehlig@shaw.ca](mailto:groehlig@shaw.ca)).

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed upon the merits of the Transaction or approved or disapproved the contents of this news release. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

#### *Information Relating to the United States*

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from U.S. registration requirements.

#### *Forward-looking Statements*

This news release contains forward-looking statements related to the future financial condition and results of operations of the Company. These statements are based on current expectations regarding the reactivation of the Company with the acquisition of the BidCactus Business and management's beliefs and assumptions regarding this business. These statements are subject to important risks and uncertainties which are difficult to predict and assumptions which may prove to be inaccurate. Some of the factors which could cause results or events to differ materially from current expectations include but are not limited to: general economic conditions, market or business conditions; changing competitive environment; changing regulatory conditions or requirements; changing technology; and success in implementing productivity initiatives. Some of these factors are largely beyond the control of the Company. Should any factor impact the Company in an unexpected manner, or should assumptions underlying the forward-looking statements prove incorrect, the actual results or events may differ materially from the results or events predicted. All of the forward-looking statements made in this document are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company. Readers should not place undue reliance on any forward-looking statements. Further, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or any other occurrence.