

**Form 51-102F3
MATERIAL CHANGE REPORT**

Item 1: Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

DIGIFONICA INTERNATIONAL INC. (the “Company”)
Suite 1750 – 999 West Hastings Street,
Vancouver, British Columbia V6C 2W2

Item 2: Date of Material Change

State the date of the Material Change.

December 21, 2012

Item 3: News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

The news release dated December 21, 2012 was disseminated via filing with Canada Stockwatch and Market News Publishing.

Item 4: Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

On December 21, 2012 Digifonica announced an update on its acquisition of the Bidcactus internet based penny action business.

Item 5: Full Description of Material Change

Supplement the summary required under Item 4 with the disclosure that should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

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. 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.

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. For further information, please contact:

Investor Relations

Gunther Roehlig, President & CEO
Digifonica International Inc.

Email: roehlig@telus.net
Telephone: +1 (604) 683 0911

Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If the report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

Instruction:

For continuing obligations regarding reports filed under this subsection, refer to section 75 (4) of the Securities Act (Ontario) and Part 3.4 of the SEDAR Filer Manual.

N/A

Item 7: Omitted Information

State whether any information has been omitted on this basis that it is confidential information.

N/A

Item 8: Executive Officer

Give the name and business telephone number of a senior officer of your company who is knowledgeable about the material change and the report or an officer through whom such executive officer may be contacted.

To obtain any further information contact Gunther Roehlig, President & CEO of the Company, at (604) 683 0911

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Item 9: Date of Report

Dated this 21st day of December, 2012.

