

DIGIFONICA INTERNATIONAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
Three Months Ended March 31, 2013 and 2012

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

DIGIFONICA INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2013 \$	December 31, 2012 \$
ASSETS			
Current assets			
Cash		12,213	94,576
HST recoverable		37,098	29,360
Prepaid expenses		1,384	2,634
Total assets		50,695	126,570
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3,5	482,457	323,753
Demand loans	5	4,422	4,422
Subscriptions payable		5,000	5,000
Total liabilities		491,879	333,175
DEFICIENCY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	4	13,169,360	13,169,360
Contributed surplus		1,029,866	1,029,866
Deficit		(14,640,410)	(14,405,831)
Total deficiency attributable to shareholders		(441,184)	(206,605)
Total liabilities and deficiency attributable to shareholders		50,695	126,570

Organization and nature of operations and going concern (Note 1)

Approved by the Board of Directors

"Gunther Roehlig" Director

"Gavin McMillan" Director

DIGIFONICA INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS

For the three months ended March 31, 2013 and 2012
(Unaudited - Expressed in Canadian Dollars)

	Note	2013 \$	2012 \$
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General and administrative expenses			
Accounting and audit	5	17,663	13,446
Consulting fees	5	86,450	-
Legal		87,995	13,957
Office and miscellaneous		45,613	17,517
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Loss before other items		(237,721)	(44,920)
Foreign exchange (loss) gain		(1,338)	80
Gain on forgiveness of debt		4,480	-
Interest expense		-	(522)
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Net loss and comprehensive loss for the period		(234,579)	(45,362)
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Basic and diluted loss per share		(0.01)	(0.00)
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Weighted average number of shares outstanding		39,558,143	35,829,143
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DIGIFONICA INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

For the three months ended March 31, 2013 and 2012

(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Amount \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2011	35,829,143	12,777,815	1,048,511	(13,814,501)	11,825
Net loss and comprehensive loss for the period	-	-	-	(45,362)	(45,362)
Balance, March 31, 2012	35,829,143	12,777,815	1,048,511	(13,859,863)	(33,537)
Issued during the period:					
For cash pursuant to the exercise of warrants	3,729,000	372,900	-	-	372,900
Transfer of value on warrant exercise	-	18,645	(18,645)	-	-
Net loss and comprehensive loss for the period	-	-	-	(545,968)	(545,968)
Balance, December 31, 2012	39,558,143	13,169,360	1,029,866	(14,405,831)	(206,605)
Net Loss and comprehensive loss for the period	-	-	-	(234,579)	(234,579)
Balance, March 31, 2013	39,558,143	13,169,360	1,029,866	(14,640,410)	(441,184)

DIGIFONICA INTERNATIONAL INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2013 and 2012
(Unaudited - Expressed in Canadian Dollars)

	2013 \$	2012 \$
Cash flow provided by (used in)		
Operating Activities		
Net loss for the period	(234,579)	(45,362)
Deduct non-cash item:		
Gain on forgiveness of debt	(4,480)	-
	(239,059)	(45,362)
Changes in non-cash working capital items		
HST recoverable	(7,738)	(3,837)
Prepaid expenses	1,250	(5,341)
Accounts payable and accrued liabilities	163,184	7,249
	(82,363)	(47,291)
Investing Activity		
Deferred transaction costs	-	(21,500)
Financing Activity		
Repayment of demand loans	-	(55,451)
	-	(55,451)
Decrease in cash during the period	(82,363)	(124,242)
Cash – beginning of the period	94,576	237,471
Cash – end of the period	12,213	113,229
Cash paid during the period for:		
Interest	-	522
Income taxes	-	-

DIGIFONICA INTERNATIONAL INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2013 and 2012
(Unaudited - Expressed in Canadian Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Digifonica International Inc. (“Digifonica” or the “Company”) was incorporated under the Alberta Business Corporations Act on November 23, 2004. During the year ended December 31, 2012, the Company had ceased operations due to a lack of financing. The Company’s main activity during the year was maintaining its public listing. The Company is listed on the TSX Venture Exchange’s NEX board under the trading symbol “DIL.H”. The Company’s head office is located at Suite 1750 – 999 West Hastings Street, Vancouver, BC.

These condensed interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At March 31, 2013, the Company had a working capital deficiency of \$441,184, had accumulated losses of \$14,640,410 since its inception and expects to incur further losses in the development of its business, all of which may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. The continuation of the Company is dependent upon obtaining necessary financing and to meet its ongoing levels of corporate overhead. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that financing will be available on terms which are acceptable to the Company. These condensed interim financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2012. These financial statements were approved by the board of directors for use on May 30, 2013.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
	\$	\$
Trade payables	397,720	279,363
Amounts due to related parties (Note 5)	84,737	44,390
	482,457	323,753

DIGIFONICA INTERNATIONAL INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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4. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

b) Options and warrants:

The Company has established a stock option plan in accordance with the policies of the TSX Venture Exchange under which it is authorized to grant share purchase options up to 10% of its outstanding shares. The exercise price of options granted equals the market price of the Company's stock on the date of the grant. The options are for a maximum term of five years.

As at March 31, 2013 and December 31, 2012, the Company had no outstanding stock options or warrants.

5. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the three months ended March 31, 2013 and 2012:

	2013	2012
	\$	\$
Accounting fees	14,463	12,338
Consulting fees	30,000	-
	44,463	12,338

Included in accounts payable and accrued liabilities as at March 31, 2013 is \$84,737 (December 31, 2012 - \$44,390) due to current and former directors and officers of the Company and/or companies controlled by them. The amounts owing are unsecured, non-interest bearing and due on demand.

At March 31, 2013, \$4,422 (December 31, 2012 - \$4,422) of the demand loans are due to a director of the Company. The amounts owing are unsecured, non-interest bearing and due on demand.

Key management includes the directors of the Company. The compensation paid or payable to key management for services during the three months ended March 31, 2013 and 2012 is identical to the table above.

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6. TRANSACTION

Acquisition of assets of BidCactus, LLC

On December 10, 2012, the Company entered into a formal agreement with BidCactus, LLC, (the "BidCactus Agreement", that replaced a non-binding letter of intent ("LOI") entered into on April 24 2012) to acquire from BidCactus, LLC ("BidCactus"), substantially all of the assets and certain of the liabilities of BidCactus (the "Transaction"). Completion of the transaction is subject to the Company obtaining regulatory and shareholder approvals as well as securing an investment banker to sponsor the transaction with regulators. In addition, the Company must complete a financing of at least \$5 million at closing. None of these matters have been resolved to date.

BidCactus operates a "penny-auction" website at www.bidcactus.com.