MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 Name and Address of Company

NTG Clarity Networks Inc. (the "**Company**" or "**NTG**")
2820 Fourteenth Avenue, Suite 202
Markham, Ontario L3R 0S9

Item 2 Date of Material Change

The material change occurred on December 18, 2012.

Item 3 News Release

The Corporation issued a press release relating to the material change described herein on December 20, 2012, through Marketwire.

Item 4 Summary of Material Change

The Company announced the issuance of 4 million common shares of the Company at a deemed price of $0.05 per share to settle indebtedness owed to employees, senior officers, directors and consultants of the Company.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has issued 4 million common shares of the Company at a deemed price of $0.05 per share to settle indebtedness owed to employees, senior officers, directors and consultants of the Company. The transaction will help NTG reduce its debts and improve its balance sheet.

The shares for debt transaction was a related party transaction within the meaning of applicable Canadian securities laws as the subscribers included directors and officers of the Company that subscribed for an aggregate of 2,473,060 common shares in settlement of indebtedness of $123,653. The Board of Directors of the Company (excluding the interested parties) approved the transaction. The transaction was exempt from valuation and minority approval requirements applicable to related party transactions on the basis that the value of the transaction was less than 25 percent of the Company's market capitalization.

<u>MI 61-101 Additional Disclosure</u>

Pursuant to the transaction, Ashraf Zaghloul, the Chief Executive Officer and a director of the Company, subscribed for 1,020,000 common shares in settlement of indebtedness of $51,000, Kristine Lewis, the President of the Company, subscribed for 691,060 common shares in settlement of indebtedness of $34,553, Adel Zaghloul, a director of the Company, subscribed for 262,000 common shares in settlement of indebtedness of $13,100 and Zafar Farooqui, a director of the Company, subscribed for 500,000 common shares in settlement of indebtedness of $25,000.

The transaction resulted in the percentage of the total outstanding common shares of the Company (i) increasing from 16.2% to 17.4% in the case of Ashraf Zaghloul, (ii) increasing from 1.7% to 2.4% in the case of Adel Zaghloul, (iii) increasing from 6.7% to 8.1% in the case of Kristine Lewis and (iv) increasing from 0.2% to 1.9% in the case of Zafar Farooqui.

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

No information has been omitted.

Item 8 **Executive Officer**

For further information, please contact Kristine Lewis, President of the Company at (905) 305-1325.

Item 9 **Date of Report**

This report is dated December 20, 2012.