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 July 29, 2013.

Item 3 News Release

The Company issued press releases relating to the material change described herein on July 30, 2013, and August 1, 2013, through The Newswire.

Item 4 Summary of Material Change

The Company announced the issuance of two tranches of convertible debentures in the aggregate principal amount of $872,000, which bear interest at a rate of 10% per annum and are convertible into up to 3,488,000 common shares at a price of $0.25 per share. The first tranche of convertible debentures have a maturity date of July 29, 2015, and the second tranche of convertible debentures have a maturity date of August 1, 2015. The Company intends to use the net proceeds predominantly as working capital to fund NTG's growth.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

NTG closed the first tranche of its non-brokered private placement of convertible debentures (the "Debentures") in the principal amount of CAD $577,000 on July 29, 2013, and the second tranche of Debentures in the principal amount of CAD $295,000 on August 1, 2013. The Debentures bear interest at the rate of ten (10%) percent per annum and mature on July 29, 2015 (first tranche) and August 1, 2015 (second tranche) (the "Maturity Dates"). The principal amount of the Debentures will be payable on the Maturity Dates and accrued interest will be payable every six months.

The Debentures are convertible into common shares of NTG (the "Common Shares") at the option of the holder at any time prior to the Maturity Dates, at a conversion price equal to CAD 0.25 per Common Share. On conversion, the holder will receive accrued interest on the Debenture from the date of issue of the Debenture up to and including the last day prior to conversion.

Forced conversion of the Debentures into Common Shares will occur, at a conversion price of CAD 0.25 per Common Share, if, at any time, the weighted average trading price of the common shares of the Company listed on the TSX Venture Exchange is equal to or above CAD 0.35 per share for a period of 20 consecutive trading days.

The private placement is subject to receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange. The Debentures and the underlying securities, as applicable, will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities legislation.

The Company intends to use the net proceeds of the private placement predominantly as working capital to fund NTG's growth. The private placement was a related party transaction within the meaning of applicable Canadian securities laws as the subscribers included directors and officers of the Company who subscribed for convertible debentures in the aggregate principal amount of $250,000. 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.

MI 61-101 Additional Disclosure

Pursuant to the transaction, Ashraf Zaghloul, the Chief Executive Officer and a director of the Company, subscribed for convertible debentures in the principal amount of $100,000, Kristine Lewis, the President of the Company, subscribed for convertible debentures in the principal amount of $100,000, and Adel Zaghloul, a director of the Company, subscribed for convertible debentures in the principal amount of $50,000.

The transaction did not affect the percentage of the total outstanding Common Shares of the Company held by the related parties; however, if all issued debentures were converted into Common Shares, the percentage of the total outstanding common shares would decrease from 15.8% to 15.3% in the case of Ashraf Zaghloul, (ii) increase from 7.5% to 7.9% in the case of Kristine Lewis and (iii) increase from 2.4% to 2.7% in the case of Adel Zaghloul.

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 August 6, 2013.