

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Corporation**

Intertainment Media Inc. (“**Intertainment**” or the “**Corporation**”)
30 West Beaver Creek Road
Unit 111
Richmond Hill, ON L4B 3K1

2. **Date of Material Change**

April 27, 2012

3. **News Release**

A press release was disseminated on April 27, 2012 via Marketwire.

4. **Summary of Material Change**

Intertainment completed its purchase of a 25% ownership stake in Israel-based Lexifone Communications Systems (2010) Ltd. (“**Lexifone**”) in consideration for a total purchase price of \$2,000,000 paid by way of cash, common shares of the Corporation (“**INT Shares**”) and the cancellation of a promissory note in the total principal amount of \$125,000 issued by Lexifone to Intertainment as of April 2, 2012. Immediately following the closing of the Acquisition, Intertainment transferred the acquired interest in Lexifone to its subsidiary, Ortsbo Inc. (“**Ortsbo**”) in exchange for the issuance of common shares of Ortsbo to Intertainment.

5.1 **Full Description of Material Change**

Intertainment completed its purchase of a 25% ownership stake in Israel-based Lexifone, developer of proprietary voice translation technology systems (the “**Acquisition**”). Immediately following the closing of the Acquisition, Intertainment transferred the acquired interest in Lexifone to its subsidiary, Ortsbo, which is itself preparing to be spun out from Intertainment as an independent company.

As part of the Acquisition, Intertainment: (i) acquired 117 ordinary shares (the “**Transferred Shares**”) in the capital of Lexifone from Lexifone’s shareholders in consideration for the issuance to them of 1,010,101 INT Shares at a price of \$0.495 per INT Share (being the closing price per INT Share quoted on TSX Venture Exchange on April 24, 2012); and (ii) subscribed for 349 ordinary shares (together with the Transferred Shares, the “**Acquired Shares**”) in the capital of Lexifone issued out of treasury in consideration for \$1,375,000 in cash and cancellation of a promissory note in the total principal amount of \$125,000 issued by Lexifone to Intertainment as of April 2, 2012. The total value of the INT Shares issued in connection with the Acquisition was \$500,000. The INT Shares will be contractually subject to a four month hold period.

The Acquired Shares, representing 25% of the issued and outstanding ordinary shares in the capital of Lexifone as of the closing date of the Acquisition, were transferred to Ortsbo immediately following the closing of the Acquisition in exchange for the issuance of common shares of Ortsbo to Intertainment. Intertainment was also granted several options to acquire the remaining stakes in

Lexifone prior to January 1, 2014, which options were also assigned to Ortsbo immediately following closing. In addition, a representative of Intertainment/Ortsbo was elected to the board of directors of Lexifone and appointed a technical advisor to Lexifone at closing.

5.2 **Disclosure for Restructuring Transactions**

Not Applicable.

6. **Reliance on Section 7.1(2) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

The name and business number of the executive officer of Intertainment who is knowledgeable about the material change and this report is:

David Lucatch
Chief Executive Officer
Telephone: (905) 763-3510

9. **Date of Report**

May 9, 2012