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**

August 31, 2012

3. **News Release**

A press release was disseminated on September 4, 2012 via Marketwire.

4. **Summary of Material Change**

Intertainment completed a non-brokered private placement of 12,500,000 units of Intertainment (“Units”) at a price of $0.20 per Unit for aggregate gross proceeds of $2,500,000 (the “Placement”).

Also, Intertainment will no longer pursue its previously announced Canadian reverse takeover with Capstream Ventures Inc.

5.1 **Full Description of Material Change**

Intertainment completed a non-brokered private placement of 12,500,000 Units at a price of $0.20 per Unit for aggregate gross proceeds of $2,500,000. Each Unit issued pursuant to the Placement consisted of one common share and one transferrable common share purchase warrant exercisable at $0.29 per share until August 31, 2017. The securities issued pursuant to the Placement are subject to a four-month hold period. In connection with the transaction, each subscriber under the Placement intends to transfer their warrants in compliance with the TSX Venture Exchange policies.

David Lucatch, Chief Executive Officer and a director of Intertainment, acquired ownership and control of the 2,500,000 Units issued under the Placement. The Corporation has determined that exemptions are available for the various requirements of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 for the issuance of the Units to insiders of Intertainment.

Proceeds of the Placement will be used for general working capital. Following the completion of the Placement, the Corporation has 340,064,855 common shares issued and outstanding. The completion of the Placement is subject to TSX Venture Exchange acceptance and other regulatory approval.

The Corporation continues work on proposed US public opportunities for Intertainment and its subsidiaries, including Ortsbo Inc., and it will no longer pursue its previously announced Canadian reverse takeover with Capstream Ventures Inc. after ongoing discussions with its US Agents and US Funds. The Corporation feels that it is better suited to provide higher value opportunities in the US and international markets, as it focuses on commercialization of its programs.

The Corporation maintains that its divestiture or spin out of assets will include dividends or similar provisions for its shareholders as previously announced.

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**

September 5, 2012