

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: iMarketing Solutions Group Inc. (the "Issuer").

Trading Symbol: IMR

Number of Outstanding Listed Securities: 32,395,409 Common Shares

Date: May 7, 2013

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

As a result of being unable to deal with the legacy costs of restructuring, ongoing losses and the material negative cash flow impact from the operational challenges the Issuer encountered in its fulfilment operation from November 2012 to March 2013, on April 12, 2013, the Issuer and its direct and indirect subsidiaries filed for and were granted protection in Canada pursuant to an Order ("CCAA Order") made by the Ontario Superior Court of Justice ("Court") under the *Companies' Creditors Arrangement Act* ("CCAA"). Duff & Phelps Canada Restructuring Inc. was appointed as the Issuer's monitor ("Monitor") by the Court.

On April 12, 2013, the CCAA proceedings were recognized in the United States pursuant to an Order made by the United States Bankruptcy Court for the District of Delaware (the "U.S. Court") under Chapter 15 ("Chapter 15") of Title 11 to the *United States Code* ("Recognition Order"). The effect of the Recognition Order is that the Issuer's subsidiaries are subject to the CCAA proceedings in Canada. CCAA protection is similar to creditor protection in a Chapter 11 filing.

The principal purpose of the restructuring proceedings is to create a stabilized environment in which the Issuer can operate and service its clients. During the restructuring period, the Issuer intends to continue to operate in the normal course.

The Issuer has commenced a sale and investment process to identify one or more purchasers of, or investors in, the Issuer's business.

2. Provide a general overview and discussion of the activities of management.

Management's primary focus in April was preparing for and then addressing the consequences and impact of the CCAA filing. Specifically: meeting and corresponding with customers regarding the Issuer's operations and continuity of service; communicating with suppliers to secure goods and services during these proceedings and to address payment terms; meeting and corresponding with employees and former employees regarding the CCAA proceedings and their treatment under the Initial Order; considering new business development opportunities and responding to requests for proposals from existing customers and new prospects; meeting with the Issuer's creditors including Canada Revenue Agency, and CIBC; meeting with and reporting to the DIP Lender pursuant to the terms of the DIP Facility; consulting with the Monitor to develop the sale and investment process; continuing to review cost-cutting

opportunities, including with respect to headcount reductions, surplus leased locations and bank account consolidation; and providing notice to creditors of the Chapter 15 proceedings.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

There have been no material new products or services developed or offered by the Issuer in the past month.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

As part of the issuer's strategy to return to profitability, the Issuer made a decision to focus outbound calling efforts on retaining donors for clients and to limit new donor acquisition for the majority of clients.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

There were no new material business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

There was no material expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that had been previously announced.

In April 2013 one of the Issuer's subsidiaries in the United States received notification from a significant customer that it intended to exercise its rights to cancel its contract. The Issuer's subsidiary has negotiated revised economic and other arrangements with the customer to provide for an orderly wind down of the contract. Management believes that a significant portion of the contribution margin from this contract can be replaced from incremental business from other customers such that the impact on 2013

profitability is not expected to be material.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

There were no acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month.

8. Describe the acquisition of new customers or loss of customers.

Other than as disclosed under Note 6 above, there was no material acquisition of new customers or loss of material customers.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

There were no new developments or effects on intangibles such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

In late March and early April 2013 the Issuer laid off front line contact centre employees and related management of such employees in several contact centres that were engaged in work with marginal contribution margin.

11. Report on any labour disputes and resolutions of those disputes if applicable.

There were no material labour disputes in the past month.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

The legal proceedings to which the Issuer became a party have been described in Note 1. Specifically, pursuant to an order ("Initial Order") of

the Court made on April 12, 2013, the Issuer and material subsidiaries were granted protection under the CCAA and D&P was appointed as Monitor. Also on April 12, 2013, the US Court made the Recognition Order recognizing the CCAA proceedings in the United States and granting the Issuer certain protections as contemplated by Chapter 15.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

As part of the CCAA proceedings, the Issuer entered into an arrangement with Shotgun Fund Limited Partnership III (the “DIP Lender”) to fund the Issuer’s operations during the CCAA proceedings pursuant to a credit facility (the “DIP Facility”).

The DIP Lender is an existing shareholder, which together with affiliates owns approximately 28.4% of the issued and outstanding shares of the Issuer and is also holder of the \$3.5 million convertible debenture which closed in December 2012. The significant terms of the DIP Facility include: the committed amount is \$1 million; the maturity date is the earlier of: i) the occurrence of any event of default which is continuing; or ii) August 1, 2013; interest is to be charged at a rate of 5% per annum, compounded monthly; and a facility fee in the amount of \$100,000 is fully earned in advance. The DIP Facility is secured by the granting of a charge over the Issuer’s property in Canada and the US, ranking subordinate only to the Administration Charge (as defined in the Initial Order) and CIBC’s existing security interest against the Responsive Marketing Group Inc., a subsidiary of the Issuer.

14. Provide details of any securities issued and options or warrants granted.

There were no securities issued, or options or warrants granted.

15. Provide details of any loans to or by Related Persons.

The DIP Facility provided on April 12, 2013 referred to in Note 13, was from Shotgun Fund Limited Partnership III, which is a related party.

16. Provide details of any changes in directors, officers or committee members.

On March 21, 2013 David Winograd, a director and the President of the US operations resigned. His position on the Board has not yet been filled. He remains a major shareholder in the Issuer owning approximately 5.1 million shares.

On March 27, 2013 Andy Wilson, a director of the Issuer resigned from the Board. Mr. Wilson does not have any ongoing role, shares or interest in the Issuer.

Effective April 3, 2013 Michael P. Platz resigned from the Board.

Effective April 5, 2013 Andrew Langhorne was appointed to the Board.

Effective April 13, 2013 Michael Davis resigned from the Board but remains an employee and Managing Director, Political.

After these changes the current board of the Issuer consists of James Ambrose, Richard Reid and Andrew Langhorne.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

There have been no new political/regulatory or other trends over the last month, which are likely to have a material impact on the Issuer.

On May 6, 2013, the Issuer was advised that the Ontario Securities Commission, the Issuer's principal regulator, intends to issue a general cease trade order for failing to file its audited annual financial statements and related management discussion and analysis; as well as related certifications by the Chief Executive Officer and the Chief Financial Officer with respect to the Reporting Issuer's annual filings required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings for the period ended December 31, 2012 due April 30, 2013.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1) other than its failure to file its audited annual financial statements and related management discussion and analysis; as well as related certifications by the Chief Executive Officer and the Chief Financial Officer with respect to the Reporting Issuer's annual filings required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings for the period ended December 31, 2012 due April 30, 2013.
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated May 7, 2013

Upkar Arora
Name of Director or Senior
Officer



Signature
Chief Restructuring Officer
Official Capacity

Issuer Details		For Month	Date of Report
Name of Issuer iMarketing Solutions Group Inc.		End April, 2013	13/05/07
Issuer Address 6th Floor, 481 University Avenue			
City/Province/Postal Code Toronto, Ontario M5G 2E9		Issuer Fax No. (416-921-2373)	Issuer Telephone No. (416-633-4646)
Contact Name Upkar Arora		Contact Position CRO	Contact Telephone No. 416-633-4646 ext 270
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