MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") for VoodooVox Inc. ("**VoodooVox**" or the "**Company**") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements, and the accompanying notes, as at and for the quarter ended September 30, 2013, which have been filed with certain securities regulatory authorities in Canada and may be accessed through the SEDAR website at www.sedar.com (under VoodooVox's profile). References in this MD&A to the Company's financial position and results of operations are presented on a consolidated basis and include the accounts of the Company and its wholly-owned subsidiaries, Call Genie (Ontario) Inc., VoodooVox USA Holdings, Inc., BTS Logic Europe ApS, Call Genie Europe B.V., and VoodooVox Limited. The Company's unaudited condensed interim consolidated financial statements, including the notes thereto, and the financial information presented in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are stated in Canadian currency unless otherwise indicated. This MD&A is dated November 29, 2013 and the information in this MD&A is current to November 29, 2013, unless otherwise noted. Whenever used in this MD&A, the term "**Common Shares**" means common shares in the capital of the Company.

The content of this MD&A has been approved by the board of directors of the Company (the "**Board**" or "**Board of Directors**"), on the recommendation of its Audit Committee.

Further information concerning the Company and its business and operations may be obtained from continuous disclosure materials filed by the Company from time-to-time with certain securities regulatory authorities in Canada. These continuous disclosure materials are available through the Company's website at www.voodoovox.com or through the SEDAR website at www.sedar.com (under VoodooVox's profile).

FORWARD LOOKING STATEMENTS AND DISCLAIMER

Certain information set out in this MD&A constitutes forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "hope", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "scheduled", "believe" and similar expressions.

Forward-looking statements are based upon the opinions, expectations and estimates of management and, in some cases, information received from or disseminated by third parties, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include such things as the Company's current stage of development, the lack of a track record with respect to the generation of revenues from performance-based arrangements with customers, its reliance on third parties and third party technology, the existence of competition, the availability of external financing, the inherent risks associated with research and development activities and commercialization of emerging technologies (such as lack of market acceptance), timing of execution of various elements of the Company's business plan, the availability of human resources, the emergence of competing business models, new laws (domestic or foreign), lack of acceptance by customers, management's estimates of project requirements being incorrect, information received from third parties with respect to anticipated transaction volumes being incorrect, a lack of advertising sources for integration into the Company's platform, management's understanding of the competitive and regulatory environment being incorrect and the other risk factors noted below under the heading "Business Risks and Uncertainties". **Accordingly, readers should not place undue reliance upon the forward-looking information contained herein and the forward-looking statements contained in this MD&A should not be considered or interpreted as guarantees of future outcomes or results.**

The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. VoodooVox's forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statement.

EXECUTIVE SUMMARY

VoodooVox is a leader in performance based mobile advertising processing billions of transactions for a marquee list of global clients, agencies, advertisers and publishers. The Company's full service mobile ad network and campaign management platform drive targeted consumer sales leads to national and local advertisers on a pay for performance basis. VoodooVox also provides platform services in call analytics, call tracking, and hyper local campaign targeting to a growing list of mobile ecosystem partners.

The Company's future operations remain dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing customer relationships; and 3) secure new customer relationships that provide the Company with adequate funds to cover expenditures projected for the next twelve months (or a combination of the foregoing). In recent years, the Company has relied upon external debt financing to provide it with the working capital required to support ongoing operations. The Company's new management has focused on reducing the Company's liabilities and reducing operating costs as part of a turnaround strategy to focus the Company's operations around its performance based mobile advertising services.

VoodooVox's financial performance in the third quarter of 2013 was highlighted by its successful efforts to significantly reduce its liabilities and raise additional capital for operations. On August 30, 2013, the Company converted approximately 95.7% of its outstanding debentures into Common Shares. Along with other agreements with creditors to convert or reduce outstanding payable amounts, VoodooVox reduced its total liabilities from $16.5 million at the end of Q2 2013 to $3.3 million on September 30, 2013. To promote the debt conversion and payables reductions, the Company implemented incentive programs including a reduction in the conversion price of its debentures. The Company recorded total non-cash charges of $7.1 million on the adjustment of the conversion price and the debt settlements in accordance with accounting rules.

Subsequent to the conversion and effective September 4, 2013, VoodooVox consolidated its Common Shares on a 50:1 basis. Following the consolidation and effective September 5, 2013, VoodooVox completed a brokered equity private placement offering for gross proceeds of $1.6 million. VoodooVox used the net proceeds from the financing to repay certain short term loans of the Company, to satisfy certain amounts payable by the Company, and for general working capital.

Management believes that the combination of the debt conversion, the share consolidation and the new financing was a critical element of the Company's turnaround strategy and will allow the Company greater flexibility to pursue various future financing options given the improvement in its working capital position and reduction in the number of Common Shares outstanding. Management and the directors of the Company believe that the elimination of the fixed payment obligations associated with the debentures will alleviate certain significant financial stresses to which the Company was previously exposed.

Revenues from the Company's mobile advertising and analytics managed services for the nine months ended September 30, 2013 grew to $1.7 million, up 36% from the prior year period. Revenue from the Company's mobile advertising and analytics managed services grew to $559 thousand in the quarter ended September 30, 2013 compared to $501 thousand in Q3 2012. Management continues to transition the Company's resources from its legacy voice and data search solutions and legacy mobile platform licensing into its mobile advertising and analytics managed services.

The Company continued to reduce operating costs to $1.5 million for the quarter ended September 30, 2013 compared to $2.7 million in Q3 2012. The decrease was primarily due to a reduction in labour and facility costs resulting from the Company's restructuring efforts.

As at September 30, 2013, the Company had a cash balance of $0.2 million. Cash flow used in operations was $1.0 million for the nine month period ended September 30, 2013, as compared to $3.1 million used in operations in Q3 2012. The decrease was primarily due to the reduction in operating costs.

The following table sets out selected financial and share information of the Company as at September 30, 2013, 2012 and 2011 and for the nine month periods then ended:

KEY FINANCIAL METRICS in 000's (except share amounts)		**2013**		**2012**		**2011**
Cash and cash equivalents	$	189	$	431	$	504
Deferred revenue	$	120	$	182	$	398
Revenue	$	2,678	$	3,213	$	5,199
Operating loss	$	(2,293)	$	(5,203)	$	(622)
Net loss	$	(11,112)	$	(6,669)	$	(2,649)
Loss per share – basic and fully diluted	$	(1.01)	$	(1.78)	$	(1.48)
Common Shares outstanding						
- Basic		65,723,271		3,934,450		1,812,898
- Fully diluted		67,325,908		5,293,460		3,243,273

BUSINESS STRATEGY

Our Goal and Strategy

VoodooVox is engaged in the business of providing mobile advertising solutions to advertisers and publishers. The Company offers advertisers significant audience reach, sophisticated targeting capabilities and the ability to deliver rich and engaging ad experiences to consumers on their mobile connected devices. The Company's technology, tools and services help publishers maximize their advertising revenues, acquire users and gain insight into their users.

The Company's mobile advertising model is based on establishing long-term relationships with advertisers either directly or indirectly through advertising agencies and other media companies. VoodooVox enters into performance arrangements with advertisers, which typically include the signing of an insertion order. Each insertion order, which generally remains in effect for a limited time period and involves a limited budget, outlines the performance criteria under which VoodooVox earns a fee. The fees can be classified into two broad categories: CPM fees and CPA fees. Cost Per Thousand ("**CPM**") fees are earned based on simple insertion or display of the ad into any advertising inventory slot. No action is required by the consumer in order to earn this type of fee. Cost Per Action ("**CPA**") fees are earned when a consumer who hears or sees the ad takes a specific action. Performance criteria for CPA fees can include, but are not limited to, initiating a click-to-call phone call to a direct response call center, selecting an alternative merchant from a disconnected telephone number or providing additional merchant information.

In order to earn CPM or CPA fees, VoodooVox must source publishers who have places to insert advertisements ("**Ad Traffic**" or "**leads**"). The arrangements to purchase Ad Traffic can be either on a fixed fee or revenue share basis. Fixed fees have a higher risk/return profile as the amount paid to the publisher is fixed and VoodooVox's revenues vary based on the effectiveness of the ad campaigns. Alternatively, the publisher arrangements can be revenue share based where the publisher earns a percentage of the CPM or CPA fees earned by VoodooVox. This has lower risk to VoodooVox, but costs are potentially higher than a fixed fee. To date, VoodooVox has generally favored revenue share arrangements.

VoodooVox believes that the key to delivering an effective mobile advertising experience is providing publishers with highly relevant, targeted ads. To assist in sourcing these ads, VoodooVox relies on its analytics technology, which provides relevant demographic information about consumers who use the publishers' service. Increased knowledge and predictability regarding traffic sources generally translates into higher CPM rates and higher yield on CPA revenue sources.

VoodooVox believes that a smarter mobile advertising solution is not exclusively an audio ad, a text or graphic ad, or a video ad, but rather the combination of available communication tools to optimize a seamless consumer search, based upon relevance, mode and timing (a "multi-modal" advertising strategy). Smarter mobile advertising is also viewed as being transparent – advertising that is actually more of a solution to a consumer's problem (or need) versus an interruption or a nuisance.

In addition, VoodooVox expects that its legacy voice and data search solutions and mobile platform licensing products will continue to generate software license and maintenance fees, hosting fees and consulting services. Management believes the potential to expand and leverage existing long term relationships, with the cross selling of newly acquired technologies such as mobile analytics, presents additional growth opportunities for the Company.

Strategic Priorities and Progress

The following are the key strategic priorities established for the Company and the progress made by the Company to date in achieving those priorities.

Strategic Priority	Current Status
Secure additional financing	• In September, 2013, the Company completed a brokered equity private placement offering for gross proceeds of $1.6 million • In October, 2013, the Company issued a series of convertible short term notes for gross proceeds of $0.5 million • The Company has engaged an agent to pursue additional financing opportunities to the end of the year.
Acquire new advertisers and increase our share of advertising budgets	• Implemented program to increase the size of our sales force • Increased focus on direct agency account penetration and increased direct sales capabilities
Acquire new publishers and ad network relationships	• Increased focus on developing relationships with publisher networks and providing analytics capabilities
Innovate and launch new capabilities in mobile analytics	• Increased development in predictive and context aware analytics
Service legacy voice and data search solutions customers	• Solutions deployed in 11 countries; principally in Canada, the United States and Europe. • Providing maintenance and feature enhancement on existing relationships • Working to transition existing customers to new mobile advertising solutions

CAPABILITY TO DELIVER

Leadership

Execution of the Company's business plan is, to a significant degree, dependent on the capabilities of its senior management. Executive leadership is a key component of the planning, organizing and delivery necessary to achieve success. The Company has an executive management team with over 100 combined years of industry specific experience in the technology field. The executive team is led by George Cooney, the Company's Chief Executive Officer. Mr. Cooney was hired in January 2013 to help the Company execute on opportunities available in the mobile advertising market. Mr. Cooney is a recognized business leader, entrepreneur, advisor and investor in the mobile marketing, communications, and Internet technology industries, with more than 30 years of experience helping build successful companies.

Further information about the executive team and the Board of Directors is available on the Company's website at www.voodoovox.com.

Financing

On May 21, 2013, the Company announced that it entered into an agreement with an investment dealer in respect of a private placement offering. Closing of the offering was dependent upon obtaining the approval of the Company’s shareholders of a proposed share consolidation, and obtaining the approval of the Company’s debt holders of a proposed conversion of the Company’s outstanding debentures.

At its annual meeting of shareholders in June 2013, shareholders voted in favour of the proposed 50:1 share consolidation and approved the conversion of the Company’s outstanding debentures into common shares.

On August 30, 2013, VoodooVox converted approximately 95.7% of the outstanding debentures of the Company (including all interest accrued and payable thereon), not including certain short term promissory notes and certain secured convertible debentures from strategic investors where the majority of the principal amount may be repaid by the Company through the provision of certain services to the holder. Accordingly, approximately $11.9 million principal amount of debentures and approximately $1.3 million of interest thereon was converted into an aggregate of 52,924,759 Common Shares at a conversion price of $0.25 per Common Share.

Subsequent to the debt conversion and effective September 4, 2013, the Common Shares were consolidated on a 50:1 basis. As a result of the conversion and consolidation there were 57,192,001 Common Shares issued and outstanding (on a post-consolidation basis).

Following the consolidation and effective September 5, 2013, VoodooVox completed a brokered equity private placement offering of 6,476,000 at a price of $0.25 per Common Share for gross proceeds of $1.6 million. VoodooVox used the net proceeds from the financing to repay certain short term loans of the Company, to satisfy certain amounts payable by the Company, and for general working capital.

Effective October 2, 2013, the Company issued a series of convertible short term notes for gross proceeds of $0.5 million. The notes bear no interest and have a one year term after which they convert into a 12% convertible debenture. In the event that the Company completes a financing transaction prior to maturity, the notes will be automatically substituted for and included in the financing transaction on a pari passu basis. The proceeds will be used by the Company solely to service existing advertising campaigns and acquire new advertising campaigns.

Notwithstanding these financings, the Company's future operations remain dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing customer relationships; and 3) secure new customer relationships that provide the Company with adequate funds to cover projected expenditures (or a combination of the foregoing). If the Company does not generate sufficient funds from existing or new customer relationships and it is unable to raise additional financing, the Company will have to consider strategic alternatives, which may include, among other things, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or the sale of the Company. **In recent years, the Company has relied upon external debt financing to provide it with the working capital required to support ongoing operations.**

RESULTS OF OPERATIONS

Overall
The Company's loss for the quarter ended September 30, 2013 was $8.1 million (or $0.33 per share) compared to a loss of $2.4 million (or $0.62 per share) in 2012. The decrease was primarily due to the Company's cost reduction efforts.

Revenues for the quarter ended September 30, 2013 totaled $0.9 million, unchanged from 2012. Revenue from the Company's mobile advertising and analytics managed services totaled $559 thousand in the quarter ended September 30, 2013 compared to $501 thousand in 2012.

The Company's operating loss for the quarter ended September 30, 2013 was $0.6 million compared to a loss of $1.8 million in 2012. For the quarter ended September 30, 2013 (as compared to 2012), labour costs decreased by $0.5 million as the average number of employees was 18 compared to 45 in 2012.

Revenues
Revenues for the nine months ended September 30, 2013 totaled $2.7 million compared to $3.2 million in 2012. Revenues decreased $0.2 million in North America and $0.3 million in Europe and the rest of the world. Revenues for the quarter ended September 30, 2013 totaled $0.9 million compared to $0.9 million in 2012. A decrease in the Company's revenues from its legacy voice and data search and its mobile platform licensing products was offset by an increase in revenues from the Company's mobile advertising and analytics managed services. Management continues to transition the Company's resources from its legacy voice and data search solutions and legacy mobile platform licensing into its mobile advertising and analytics managed services.

Revenue from the Company's mobile advertising services totaled $1,711 thousand for the nine months ended September 30, 2013 compared to $1,259 thousand in 2012. Revenue from the Company's mobile advertising services totaled $559 thousand in the quarter ended September 30, 2013 compared to $501 thousand in 2012.

The following table sets out additional information concerning revenue by product line for the quarter ended September 30, 2013 and 2012.

9 months ended September 30, (in '000s)	**2013**	**2012**	**Variance**	**% change**
Mobile Advertising Services	1,711	1,259	453	36%
Mobile Platform Licensing	373	940	(566)	(60%)
Voice and Data Search	594	1,015	(421)	(41%)
Total	**2,678**	**3,213**	**(534)**	**(17%)**

3 months ended September 30, (in '000s)	**2013**	**2012**	**Variance**	**% change**
Mobile Advertising Services	559	501	58	12%
Mobile Platform Licensing	122	142	(20)	(14%)
Voice and Data Search	194	246	(52)	(21%)
Total	**875**	**889**	**(15)**	**(2%)**

Deferred revenue at September 30, 2013 was $0.1 million, compared to $0.1 million at December 31, 2012.

Operating Costs

Operating costs for the nine month period ended September 30, 2013 (as compared to 2012) decreased to $5.0 million from $8.4 million. Operating costs for the quarter ended September 30, 2013 (as compared to 2012) decreased to $1.5 million from $2.7 million. The decrease was primarily due to a reduction in labour and facility costs resulting from the Company's restructuring efforts.

Network and Publisher Costs

Network and publisher costs consist of non-labour costs directly incurred by the Company to provide hosted services and to acquire traffic (places to insert advertisements) from publishers. This includes network, data and operating charges required to support revenue generating services. Network and publisher costs for the nine months ended September 30, 2013 totaled $1.1 million compared to $0.9 million in 2012. Network and publisher costs for the quarter ended September 30, 2013 totaled $0.4 million compared to $0.3 million in 2012. The increase is consistent with an increase in the Company's revenue from its mobile advertising and analytics managed service.

Labour Costs
Labour costs consist of employee salaries, employee benefits, amounts paid to consultants and stock option compensation expense. For the nine month period ended September 30, 2013, labour costs were $2.2 million compared to $4.4 million in 2012. For the quarter ended September 30, 2013, labour costs were $0.6 million compared to $1.1 million in 2012. The decrease was primarily due to the Company's restructuring efforts. The average number of employees for the nine months ended September 30, 2013 was 18 compared to 45 in 2012.

Other Operating Costs
Other operating costs consist primarily of facility costs, professional services, telephone expenses, travel, and costs associated with operating as a public issuer. Other operating costs for the nine month period ended September 30, 2013 totaled $0.8 million compared to $2.2 million in 2012. Other operating costs for the quarter ended September 30, 2013 totaled $0.2 million compared to $0.6 million in 2012. The decrease was primarily due to a reduction in facility costs resulting from the Company's restructuring efforts.

Amortization
Amortization expense for the nine month period ended September 30, 2013 was $0.8 million compared to $0.9 million in 2012. Amortization expense for the quarter ended September 30, 2013 was $0.3 million, unchanged from 2012. A decrease in the Company's amortization on property and equipment was offset by an increase in amortization on intellectual property resulting from the Company's recent acquisitions.

Operating Loss
The Company's operating loss for the nine month period ended September 30, 2013 was $2.3 million compared to a loss of $5.2 million in 2012. The Company's operating loss for the quarter ended September 30, 2013 was $0.6 million compared to a loss of $1.8 million in 2012. The decrease was primarily due to a reduction in labour and facility costs resulting from the Company's restructuring efforts.

Interest and Accretion Expense
Interest and accretion expense for the nine month period ended September 30, 2013 was $1.6 million compared to $1.5 million in 2012. The increase is due to a higher balance of outstanding debentures over the period.

Interest and accretion expense for the quarter ended September 30, 2013 was $0.4 million compared to $0.5 million in 2012. Effective August 30, 2013, the Company converted approximately 95.7% of its outstanding debentures into Common Shares. The significant reduction resulted in lower expenses for the quarter.

Loss on Debenture Conversion

Effective August 30, 2013, the Company converted approximately 95.7% of its outstanding debentures into Common Shares at a conversion price equal to the market price of $0.25 per Common Share. In compliance with IFRS, the Company recorded a loss on the amendment of the conversion terms for its convertible debentures equal to the number of incremental Common Shares that could be distributed to debenture holders under the new conversion terms as compared to the number of Common Shares under the original conversion terms. As a result, the Company recorded a non-cash charge of $5.3 million on the conversion of its convertible debentures.

Loss on Settlement of Debt

In addition to the convertible debentures, the Company settled a number of non-convertible debentures through the issuance of Common Shares. The Company recorded a loss on the settlement of the Company's non-convertible debentures of $0.7 million, calculated as the difference between the carrying value of the Company's non-convertible debentures and the fair value of the equity issued. As well, the Company reached agreements with a number of creditors to settle outstanding debt or payable amounts either at a discount or through the issuance of equity (or both). The Company recorded a loss of $1.1 million on these settlements. The most significant transactions included the issuance of 2,000,000 Common Shares to settle a $0.5 million payable on the closing of one of the Company's offices and the issuance of 6,476,000 Common Shares to settle a $1.8 million earn-out resulting from an old asset purchase agreement.

Net Loss

The Company's loss for the nine month period ended September 30, 2013 was $11.1 million (or $1.01 per share) compared to a loss of $6.7 million (or $1.78 per share) in 2012. The Company's loss for the quarter ended September 30, 2013 was $8.1 million (or $0.33 per share) compared to a loss of $2.4 million (or $0.62 per share) in 2012.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected financial information of the Company for the quarters indicated.

(000's, except per share amounts)	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q2 2013
Revenue								
Mobile advertising services	$205	$367	$391	$499	$458	$413	$740	$558
Mobile advertising platforms	248	217	580	142	(34)	135	115	122
Voice and data search	551	417	352	248	351	221	180	194
	1,004	1,001	1,323	889	775	769	1,035	874
Expenses								
Network and data costs	155	300	320	308	321	291	429	407
Labour costs	1,135	1,779	1,468	1,106	1,018	823	777	640
Other operating costs	616	595	633	1,006	823	375	275	174
Acquisition earn out	-	-	-	-	313	-	-	-
Amortization	241	305	303	293	288	261	260	259
	2,147	2,979	2,724	2,713	2,751	1,750	1,741	1,480
Operating Loss	**(1,143)**	**(1,978)**	**(1,401)**	**(1,824)**	**(1,987)**	**(981)**	**(706)**	**(606)**
Other income/(expense)								
Interest income (expense)	(803)	(480)	(493)	(518)	(562)	(556)	(601)	(430)
Gain (loss) on sale of investment	-	-	100	(75)	63	(172)	-	-
Gain on sale of assets	-	-	-	-	-	-	26	-
Loss on adjustment to convertible debt	(8,565)	-	-	-	-	-	-	(5,316)
Loss on impairment of goodwill	-	-	-	-	(2,211)	-	-	-
Loss on impairment of intangible assets	-	-	-	-	(104)	-	-	-
Gain (loss) on settlement of debt	-	-	-	-	76	-	-	(1,770)
Income tax (expense)	3	-	-	-	-	-	-	-
Net loss for the period	(10,508)	(2,458)	(1,794)	(2,417)	(4,483)	(1,709)	(1,281)	(8,122)
Basic and diluted loss per share	$(5.12)	$(0.69)	$(0.42)	$(0.62)	$(1.11)	$(0.40)	$(0.30)	$(0.33)

FINANCIAL CONDITION

The following table sets out selected information concerning the Company's financial position as at September 30, 2013 and December 31, 2012.

Selected data on financial position in 000's	2013	2012
Cash and cash equivalents	$ 189	$ 19
Working capital	$ (1,677)	$ (2,260)
Total assets	$ 3,072	$ 4,039
Total long-term liabilities	$ 629	$ 10,952
Total liabilities	$ 3,264	$ 14,357
Shareholders' equity	$ (192)	$ (10,318)

Cash and Cash Equivalents

At September 30, 2013, the Company's cash and cash equivalents amounted to approximately $0.2 million compared with $0.1 million at December 31, 2012.

Assets

The Company's total asset base as at September 30, 2013 was $3.1 million compared to $4.0 million at December 31, 2012. Long-term assets, consisting primarily of capital assets, goodwill, and intangibles, decreased from $2.9 million at December 31, 2012 to $2.1 million as at December 31, 2012, primarily due to the amortization of the Company's intangible assets.

Working Capital

Working capital represents the Company's current assets less its current liabilities. At September 30, 2013, the Company had a working capital deficit of $1.7 million compared to a working capital deficit of $2.3 million at December 31, 2012. Included in the working capital deficit is $0.1 million of debentures and promissory notes that are scheduled to mature within twelve months compared to $0.3 million at December 31, 2012.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The reported financial position of the Company presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses totaling $102.2 million since the Company commenced operations in 2000. As of September 30, 2013, the Company had a working capital deficit of $1.7 million and a cash balance of $0.2 million.

The Company's ability to continue operations remains dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing customer relationships; and 3) secure new customer relationships that provide the Company with adequate funds to cover expenditures projected for 2013 (or a combination of the foregoing). If the Company does not generate sufficient funds from existing or new customer relationships and is unable to raise additional financing, the Company will have to consider strategic alternatives, which may include, among other things, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or the sale of the Company. In recent years, the Company has relied upon external debt financing to provide it with the working capital required to support ongoing operations.

OUTSTANDING SHARE DATA

The Company's outstanding share capital consists of Common Shares. The Company is authorized to issue an unlimited number of Common Shares. At September 30, 2013, 65,723,271 Common Shares were outstanding compared to 4,040,350 Common Shares outstanding at December 31, 2012. The increase was due to the issuance of 2,151,434 Common Shares for settlement of debt, the issuance of 31,900 for a debenture guarantee, the issuance of 6,119 Common Shares under the Company's employee share purchase plan, the issuance of 81,764 Common Shares under a rent agreement, the issuance of 945 Common Shares in connection with the issuance of new debentures, the issuance of 10,000 Common Shares under an advisory agreement with Wolverton Securities Ltd., the issuance of 52,924,759 Common Shares under debenture conversion agreements and the issuance of 6,476,000 Common Shares in a private placement.

As at September 30, 2013, the Company had 578,387 (585,200 at December 31, 2012) stock options outstanding with a weighted average exercise price of $2.77 and 943,700 (464,320 at December 31, 2012) share purchase warrants outstanding with an average exercise price of $1.87. Under various tranches of convertible debentures distributed by the Company, holders are entitled to convert the outstanding principal amount of their debentures and accrued interest into Common Shares at a conversion prices ranging from $5.00 to $25.00 per share, subject to anti-dilution adjustments. If the aggregate principal amount of the debentures distributed in 2009 and still outstanding at September 30, 2013 were to be fully converted, at the $25.00 conversion price, an additional 1,600 Common Shares would be issued. If the aggregate principal amount of the debentures distributed in 2010 and still outstanding at September 30, 2013 were to be fully converted, at the $5.00 conversion price, an additional 6,000 Common Shares would be issued. In addition, if the broker warrants distributed in connection with the convertible debenture financings concluded in 2010 and 2011 were fully exercised, an additional 72,940 Common Shares would be issued and outstanding. Accordingly, the number of issued and issuable shares on a fully diluted basis was 67,325,908 at September 30, 2013, compared to 5,541,210 at December 31, 2012.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The following table sets out certain information concerning VoodooVox's contractual obligations, including payments due for each of the next three years and thereafter.

Contractual Obligations as at December 31, 2012	Payments Due by Period in 000's				
	Total	**2013**	**2014**	**2015**	**After 3 years**
Accounts payable and accrued liabilities	2,063	2,063	-	-	-
Interest on debentures	29	16	14	-	-
Debentures and notes	719	103	64	552	-
Total contractual obligations	2,811	2,182	78	552	-

The Company did not have any "off-balance sheet" arrangements as of September 30, 2013. The Company did not have any commitments for capital expenditures as of September 30, 2013 nor any financing sources arranged, but not yet used.

RELATED PARTY TRANSACTIONS

Performance by the Company of its obligations under certain of the Company's debentures is secured, in part, by personal assets owned by a former director. A committee of independent Board members determined that it would be appropriate for the Company to provide compensation to the director for the provision of this additional security and formulated recommendations in that regard for further consideration by the full Board of Directors. The Board of Directors approved the transfer of 4,367 common shares of a private company that VoodooVox had received in the fourth quarter of 2011 and 8,100 Common Shares of VoodooVox to the former director and committed to provide an additional 31,900 Common Shares of VoodooVox. These additional shares were issued in the first quarter of 2013, along with an additional 275,000 common shares of that private company.

In October 2012, the Company entered into an arrangement with a company influenced by a former director to settle $0.2 million in accounts payable through the issuance of 151,433 common shares of the Company with a fair value of $0.1 million. These shares were issued in the first quarter of 2013.

Included in the debenture conversion on August 30, 2013, were a total of $0.4 million principal amount of debentures which were held by officers and directors of the Company, and a total of $0.9 million principal amount of debentures held by a holder of more than 10% of the Common Shares immediately prior to the completion of the conversion. Included in the private placement on September 5, 2013, was $0.3 million of investments made by officers and directors of the Company.

OUTLOOK

The amount of revenue generated from the mobile advertising platform will depend, to a significant degree, on the Company's ability to source relevant traffic and ads that prompt consumers to act in a manner that generates a measurable sales lead to a merchant. Mobile advertising arrangements with customers are determined based on the number and type of leads generated. Due to the nature of performance based revenues, variability of potential results, and the uncertainty of consumer adoption, the Company is not providing any financial guidance at this time with respect to future periods.

BUSINESS RISKS AND UNCERTAINTIES

The business of the Company is subject to numerous risk factors, including those more particularly described below. An investment in or ownership of Common Shares should be considered highly speculative due to the nature of the Company's business, its current stage of development and the potential requirement for additional financing.

Substantial Capital Requirements; Liquidity; Going Concern

Because of the costs associated with further development of VoodooVox's technology and business, and the fact that VoodooVox's ability to generate revenue will depend on a variety of factors (including the ability of VoodooVox to meet its development schedule and consumer and merchant acceptance of VoodooVox technologies), additional funds are required to support VoodooVox's business. VoodooVox has accumulated a substantial deficit and currently has a significant working capital deficiency. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Additional funds (whether through additional equity financing, debt financing or other sources) may not be available (at all or on terms acceptable to VoodooVox) or may result in significant dilution to VoodooVox shareholders or significant interest obligations. The inability to obtain additional funds in the short term will have a material adverse effect on VoodooVox's business, results of operations, and financial condition and could result in the Company ceasing operations.

No Record of Profit

VoodooVox has incurred significant losses to date, and there can be no assurance that the future business activities of VoodooVox will be profitable. Since its organization, VoodooVox has incurred costs to develop and enhance its technology, to establish strategic relationships, to acquire complementary technologies and to build administrative support systems. VoodooVox has incurred negative operational cash flow to date. VoodooVox incurred losses from operations of $11.1 million for the nine month period ended September 30, 2013, $11.2 million for the year ended December 31, 2012, $13.2 million for the year ended December 31, 2011, $8.6 million for the year ended December 31, 2010, $12.4 million for the year ended December 31, 2009, $20.5 million for the year ended December 31, 2008, $12.6 million for the year ended December 31, 2007, and $6.5 million for the year ended December 31, 2006. VoodooVox's ability to operate profitably and generate positive cash-flow in the future will be affected by a variety of factors (including its ability to further develop and test its technology on schedule and on budget, the pace at which it secures additional customers, the time and expense required for the roll-out of its products, its success in marketing its solutions and services to consumers and merchants, the intensity of the competition experienced by VoodooVox and the availability of additional capital to pursue its business plan, including development of new solutions and services). An inability to generate sufficient funds from operations will have a material adverse affect on VoodooVox's business, results of operations and financial condition.

Developing Market

VoodooVox is engaged in the development and marketing of solutions and services that are relatively new and, as such, the primary market for VoodooVox's solutions and services is underdeveloped and continues to evolve. As is typical in the case of a new evolving industry segment, the demand for the Company's solutions and services is subject to a high level of uncertainty. If the markets for the VoodooVox solutions and services fail to develop, develop more slowly than expected or become saturated with competitors, or if the Company's solutions and services do not achieve and maintain market acceptance, the Company's business, results of operations and financial condition will be materially adversely affected.

Current Enterprise Value assigned by the Market; Liquidity

The actions of all stakeholders in the business may be adversely affected by the current market capitalization of the Company. These stakeholders include customers, potential customers, competitors, channel delivery counterparties, technology counterparties, and current or prospective employees. These stakeholders may ascribe a higher business risk to the Company due to its relatively low market capitalization, and any perception of higher risks may have a material adverse effect on VoodooVox's business, results and financial condition.

Third Party Technology

In providing its solutions and services, VoodooVox is, and will continue to be, dependent on technologies and infrastructure that are beyond VoodooVox's control, including landline and cellular telephone networks, directory databases and speech recognition and text-to-speech applications. There can be no assurance that if weaknesses or errors in third party software or hardware are detected, VoodooVox will be able to correct or compensate for such weaknesses or errors. If VoodooVox is unable to address weaknesses or errors and the Company's solutions and services are therefore unable to meet consumer or merchant needs or expectations, VoodooVox's business, results of operations and financial condition will be materially adversely affected. In addition, there can be no assurance that the Company will continue to have access to required third-party technology on terms acceptable to VoodooVox. If VoodooVox is unable to obtain third party technology on acceptable terms, VoodooVox's business, results of operations and financial condition will be materially adversely affected.

Rapid Technological Change

The technology industry is subject to rapid change, and the inability of VoodooVox to adapt to such change may have an adverse affect on VoodooVox's business, results of operations and financial condition. The effect of new developments and technological changes on the business sector in which VoodooVox is active cannot be predicted. Such developments would include, but are not limited to, change in how mobile advertising is delivered by advertisers and transacted with potential consumers, declining paid directory assistance transactions and resulting advertising opportunities arising on a global basis, a change in the success rate on the application of analytics in advertising, consumer backlash resulting from the collection and use of demographic intelligence, clients' ability to execute and industry consolidation. VoodooVox's failure to adapt to any of the above could have a material adverse effect on VoodooVox's business, results of operations and financial condition.

Competition

VoodooVox is subject to competition from other organizations (many of which have substantially greater human and financial resources) and there can be no assurance that VoodooVox will be able to compete effectively in its target markets. Technologies exist that are competitive with the Company's product suite. Certain organizations with substantially greater financial and human resources than the Company have active research and development initiatives involving the development and implementation of voice search capabilities, workstation applications, call analytics and ad network arrangements. The inability of VoodooVox to preserve existing customers and secure additional customers due to competitive technologies will have a material adverse effect on VoodooVox's business, results of operations and financial condition.

In addition, advances in communications technology as well as changes in the marketplace and the regulatory environment are constantly occurring and any such change could have a material adverse effect on VoodooVox.

Need for Research and Development

To achieve its business objectives and obtain market share and profitability, VoodooVox will need to continually research, develop and refine the Company's various technologies. Many factors may limit VoodooVox's ability to develop and refine required technologies or to create, acquire or negotiate access to new technologies. VoodooVox may also be exposed to marketplace resistance to new technology and services. Any failure of VoodooVox to develop new technologies or refine its existing technologies, or offer new solutions and services could have a material adverse effect on VoodooVox's business, results of operations and financial condition.

Defects and Liability

The hardware and software utilized to deliver the Company's solutions and services is complex and sophisticated and may contain design defects or software errors that are difficult to detect and correct. There can be no assurance that the Company's technologies will be free from errors or defects, or, if discovered, that VoodooVox will be able to successfully correct such errors in a timely manner or at all. Errors or failures in the Company's technologies could result in loss of or delay in market acceptance of the Company's solutions and services and correcting such errors and failures could require significant expenditures. Because of the competitive nature of the marketplace in which the Company’s product suite is delivered, the reputational harm resulting from errors and failures could be very damaging to VoodooVox. The consequences of such errors and failures could have a material adverse effect on VoodooVox's businesses, results of operations and financial condition.

Patents and Other Intellectual Property

While VoodooVox has applied for patents for certain elements of its technology, there can be no assurance that such applications will result in the granting of patent protection. Competitors may have filed patent applications or hold issued patents relating to services or processes competitive with those of VoodooVox. Any patents covering elements of the VoodooVox technology granted to third parties (or the inability of VoodooVox to successfully challenge such patents) may impair VoodooVox's ability to do business in a particular area including in key markets. Others may independently develop similar services or duplicate unpatented elements of the Company's technologies.

VoodooVox's success will be largely dependent upon its ability to protect its proprietary technologies. VoodooVox relies upon copyrights, trademarks and trade secrets to protect its intellectual property. Where appropriate, VoodooVox also enters into non-disclosure agreements with persons to whom it reveals proprietary information. Any failure or inability on the part of VoodooVox to protect its intellectual property could have a material adverse effect on VoodooVox's business, results of operations and financial condition.

VoodooVox may be required to engage in litigation in the future to enforce or protect its intellectual property rights or to defend against claims of invalidity and VoodooVox may incur substantial costs as a result. Any claims or litigation initiated by VoodooVox to protect its intellectual property could result in significant expense to VoodooVox and diversion of the efforts of VoodooVox's technical and management resources, whether or not the claims or litigation are determined in favor of VoodooVox.

Ability to Manage Growth

Responding to consumer and merchant demands, expansion into other geographical markets and targeted growth in VoodooVox's business has placed, and is likely to continue to place, significant strains on VoodooVox's administrative and operational resources and increased demands on its management, internal systems, procedures and controls. If VoodooVox experiences rapid acceptance of its solutions and services, the need to manage such growth will add to the demands on VoodooVox's management, resources, systems, procedures and controls. There can be no assurance that VoodooVox's administrative infrastructure, systems, procedures and controls will be adequate to support VoodooVox's operations or that VoodooVox's officers and personnel will be able to manage any significant expansion of operations. If VoodooVox is unable to manage growth effectively, VoodooVox's business, operating results and financial condition will be materially adversely affected.

Personnel Resources

VoodooVox is (and will continue to be) reliant upon its management and technical personnel in all aspects of its business, including to anticipate and address consumer and merchant demands in areas such as software development, customer service, marketing, finance, strategic planning and management. There can be no assurance that qualified management or technical personnel will be available to VoodooVox in the future. The loss of services of any of the Company's management or technical personnel could have a material adverse effect on its business, results of operations and financial condition.

Potential Fluctuations in Quarterly Operating Results

VoodooVox expects to be exposed to significant fluctuations in quarterly operating results caused by many factors, including changes in the demand for the Company's solutions and services, the introduction of competing technologies, market acceptance of enhancements to the Company's solutions and services, delays in the introduction of enhancements to the Company's solutions and services, changes in VoodooVox's pricing policies or those of its competitors, the mix of solutions and services sold, foreign currency exchange rates and general economic conditions. Such fluctuations could have a material adverse effect on VoodooVox's business, results of operations and financial condition.

Risk of Industry Consolidation

VoodooVox's customers include carriers, telecommunication providers, yellow pages providers, directory assistance providers, publishers, publisher aggregators, advertisers, advertising aggregators, agencies, directory data providers, mobile application and service providers, ad networks, in-call media, and search engines. Each of these industries is characterized by constant change, restructuring and consolidation. As a result, VoodooVox may have established working relationships with one such customer undermined by a business combination or other transaction with another business in the marketplace. This could have a material adverse effect on VoodooVox's business, results of operations and financial conditions.

Government Regulation

The marketplace within which VoodooVox operates is in constant flux in relation to government regulation. Areas being regulated include regulation relating to call handling, privacy, and opt-in requirements for mobile application. Regulation is also being considered for use and application of consumer demographic information for mobile advertising purposes and other areas impacting on mobile advertising. The consequences of such regulation or changes to such regulation could have a material adverse effect on VoodooVox’s business, results of operations and financial condition.

Costs Associated with Compliance with Securities Laws
VoodooVox is a publicly traded corporation and is subject to all of the obligations imposed on "reporting issuers" under applicable securities laws and all of the obligations applicable to a listed company under stock exchange rules. Direct and indirect costs associated with public company status have increased in recent years and regulatory initiatives under consideration may further increase the costs of being public in Canada and could have a material adverse effect on VoodooVox's business, results of operations and financial condition. If VoodooVox is unable to generate significant revenues from business operations, the cost of complying with applicable regulatory requirements will represent a significant financial burden to VoodooVox and may have a material adverse effect on VoodooVox's business, results of operations and financial condition.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed interim consolidated financial statements as at and for the quarter ended September 30, 2013 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). Please refer to Note 2 of the Company's unaudited condensed interim consolidated financial statements for a detailed discussion regarding the significant accounting policies relied upon in the preparation of the financial statements, the application of critical estimates and judgements in the preparation of the financial statements and recent accounting pronouncements.