

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 March 31, 2014, 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 May 21, 2014, and the information in this MD&A is current to May 14, 2014, 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.

OVERVIEW

VoodooVox is a leader in 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 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 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**"). 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 consumer behavior generally translates into higher CPM rates and higher yield on CPA revenue sources.

In addition to its mobile advertising services, VoodooVox provides mobile platform products consisting of software and services to allow customers such as telephone carriers to run their own mobile advertising exchanges. VoodooVox also provides voice and data search solutions consisting of software and services that allow customers to perform voice and data searches on proprietary business directories. VoodooVox expects that its legacy voice and data search solutions and mobile platform products will continue to generate software license and maintenance fees, hosting fees and consulting fees.

OVERALL PERFORMANCE

VoodooVox successfully completed its financing efforts in February 2014 allowing the Company to begin to expand its mobile advertising sales team and product offerings. In addition, the Company's new VoodooVox Local mobile advertising product continued to grow contributing to strong growth in mobile advertising revenues for the quarter.

VoodooVox operates in one segment, advertising software and services. Revenues for the quarter ended March 31, 2014, totaled \$1.0 million compared to \$0.8 million in 2013. Revenues from mobile advertising for the quarter ended March 31, 2014, grew 72% to \$0.7 compared to \$0.4 million in 2013.

In February 2014, VoodooVox completed an equity private placement financing for gross proceeds of \$4.9 million. The financing included a strategic investment by User Friendly Media ("UFM"), a private media company and portfolio company of Veronis Suhler Stevenson, consisting of approximately 40% of VoodooVox's issued and outstanding Common Shares. VoodooVox believes that this transaction with UFM will align the Company with one of the foremost media companies in the United States and will enable management to execute its strategy in expanding the Company's mobile advertising network.

On completion of the financing, Bruce Howard, CEO of UFM, David Lambert, CFO of UFM, and Walter Andri joined VoodooVox's Board. In March 2014, the Company's Board appointed Bruce Howard to succeed George Cooney as CEO. VoodooVox expects that the significant increase in capital from its recent financing will allow it to expand its mobile sales team and broaden its revenue streams, which include subscription and performance-based models to improve the Company's revenue and cash flow predictability.

The amount of revenue generated from the Company's mobile advertising services will depend, to a significant degree, on the Company's ability to source relevant Ad Traffic and ads that prompt consumers to act in a manner that generates a measurable sales lead to a merchant. Mobile advertising arrangements with advertisers are unique and revenue is determined based on the number and type of leads generated. It is difficult to project the number of phone calls or click-throughs which will be delivered to advertisers and how much advertisers will spend, and it is even more difficult to anticipate the average revenue per phone call or click-through. VoodooVox expects its quarterly results will continue to vary, from quarter to quarter and year to year, sometimes significantly.

Operating costs for the quarter ended March 31, 2014, totaled \$2.0 million compared to \$1.8 million in 2013. The increase is primarily due to an increase in Ad Traffic purchases required to support the growth in mobile advertising revenues.

The Company's loss for the quarter ended March 31, 2014, was \$0.7 million (or \$0.01 per share) compared to a loss of \$1.7 million (or \$0.40 per share) in 2013. The decrease was primarily due to growth in the Company's mobile advertising revenue and gains on settlement of debt or payable amounts.

SELECTED FINANCIAL INFORMATION

The following table sets out selected financial and share information of the Company as at March 31, 2014, 2013 and 2012 and for the three month periods then ended:

KEY FINANCIAL METRICS in 000's (except share amounts)	2014	2013	2012
Revenue			
- Mobile advertising	710	413	367
- Mobile platform	148	135	217
- Voice and data search	185	221	417
Total revenue	1,043	769	1,001
Operating costs	1,965	1,750	2,979
Operating loss	(922)	(981)	(1,978)
Net loss	(678)	(1,709)	(2,458)
Total assets	4,986	3,600	7,502
Total long term liabilities	499	11,485	2,745
Loss per share – basic and fully diluted	(0.01)	(0.40)	(0.69)
Common Shares outstanding			
- Basic	168,642,191	4,267,242	3,752,005
- Fully diluted	187,474,731	5,850,102	5,130,445

RESULTS OF OPERATIONS

Revenues

Revenues for the quarter ended March 31, 2014, totaled \$1.0 million compared to \$0.8 million in 2013. The following table sets out additional information concerning revenue by product line for the quarters ended March 31, 2014 and 2013.

In 000's	2014	2013	Variance	% change
Mobile Advertising	710	413	297	72%
Mobile Platform	148	135	13	10%
Voice and Data Search	185	221	(36)	(16%)
Total	1,043	769	274	36%

Following the financing in February 2014, the Company began expanding its sales team in an effort to grow its mobile advertising and broaden its revenue streams. The Company expects that revenue from its legacy products will remain flat or decrease as its existing contracts expire.

Deferred revenue at March 31, 2014, was \$0.2 million, unchanged from December 31, 2013. The Company does not expect to have significant deferred revenue in future periods.

Operating Costs

Operating costs for the quarter ended March 31, 2014, totaled \$2.0 million compared to \$1.8 million in 2013. The increase was primarily due to an increase in network and publisher costs as a result of growth in the Company's mobile advertising revenue.

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 quarter ended March 31, 2014, totaled \$0.5 million compared to \$0.3 million in 2013. The increase is primarily due to an increase in Ad Traffic purchases required to support the growth in mobile advertising revenues. VoodooVox expects its publisher costs to continue to increase in proportion to its growth in mobile advertising revenue.

Labour Costs

Labour costs consist of employee salaries, employee benefits, amounts paid to consultants and stock option compensation expense. For the quarter ended March 31, 2014, labour costs were \$0.9 million compared to \$0.8 million in 2013. The increase was primarily due to a severance payment made to the Company's former CEO. The average number of employees for the quarter ended March 31, 2014, was 16 compared to 24 in 2013. The Company expects its labour costs to increase in future periods as it grows its sales team.

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 quarter ended March 31, 2014, totaled \$0.2 million compared to \$0.3 million in 2013. The decrease was primarily due to payments made to guarantee the Company's debentures in 2013 that were not required in 2014.

Amortization

Amortization expense for the quarter ended March 31, 2014, was \$0.3 million, unchanged from 2013. The Company expects its reduced reliance on its own computer hardware and software will result in lower capital and amortization costs in future periods.

Operating Loss

The Company's operating loss for the quarter ended March 31, 2014, was \$0.9 million compared to a loss of \$1.0 million in 2013. The decrease was primarily due to growth in the Company's mobile advertising revenue.

Gain on Settlement of Debt

The Company reached agreements with a number of creditors to settle outstanding debt or payable amounts at a discount. The Company recorded a gain of \$0.3 million on these settlements.

Interest and Accretion Expense

Interest and accretion expense for the quarter ended March 31, 2014, was less than \$0.1 million compared to \$0.6 million in 2013. The decrease in interest and accretion expense is due to a lower balance of outstanding debentures. The Company expects its interest and accretion expense will be immaterial in future periods.

Net Loss

The Company's loss for the quarter ended March 31, 2014, was \$0.7 million (or \$0.01 per share) compared to a loss of \$1.7 million (or \$0.40 per share) in 2013. The decrease was primarily due to growth in the Company's mobile advertising revenue and gains on settlement of debt or payable amounts.

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)	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Revenue								
Mobile advertising	391	499	458	413	740	558	551	710
Mobile platform	580	142	(34)	135	115	122	56	148
Voice and data search	352	248	351	221	180	194	238	185
	1,323	889	775	769	1,035	874	845	1,043
Expenses								
Network and publisher costs	320	308	321	291	429	407	453	526
Labour costs	1,468	1,106	1,018	823	777	640	1,040	945
Other operating costs	633	1,006	823	375	275	174	161	236
Acquisition earn out	-	-	313	-	-	-	-	-
Amortization	303	293	288	261	260	259	261	258
	2,724	2,713	2,751	1,750	1,741	1,480	1,915	1,965
Operating Loss	(1,401)	(1,824)	(1,987)	(981)	(706)	(606)	(1,070)	(922)
Other income (expense)								
Interest and accretion	(493)	(518)	(562)	(556)	(601)	(430)	(60)	(46)
Gain (loss) on sale of other asset	100	(75)	63	(172)	-	-	-	-
Gain on sale of assets	-	-	-	-	26	-	-	-
Loss on adjustment to convertible debt	-	-	-	-	-	(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)	-	290
Net loss for the period	(1,794)	(2,417)	(4,483)	(1,709)	(1,281)	(8,122)	(1,130)	(678)
Basic and diluted loss per share	(0.42)	(0.62)	(1.11)	(0.40)	(0.30)	(0.33)	(0.02)	(0.01)

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 \$103.3 million since the Company commenced operations in 2000. As of March 31, 2014, the Company had working capital of \$1.4 million and a cash balance of \$2.5 million.

On February 6, 2014, the Company completed a brokered private placement for 96,500,000 Common Shares, at a price of \$0.05 per share, and for a \$0.1 million debenture for aggregate net proceeds of \$3.5 million after financing costs.

Notwithstanding this financing, 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 projected expenditures (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.

Cash flows from operating activities primarily consist of the Company's loss before income tax adjusted for certain non-cash items such as amortization, stock-based compensation, interest and accretion on debentures, expenses settled in Common Shares rather than cash, gains and losses on the sale of assets or the settlement of liabilities, impairment of goodwill and intangible assets and changes in working capital.

Cash flows used for operating activities for the quarter ended March 31, 2014, were \$1.0 million compared to \$0.3 million in 2013. The increase was primarily due to changes in the Company's working capital balances including an increase in receivables due to the growth of mobile advertising revenues and a decrease in payables due to the settlement of outstanding balances.

During the quarter ended March 31, 2014, VoodooVox financed its operations primarily through the issuance of debt and equity securities in the private placement on February 6, 2014. In addition to this financing, cash flows from financing activities included \$0.1 million in payments for debentures and short term notes that matured and less than \$0.1 million in interest payments to holders of the Company's debentures and short term notes.

VoodooVox expects that the financing that closed on February 6, 2014, for net proceeds of \$3.5 million will provide sufficient cash for operations in 2014 and there are currently no plans for additional financing.

Notwithstanding its current plans, for a majority of its mobile advertising services, VoodooVox makes payments to publishers in advance of collecting fees from its customers.

Should the Company's mobile advertising revenue grow significantly, working capital requirements will increase as a result and the Company may need to source additional funds.

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 March 31, 2014, 168,642,191 Common Shares were outstanding compared to 72,142,191 Common Shares outstanding at December 31, 2013. The increase was due to the issuance of 96,500,000 Common Shares in a private placement.

As at March 31, 2014, the Company had 10,008,800 (8,597,200 at December 31, 2013) stock options outstanding with a weighted average exercise price of \$0.22 and 8,743,200 (898,200 at December 31, 2013) share purchase warrants outstanding with an average exercise price of \$0.22. 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 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 March 31, 2014, 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 March 31, 2014, 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 187,474,731 at March 31, 2014, compared to 81,718,131 at December 31, 2013.

RELATED PARTY TRANSACTIONS

In February 2014, VoodooVox completed an equity private placement financing for gross proceeds of \$4.9 million. The financing included a strategic investment by User Friendly Media, a private media company and portfolio company of Veronis Suhler Stevenson, for \$3.4 million Common Shares, representing approximately 40% of VoodooVox's issued and outstanding Common Shares.

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, 2013	Payments Due by Period in 000's				
	Total	2014	2015	2016	After 3 years
Accounts payable and accrued liabilities	1,267	1,267	-	-	-
Debentures and notes	711	67	570	-	74
Total contractual obligations	1,978	1,334	570	-	74

The Company did not have any "off-balance sheet" arrangements as of March 31, 2014. The Company did not have any commitments for capital expenditures as of March 31, 2014, nor any financing sources arranged, but not yet used.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds various forms of financial instruments as follows:

(In '000s)	Designation	Measurement	Mar 31, 2014	Dec 31, 2013
Cash and cash equivalents	FVTPL	Fair value	2,499	135
Accounts receivable (excluding commodity tax)	Loans and receivables	Amortized cost	709	494
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	1,267	1,864
Debentures	Other financial liabilities	Amortized cost	711	1,140

The nature of these financial instruments and the Company's operations expose the Company to a number of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. At March 31, 2014, primarily all of the Company's cash and cash equivalents were held at three major Canadian and U.S. banks.

The Company's accounts receivable are subject to normal credit risks. Any amounts not provided for are considered fully collectible. The Company's receivables of \$0.7 million include \$0.4 million in allowance for doubtful accounts, the majority of which consists of

amounts receivable for voice and data search products sold to a telecommunications company located in Egypt.

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk through cash flow forecasting including anticipated investing and financing activities. See the section titled "Liquidity and Capital Resources" above for further discussion.

Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company sells software and services in both Canadian and foreign currencies. The sale of software and services in foreign currencies gives rise to the risk that the Company's income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. Certain purchases of services and equipment are also made in non-Canadian currencies. The Company does not actively manage this risk and uses its natural hedge to mitigate, to the extent possible, the impact of foreign exchange fluctuations.

The most significant foreign exchange exposure arises from U.S. dollar revenue and costs. For the quarter ended March 31, 2014, approximately 75% of revenue and 58% of costs were transacted in U.S. dollars. As a result, the Company may experience transaction exposure because of volatility in the exchange rate between the Canadian and U.S. dollar.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and other liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments. The fair value of debentures, estimated by discounting their future cash flows at a rate of 22%, were \$0.7 million at March 31, 2014.

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 continues to have operating losses. 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 \$0.7 million for the quarter ended March 31, 2014, \$12.2 million for the year ended December 31, 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 effect 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 cloud computing services. 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 effect 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, 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 audited consolidated financial statements as at and for the quarter ended March 31, 2014, 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.