MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") for VoodooVox Inc. (formerly Call Genie Inc.) ("**VV**", "**VoodooVox**" or the "**Company**") should be read in conjunction with VV's consolidated financial statements, and the accompanying notes, as at and for the year ended December 31, 2011, 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. (formerly Call Genie (USA), Inc.), BTS Logic Europe ApS, Call Genie Europe B.V., and VoodooVox Limited (formerly PhoneSpots Limited). VV's annual 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 March 29, 2012 and the information in this MD&A is current to March 29, 2012, 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 Company's 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, including the Company's Annual Information Form, 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. The forward-looking information set out in this MD&A (principally under the headings "Executive Summary" and "Outlook") includes statements concerning certain financial results that may be generated by the Company as it moves into a new phase with the consolidation and commercialization of various technologies. Readers are cautioned that such information may not be appropriate for other purposes.

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 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" herein. **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.**

Forward-looking information respecting the anticipated benefits of the acquisition of the UpSNAP and VoodooVox assets are based upon various assumptions and factors, including that the products and technologies to be offered by the Company utilizing those assets will be considered attractive by various third parties and will result in contractual arrangements between the Company and those third parties for the use of such products and technologies, and historical revenues generated by UpSNAP and VoodooVox utilizing its technologies and assets.

Forward-looking information respecting the anticipated increases in efficiency with the introduction of the Smarter Mobile Advertising platform are based upon various assumptions and factors, including the progress made to date in the merger and deployment of VoodooVox and UpSNAP technologies, estimations of efficiencies and improvements to the Company's Software as a Service platform as a result of the merger of technologies and availability of resources to complete the merger and deployment activities.

VoodooVox 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 engaged in the business of providing mobile advertising solutions to advertisers and publishers. Its technology, tools and services help publishers to generate their advertising revenues, acquire users and gain insight into their users. The Corporation 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 loss for the year ended December 31, 2011 was $13.2 million (or $0.14 per share) which compares to the loss of $8.6 million (or $0.10 per share) reported for the preceding year. The loss for the year ended December 31, 2011 includes an $8.6 million non-cash charge attributed to the debenture conversion incentive program initiated in 2011. In accordance with International Financial Report Standards ("IFRS"), the number of incremental common shares that could be distributed to debenture holders, regardless of whether the debenture holder converts their debentures, as part of the incentive program was multiplied by the closing share price on the date the shareholders of the Company approved the incentive plan.

The Company's operating loss improved by $5.2 million from $7.0 million in 2010 to $1.8 in 2011 which represents a 74% year over year improvement. Revenues for the year ended December 31, 2011 totaled $6.2 million compared to $4.2 million for the preceding year. The overall increase in revenues was primarily attributable to transaction fees earned following the implementation of a new call volume source by a large yellow pages provider in the United States. Usage based revenues represented 44% of revenues for the year ended December 31, 2011 compared to 8% for the preceding year. For the year ended December 31, 2011 (as compared to 2010), labour costs decreased $1.6 million as the average number of employees was 34 compared to 43.

As at December 31, 2011, the Company had a cash balance of $0.4 million and accounts receivable of $0.7 million. Cash flow used in operations was $3.0 million for the year ended December 31, 2011, which was $3.0 million less than the $6.0 million of cash flow used in operations in 2010. Deferred revenue at December 31, 2011 was $0.4 million, a decrease of $3.0 million from 2010.

In December 2011, to promote the conversion of the principal amount of debentures issued by the Company and accrued but unpaid interest thereon, the Company implemented an incentive program providing for a reduction in conversion price applicable to those debentures not previously convertible at $0.10 per share. Such conversion incentive program additionally provided for the issuance of warrants to holders of debentures previously convertible at $0.10 who agreed to convert such debentures and granted 5,000 warrants per $1,000 principal amount converted. Each such warrant was convertible into one common share at a price of $0.12 per share any time prior to December 31, 2013. In December 2011, debenture holders converted $4.4 million of debentures and accrued but unpaid interest for 44,427,681 common shares of the Company. Subsequent to the year end, debenture holders converted $2.3 million of debentures and accrued but unpaid interest for 24,115,280 common shares of the Company.

On March 15, 2012, the Company issued non-convertible debentures for gross aggregate proceeds of $1.0 million. The debentures bear interest at a rate of 15% per annum, payable semi-annually, and the debentures will mature one year from the closing date. Notwithstanding this financing, the Company's ability to operate remains dependent upon its ability to obtain additional debt or equity financing, as well as other factors described herein.

During the second half of 2011, the Company introduced its Cloud-based Software as a Service ("**SaaS**") platform. Under this initiative, the Company integrated many of its existing customer relationships with its own hosted platform in an effort to provide a comprehensive advertising network to various sources of call-based and web-based consumer traffic. On October 25, 2011, the Company completed the acquisition of the assets of UpSNAP Services LLC ("UpSNAP"). Subsequent to the year end, on January 6, 2012, the Company completed the acquisition of the assets of VoodooVox, Inc., a Delaware company ("Old VoodooVox") and changed its name from "Call Genie Inc." to "VoodooVox Inc." These acquisitions were undertaken in an effort to allow the Company to expand its product offering to existing and prospective customers, increase revenues, and move further into the advertising network space through additional forms of publications, advertisers, mobile advertising services and arrangements with industry participants.

The amount of revenue generated from the SaaS platform, branded as the Smarter 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. 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 for future periods at this time.

The following table sets out selected financial and share information of the Company as at December 31 for the years indicated:

KEY FINANCIAL METRICS in 000's (except share amounts)	**2011**	**2010**	**2009***
Cash and cash equivalents	$ 382	$ 380	$ 3,447
Deferred revenue	$ 317	$ 3,374	$ 4,698
Revenue	$ 6,203	$ 4,206	$ 3,487
Operating loss	$ (1,765)	$ (6,957)	$ (11,701)
Net loss	$ (13,158)	$ (8,564)	$ (12,359)
Loss per share – basic and fully diluted	$ (0.14)	$ (0.10)	$ (0.15)
Common Shares outstanding			
- Basic	151,836,882	88,232,247	82,990,683
- Fully diluted	217,387,405	140,261,310	113,825,889

* Amounts prior to January 1, 2010 are reported using Canadian Generally Accepted Accounting Principles ("**Canadian GAAP**").

BUSINESS STRATEGY

Our Goal and Strategy

VoodooVox is engaged in the business of providing mobile advertising solutions to advertisers and publishers. Its technology, tools and services help publishers to generate their advertising revenues, acquire users and gain insight into their users. The Corporation 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.

VoodooVox's business strategy is based on developing and expanding its own network of publishers and advertisers as well as third party organizations that have direct consumer and advertising relationships. Those third party entities can be wireless carriers, directory assistance providers or other companies that have significant wireless or wireline customer bases. The third party organizations that have advertising relationships can be search engine companies, yellow page publishers or media companies that have developed significant advertising publications in traditional or online media. In addition, the VoodooVox network is supplemented by direct arrangements with both advertisers and publishers. The Corporation has access to both national and local advertisers and is focused on delivering the most relevant advertisement to a consumer. The Corporation is focused on leveraging its proprietary technology and caller analytics to provide the most targeted advertisements to mobile consumers.

Strategic Priorities and Progress

The following table sets out information concerning various strategic priorities established for the Company and the progress made by the Company to date in achieving those priorities.

Strategic Priority	Current Status
Growth from acquisitions	• Identified several target companies with complementary products, solutions, and customer base. • Completed purchase of assets of UpSNAP in the fourth quarter of 2011. • Completed purchase of assets of Old VoodooVox in the first quarter of 2012.
Deliver solutions	• Solutions deployed in 11 countries; principally in Canada, the United States and Europe. • The sales and account management function is focused on defining solutions rather than selling technology.
Increase revenue through mobile advertising network	• Acquired mobile advertising assets of UpSNAP and Old VoodooVox. • Established new relationships with publishers and advertisers.
Leverage analytics capabilities by applying to Mobile Advertising platform	• Integrated operations of UpSNAP and Old VoodooVox including cross training of all sales and business development staff. • Begun applying data analytics to existing ad network opportunities.
Secure additional financing	• Completed a $5.0 million financing in the first quarter of 2011, a $1.2 million financing in the fourth quarter of 2011 and a $1.0 million financing in the first quarter of 2012. • Continuing to explore and pursue other potential financing alternatives.

KEY PERFORMANCE DRIVERS

There are three key drivers that management has focused on to gauge performance and the Company's ability to execute its business plan. Those drivers are summarized below:

1) Revenues from Mobile Advertising Opportunities:

   The Company has expanded its mobile advertising products with the acquisition of the assets of UpSNAP and Old VoodooVox. These acquisitions include access to new sources of advertising placement opportunities as well as new advertisers.

2) Revenues from Data Analytics:

   A key part of the assets acquired from Old VoodooVox, is the Company's data analytics technology. The technology provides real-time demographic information on phone calls and mobile ad traffic. Working with its own proprietary information and data provided by third party aggregators, the data analytics capabilities enable companies to gain valuable insight into their call volume and mobile game/application activity.

3) Revenues from Traditional Search and Voice Based Solutions:

   The Company has identified several business development opportunities for the sale of its traditional voice based solutions and workstation software. The Company has entered into agreements that are implementation fee and transaction oriented or based on fixed up-front license fees with ongoing maintenance.

CAPABILITY TO DELIVER

Leadership

Execution of the Company's business plan is, to a significant degree, dependent on the capabilities of the people within the organization. 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 72 combined years of industry specific experience in the technology field. The executive team is led by Michael Durance, the Company's Chief Executive Officer. Mr. Durance has over 30 years of experience and has been with VV since June 1, 2005.

The Company has assembled an experienced executive team that includes Chet Chan, Chief Operating Officer (formerly, General Manager North America (hired in June 2007 with 21 years of experience)), and Chris Shelton, Chief Financial Officer (hired in March 2006 with over 21 years of experience). Further information about the executive team and the Company's board of directors (the "Board") is available on the Company's website at www.voodoovox.com.

Financing

At December 31, 2011, the Company had a cash balance of $0.4 million. On March 15, 2012, the Company issued non-convertible debentures for gross aggregate proceeds of $1.0 million. The debentures bear interest at a rate of 15% per annum, payable semi-annually, and the debentures will mature on March 15, 2013. Notwithstanding this financing, the Company's ability to continue operations remain dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing customer relationships; or 3) secure new customer relationships that provide the Company with adequate funds to cover expenditures projected for 2012 (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.

Productive Capacity

The Company's business model is premised on its ability to generate recurring revenues without a proportional increase in expenses for staff salaries and benefits. To that end, the Company builds its application software using a product model rather than building individual customized solutions. The Company introduced its SaaS platform in 2011 in an effort to increase efficiency through the potential reduction in the number of versions of its software that is required to be supported and maintained. Management of VV believes that the Company has adequate human resources to deliver all projects currently scheduled.

RESULTS OF OPERATIONS

Overall

The Company's loss for the year ended December 31, 2011 was $13.2 million (or $0.14 per share) which compares to the loss of $8.6 million (or $0.10 per share) reported for the preceding year. The loss for the year ended December 31, 2011 includes an $8.6 million non-cash charge attributed to the debenture conversion incentive program initiated in 2011. In accordance with IFRS, the number of incremental common shares that could be distributed to debenture holders, regardless of whether the debenture holder converts their debentures, as part of the incentive program was multiplied by the closing share price on the date the shareholders of the Company approved the incentive plan.

The Company's operating loss improved by $5.2 million from $7.0 million in 2010 to $1.8 in 2011 which represents a 74% year over year improvement. Revenues for the year ended December 31, 2011 totaled $6.2 million compared to $4.2 million for the preceding year. The overall increase in revenues was primarily attributable to transaction fees earned following the implementation of a new call volume source by a large yellow pages provider in the United States. Usage based revenues represented 44% of revenues for the year ended December 31, 2011 compared to 8% for the preceding year. For the year ended December 31, 2011 (as compared to 2010), labour costs decreased $1.6 million as the average number of employees was 34 compared to 43.

Revenues

Revenues for the year ended December 31, 2011 increased to $6.2 million from $4.2 million in the preceding year, which is a 48% year-over-year increase. Revenues increased $2.4 million in North America. In Europe and the rest of the world revenues decreased $0.4 million. The following table sets out additional information concerning revenue by product line for the years indicated.

In 000's	**2011**	**2010**	**Variance**	**% change**
Voice	3,491	1,291	2,200	170%
SMS Data	1,234	382	852	223%
Workstation	1,478	2,533	(1,055)	(42%)
Total	**6,203**	**4,206**	**1,997**	**47%**

The overall increase in revenues is primarily attributable to transaction fees earned through a customer relationship with a large yellow pages provider in the United States. Usage based revenues represented 44% of revenues for year ended December 31, 2011 compared to 8% for the same period in 2010. Early in the third quarter of 2011, the Company initiated a transition to a new service and business model under which the Company generates usage revenues through its cloud-based SaaS platform. There can be no assurance that the terms of any new arrangements under the SaaS platform will be as favorable as the terms of prior arrangements or will result in similar levels of revenues for the Company.

Deferred revenue at December 31, 2011 was $0.4 million compared to $3.4 million at December 31, 2010. 100% of the deferred revenue reported at December 31, 2011 has been recorded as a current liability in accordance with IFRS.

Operating Costs

Expenses for year ended December 31, 2011 decreased to $8.0 million from $11.1 million for the preceding year. The decrease of $3.1 million was primarily due to lower staff levels in all operational areas of the business and a $1.1 million impairment charge recorded in respect of an intangible asset in 2010 (nonrecurring in 2011). The decrease in staff was principally attributable to increased efficiency and cash conservation programs implemented by the Company.

Network and Data Costs

Network and Data Costs consist of non-labour costs directly incurred by the Company to provide hosted services. This includes network, data and operating charges required to support revenue generating services. Network and Data Costs for the year ended December 31, 2011 totaled $0.3 million compared to $0.6 million for 2010. The 50% decrease was primarily attributable to the decrease in direct costs previously incurred to support the Company's Deal or No Deal sweepstakes program which was not active in 2011.

Labour Costs

Labour Costs consist of employee salaries, employee benefits, amounts paid to consultants and stock option compensation expense. For the year ended December 31, 2011, labour costs were $4.4 million compared to $6.0 million in 2010. The year-over-year decrease in expenditures of $1.6 million represented an approximate 26% decrease. The decrease was primarily due to increased efficiency and fewer staff members engaged in all areas of the Company's business. The average number of employees was 34 in 2011 compared to 43 in 2010.

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 year ended December 31, 2011 totaled $2.2 million compared to $2.4 million in 2010. The decrease of $0.2 million (or approximately 7%) was principally attributable to the Company's cash conservation program relating to office rent and telecommunications costs.

Amortization

Amortization expense for the year ended December 31, 2011 was $1.0 million, compared to $1.5 million in 2010. The decrease is primarily attributable to lower amortization from an intangible license purchased in 2009, which was fully amortized in 2010.

Impairment of Intangible Assets

For the year ended December 31, 2010, the Company recorded an impairment charge in respect of an intangible asset of $1.1 million. The impairment charge in 2010 related to certain assets capitalized with respect to an advertising network program. No similar expense was recorded in 2011.

<u>Operating Loss</u>

Operating Loss for the year ended December 31, 2011 was $1.8 million, compared to negative $7.0 million in 2010. The 74% improvement is primarily attributable to reduced labour costs and an increase in usage-based revenues generated from customer contracts.

<u>Loss attributed to Debt Conversion Incentive Program</u>

In December, 2011, the shareholders and directors of the Company approved an incentive program whereby holders of debentures issued by the Company would be incented to exercise the conversion privileges granted in the debentures to convert the debt instruments into common shares of the Company. In compliance with IFRS, the number of incremental common shares that could be distributed to debenture holders, regardless of whether the debenture holder converts their debentures, as part of the incentive program was multiplied by the closing share price on the date the shareholders approved the incentive plan to determine the fair value of loss. As a result, the Company was required to record a non-cash charge of $8.6 million for the year ended December 31, 2011. No similar charge was recorded in 2010.

Interest and Accretion Expense

Interest and accretion expense for the year ended December 31, 2011 was $3.1 million, which was primarily attributable to the convertible debentures that were privately placed in 2009, 2010 and 2011. The comparable expense for 2010 was $1.6 million. The increase is due to additional convertible debentures that were issued in 2011 as well as the conversion of a number of debentures on December 30, 2011 that resulted in an acceleration of the accretion expense.

Provision for Income Tax Expense

For the year ended December 31, 2011, the Company recorded a gain in income tax expense of $0.3 million. In 2007, in connection with the Company’s acquisition of BTS Logic Europe ApS, the Company recorded a provision in respect of a potential tax reassessment. As this exposure is now statute barred, the provision has been reversed. No similar expense or recovery was recognized in 2010.

Net Loss

The Company's net loss for the year ended December 31, 2011 was $13.2 million, which was $4.6 million higher than the net loss of $8.6 million in 2010.

SUMMARY OF QUARTERLY RESULTS

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

Unaudited (000's, except per share amounts)	**Q1 2010**	**Q2 2010**	**Q3 2010**	**Q4 2010**	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**
Revenue	$592	$1,283	$1,273	$1,058	$1,090	$2,100	$2,009	$1,004
Expenses								
Network and Data Costs	169	237	146	67	45	59	53	155
Labour Costs	2,099	1,482	1,187	1,231	1,143	1,059	1,090	1,135
Other Operating Costs	617	726	522	549	548	567	527	616
Impairment of intangible asset	-	1,107	-	-	-	-	-	-
Amortization	443	437	310	281	261	238	231	241
Gain on settlement of rights obligation	-	-	-	(447)	-	-	-	-
	3,328	3,989	2,165	1,681	1,997	1,923	1,901	2,147
Operating Loss	**(2,736)**	**(2,706)**	**(892)**	**(623)**	**(907)**	**177**	**108**	**(1,143)**
Other income/(expense)								
Interest income (expense)	(302)	(313)	(405)	(591)	(798)	(732)	(754)	(803)
Loss from debt conversion incentive program	-	-	-	-	-	-	-	(8,565)
Income tax (expense)	4	-	-	-	8	249	(1)	3
Net loss for the period	(3,034)	(3,019)	(1,297)	(1,214)	(1,697)	(306)	(647)	(10,508)
Basic and diluted loss per share	$(0.04)	$(0.04)	$(0.01)	$(0.01)	$(0.02)	$(0.00)	$(0.01)	$(0.11)

The Company's loss for the three months ended December 31, 2011 was $10.5 million or $0.11 per share compared to a loss of $1.2 million or $0.01 per share in 2010. For the three months ended December 31, 2011 (as compared to the three months ended December 31, 2010), network and data costs increased by $0.1 million, labour costs decreased $0.1 million, and other operating costs did not change significantly.

Revenues of $1.0 million for the three months ended December 31, 2011 were not significantly different from the revenues generated in Q4 2010. The revenues for the fourth quarter of 2010 consisted primarily of fixed maintenance and implementation fees while 50% of revenues for Q4 2011 were derived from transaction based fees with the remaining 50% of revenues from fixed maintenance and implementation fees. The following table sets out information concerning revenue by product line for the periods indicated.

(000's)	**Three months ended December 31, 2011**	**Three months ended December 31, 2010**	**Variance**	**% change**
Voice	184	414	(254)	(61%)
SMS Data	506	74	490	662%
Workstation	314	571	(276)	(48%)
Total	**1,004**	**1,059**	**(40)**	**(4%)**

Operating expenses for the three months ended December 31, 2011, were $2.1 million compares to $1.7 million for Q4 2010. The variance is primarily attributed to the $0.4 million gain on settlement of a rights obligation that occurred in 2010.

FINANCIAL CONDITION

The following table sets out selected information concerning the Company's financial position as at the dates indicated.

Selected data on financial position in 000's	**2011**	**2010**	**2009***
Cash and cash equivalents	$ 382	$ 380	$ 3,447
Working capital	$ (5,480)	$ (4,579)	$ (356)
Total assets	$ 6,500	$ 7,870	$ 13,846
Total long-term liabilities	$ 3,456	$ 7,793	$ 7,418
Total liabilities	$ 10,135	$ 14,577	$ 13,194
Shareholders' equity	$ (3,635)	$ (6,707)	$ 652

* Amounts prior to January 1, 2010 are reported using Canadian GAAP.

Cash and Cash Equivalents

At December 31, 2011, the Company's cash and cash equivalents amounted to approximately $0.4 million compared with $0.4 million at December 31, 2010.

Assets

VV's total asset base as at December 31, 2011 was $6.5 million, a $1.4 million decrease from $7.9 million at December 31, 2010. Long-term assets, consisting primarily of capital assets, goodwill, and intangibles, decreased from $5.7 million at December 31, 2010 to $5.3 million as at December 31, 2011. The decrease was primarily the result of amortization, offset by an increase in goodwill as a result of the purchase of the assets of UpSNAP in Q4 2011. Current assets as at December 31, 2011, which consisted primarily of cash and accounts receivables, decreased $1.0 million as compared to December 31, 2010. The primary reason for the decrease related to the collection of an accounts receivable from one customer. During Q2 2011, the Company settled an action commenced against the Yellow Pages Group of Canada Co. ("**YPG**") as a result of which the balance owing to the Company by YPG at March 31, 2011 ($0.9 million) was paid in full.

Working Capital

Working capital represents the Company's current assets less its current liabilities. At December 31, 2011, the Company had a working capital deficit of $5.5 million compared to a working capital deficit of $4.6 million at December 31, 2010. The $0.9 million increase in the Company's working capital deficit was primarily due to the decrease in current assets described in the previous paragraph. Changes in current liabilities included an increase of $3.2 million of additional debentures due within 12 months of December 31, 2011, offset by a $2.7 million decrease in the Company's deferred revenue liability.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that 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 $79.2 million since the Company commenced operations in 2000. As of December 31, 2011, the Company had a working capital deficit of $5.5 million and a cash balance of $0.4 million.

The Company's ability to continue operations remain dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing customer relationships; or 3) secure new customer relationships that provide the Company with adequate funds to cover expenditures projected for the balance of 2012 (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.

OUTSTANDING SHARE DATA

VV's outstanding share capital consists of Common Shares. The Company is authorized to issue an unlimited number of Common Shares. At December 31, 2011, 151,836,882 Common Shares were outstanding compared to 88,232,247 Common Shares outstanding at December 31, 2010. The increase was due to the issuance of 12,500,000 Common Shares in connection with a private placement on October 25, 2011, the issuance of 3,000,000 Common Shares to UpSNAP, the issuance of 331,928 Common Shares under the Company's employee share purchase plan, the issuance of 150,000 Common Shares in connection with the debenture financing completed in March 2011, the issuance of 44,427,681 Common Shares in connection with the conversion of debentures to equity in December 2011, the exercise of 1,040,000 share purchase warrants, the exercise of 328,334 stock options and the issuance of 1,826,692 Common Shares (at an average price of $0.13 per share) in satisfaction of rent payments totaling $0.24 million.

As at December 31, 2011, the Company had 12,735,000 (12,228,750 at December 31, 2010) stock options outstanding with a weighted average exercise price of $0.11 and 12,288,523 (8,750,123 at December 31, 2010) share purchase warrants outstanding with an average exercise price of $0.15. 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 $0.50 to $0.10 per share, subject to anti-dilution adjustments. If the aggregate principal amount of the debentures distributed in 2009 and still outstanding at December 31, 2011 were to be fully converted, at the

$0.50 conversion price, an additional 5,130,000 Common Shares would be issued. If the aggregate principal amount of the debentures distributed in 2010 and still outstanding at December 31, 2011 were to be fully converted, at the $0.10 conversion price, an additional 11,750,000 Common Shares would be issued. If the aggregate principal amount of the debentures distributed in 2011 were to be fully converted, at the $0.25 conversion price, an additional 20,000,000 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 3,647,000 Common Shares would be issued and outstanding. Accordingly, the number of issued and issuable shares on a fully diluted basis was 217,387,405 at December 31, 2011 compared to 140,261,310 at December 31, 2010. Further information on VV's outstanding share capital is provided in Note 8 to the Company's consolidated financial statements for the year ended December 31, 2011.

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, 2011	**Payments Due by Period in 000's**				
	Total	**2012**	**2013**	**2014**	**After 3 years**
Long Term Debt	$ 6,175	-	$ 1,175	-	$ 5,000
Interest on Debt Instruments	$ 2,499	$ 933	$ 668	$ 600	$ 298
Operating Leases	$ 853	$ 653	$ 200	-	-
Other Short Term Debt Obligations	$ 3,740	$ 3,740	-	-	-
Total Contractual Obligations	$ 13,267	$ 5,326	$ 2,043	$ 600	$ 5,298

The Company did not have any "off-balance sheet" arrangements as of December 31, 2011. The Company did not have any commitments for capital expenditures as of December 31, 2011 nor any financing sources arranged, but not yet used.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2011, the Company recorded $0.2 million ($0.2 million for the same period in 2010) of general and administrative expenses for transactions with entities controlled or influenced by the Company's officers or directors, which transactions were entered into in the normal course of operations. During the year ended December 31, 2011, these directors and officers received $0.2 million of interest in accordance with the terms of the debentures previously distributed to them. In addition, the debentures issued in August 2010 are secured, in part, by a security interest in assets made available by the Chairman of the Board of the Company. Lastly, in the fourth quarter of the year, the Company loaned $350,000 to a director for assistance in securing a licensing contract with a new customer. The loan was repaid in full before December 31, 2011.

OUTLOOK

During the second half 2011, the Company introduced its Cloud-based Software as a Service platform. Under this initiative, the Company integrated many of its existing customer relationships with its own hosted and managed platform in an effort to provide a comprehensive advertising network to various sources of call-based and web-based consumer traffic. In the fourth quarter of 2011, the Company completed the acquisition of the assets of UpSNAP and in January 2012, the Company completed the acquisition of the assets of Old VoodooVox – a US based mobile advertising and data analytics company. Management expects that these acquisitions will allow the Company to expand its product offering to existing and prospective customers, increase revenues, and move further into the advertising network space through additional forms of publications, advertisers, mobile advertising services and partnerships. The Company has merged the operations of the acquired assets in the first quarter of 2012. In January 2012, the Company initiated the rebranding of the Company as VoodooVox - Smarter Mobile Advertising.

The amount of revenue generated from the Smarter 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. UpSNAP's arrangements with its customers are such that it generally receives compensation 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 for future periods at this time.

BUSINESS RISKS AND UNCERTAINTIES

The business of VV is subject to numerous risk factors, including those more particularly described below. An investment in and ownership of Common Shares should be considered highly speculative due to the nature of VV'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 Corporation'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 may have a material adverse affect on VoodooVox's business, results of operations, and financial condition.

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 $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 data 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, 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 consolidated financial statements as at and for the year ended were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("**IASB**"). Please refer to Note 2 of the Company's annual 2011 financial statements for information concerning the Company's adoption of IFRS and 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.

In addition, Note 15 of the Company's 2011 annual financial statements provides further detail on the changeover to IFRS and the resulting effects on the Company's 2010 financial statements. The only change resulting from the transition to IFRS that affected the 2010 financial statements relates to the functional currency used with respect to the Company's subsidiary in Denmark. IFRS requires that the functional currency of each entity be determined separately. The Company has determined that as at the January 1, 2010 (the "Transition Date") the Canadian dollar was the functional currency of all entities. As a result, all foreign exchange translation differences as of the Transition Date are recorded through operations. Under Canadian GAAP, the Company's subsidiary in Denmark was defined as a self-sustaining foreign operation and cumulative foreign exchange translation differences arising on consolidation were recorded in a separate component of equity. In accordance with IFRS 1, optional exemptions, the Company elected to transfer these cumulative foreign exchange translation differences to deficit at the Transition Date. The amount of the adjustment was less than $0.1 million.

CONTROLS AND PROCEDURES

As required by National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim filings*, the Company's Chief Executive Officer and Chief Financial Officer have made certain certifications related to the Company's interim and annual filings (as defined by NI 52-109), which have been filed with certain securities regulators in Canada.

Evaluation of Disclosure Controls and Procedures

Under NI 52-109, the Chief Executive Officer and the Chief Financial Officer must certify that they are responsible for establishing and maintaining disclosure controls and procedures and have designed such disclosure controls and procedures (or caused such disclosure controls and procedures to be designed under their supervision) to provide reasonable assurance that: 1) material information relating to the Company is made known to them by others, particularly during the period in which annual filings are being prepared; and 2) information required to be disclosed by the Company in its filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Chief Executive Officer and the Chief Financial Officer of the Company are satisfied with the effectiveness of the Company's disclosure controls and procedures and have not identified any material weaknesses relating to the design of its disclosure controls and procedures.

Management's Report on Internal Control over Financial Reporting

As part of the NI 52-109 certifications, the Chief Executive Officer and Chief Financial Officer of the Company must certify that they are responsible for establishing and maintaining internal controls over financial reporting ("**ICFR**") and have designed such controls (or caused them to be designed under their supervision) in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer are satisfied with the effectiveness of the Company's internal controls over financial reporting and have not identified any material weaknesses relating to the design of such internal controls. Consistent with the Company's stage of development, the Company continues to rely on risk mitigating procedures during its financial close processes in order to provide comfort that the financial statements are presented fairly in accordance with IFRS.

While the Chief Executive Officer and the Chief Financial Officer are satisfied with the effectiveness of the Company's internal controls over financial reporting, additional improvements could be undertaken to address: 1) further segregation of accounting duties; 2) further investment in technical accounting knowledge with respect to non-routine transactions and projects; and 3) further investment in accounting systems software.

In particular, the Company records complex and non-routine transactions. These transactions can be extremely technical in nature and require an in-depth understanding of IFRS. To address this risk, the Company consults with third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, an annual audit is completed by the Company's auditors, and presented to the Audit Committee for its review and approval. At this time, the Company is not considering any expansion of the technical expertise within its accounting group and will continue to work closely with its third party advisors.

The Company continues to direct available resources to assessing and improving the overall control environment and governance processes within the Company, but has not made any additional material changes to its system of internal controls over financial reporting.

Changes in Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have determined that there were no changes in the Company's ICFR that occurred during the year ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

The design of any system of internal controls and procedures is based in part upon various assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.