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 unaudited condensed interim consolidated financial statements, and the accompanying notes, as at and for the three and six month period ended June 30, 2012, 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 quarterly 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 August 14, 2012 and the information in this MD&A is current to August 13, 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 board of directors of the Company (the "**Board**" or "**Board of Directors**"), on the recommendation of its Audit Committee.

In January 2012, the Company changed its name from "Call Genie Inc." to "VoodooVox Inc.", following the acquisition of a private Delaware corporation (engaged in the business of providing mobile advertising and data analytics) also named "VoodooVox, Inc." In the MD&A, that private Delaware corporation is referred to as "Old VoodooVox". In October 2011, the Company acquired the assets of UpSNAP Services LLC, which is referred to in this MD&A as "UpSnap".

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.

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" 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.**

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

EXECUTIVE SUMMARY

VoodooVox is 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 Company offers advertisers significant audience reach, sophisticated targeting capabilities and the ability to deliver rich and engaging ad experiences to consumers on their mobile connected devices.

The Company's loss for the six months ended June 30, 2012 was $4.3 million (or $0.02 per share) compared to a loss of $2.0 million (or $0.02 per share) for the same period in 2011. Revenues for the six months ended June 30, 2012 totaled $2.3 million compared to $3.2 million for the same period in 2011. The decrease in revenues is primarily attributable to the Company's focus on acquisition integration and the transition from its former solution based business model to its cloud-based mobile advertising platform. The Company's operating loss for the six months ended June 30, 2012 was $3.4 million compared to a loss of $0.7 for the same period in 2011. Additional labour and network and data costs resulting from the acquisition of UpSnap in Q4 2011 and Old VoodooVox in Q1 2012 contributed to the increased loss. For the six months ended June 30, 2012 (as compared to 2011), labour costs increased by $1.1 million as the average number of employees was 45 compared to 35. The increase in the average number of employees is primarily attributable to new staff members who joined the Company following the UpSnap and Old VoodooVox acquisitions.

The Company's loss for the quarter ended June 30, 2012 was $1.8 million (or $0.01 per share) compared to a loss of $0.3 million (or $0.00 per share) reported for Q2 2011. Revenues for the quarter ended June 30, 2012 totaled $1.3 million compared to $2.1 million for Q2 2011. The decrease in revenues is primarily attributable to the Company's need to focus on acquisition integration and the transition from its former solution based business model to its cloud-based mobile advertising platform. For the quarter ended June 30, 2012 (as compared to 2011), labour costs increased by $0.4 million due primarily to the addition of staff from recent acquisitions. It is to be noted that network and publisher costs also increased by an aggregate of $0.3 million. The Company's business plan contemplates payments to publishers for mobile advertising.

As at June 30, 2012, the Company had a cash balance of $0.1 million and a working capital deficit of $7.0 million that included $5.0 million of debentures that are scheduled to mature prior to June 30, 2013. Cash flow used in operations was $1.7 million for the six months ended June 30, 2012, compared to $1.5 million used in operations in 2011.

On June 28, 2012, the Company raised $0.8 million from the distribution of a non-brokered unit offering. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture with a principal value of $918.33 and 3,000 common shares of the Company valued at $81.67. The non-convertible debentures, distributed for gross aggregate proceeds of $0.75 million, bear interest at a rate of 17.5% per annum, payable quarterly, maturing on June 27, 2014. Proceeds from this financing were used for working capital purposes.

On August 13, 2012, the Company raised $1.8 million from the distribution of a brokered unit offering. Each unit, in denominations of one thousand dollars, consisted of a non-convertible debenture with a principal value of $1,000.00 and 3,000 common share warrants to acquire 3,000 common shares of the Company at an exercise price of $0.02 per Common Share. The non-convertible debentures bear interest at a rate of 12.0% per annum, payable quarterly, maturing on August 13, 2015.

The Company's future 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). In recent years, the Corporation has relied upon external debt financing to provide it with the working capital required to support ongoing operations.

The following table sets out selected financial and share information of the Company as at June 30 for the years indicated:

KEY FINANCIAL METRICS in 000's (except share amounts)	**6 months ended June 30, 2012**	**6 months ended June 30, 2011**	**6 months ended June 30, 2010**
Cash and cash equivalents	$ 139	$ 1,829	$ 404
Deferred revenue	$ 337	$ 1,735	$ 4,171
Revenue	$ 2,324	$ 3,190	$ 1,875
Operating loss	$ (3,379)	$ (730)	$ (2,642)
Net loss	$ (4,252)	$ (2,002)	$ (6,049)
Loss per share – basic and fully diluted	$ (0.02)	$ (0.02)	$ (0.07)
Common Shares outstanding			
- Basic	187,953,184	90,173,575	84,627,874
- Fully diluted	258,442,388	161,461,048	116,751,830

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 Company offers advertisers significant audience reach, sophisticated targeting capabilities and the ability to deliver rich and engaging ad experiences to consumers on their mobile connected devices.

VoodooVox's business strategy is based on developing and expanding its own network of publishers and advertisers as well as establishing commercial relationships with 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 Company has access to both national and local advertisers. The Company is focused on leveraging its proprietary technology and caller analytics to provide highly 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 the 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 $1.9 million in financing in the first six months of 2012 and $1.8 million in financing in the third quarter of 2012. • Continuing to explore and pursue other potential strategic and financing alternatives.

KEY PERFORMANCE DRIVERS

There are three key drivers that management currently monitors 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 their own proprietary information and data provided by third party aggregators, companies can apply the data analytics 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 its senior management. Executive leadership is a key component of the planning, organizing and delivery necessary to achieve success. The Company has an executive management team with over 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 26 years of experience)), Tony Phillip, Senior Vice President of Mobile Advertising (hired in October 2011 in the UpSnap acquisition with 23 years of experience) and Chris Shelton, Chief Financial Officer (hired in March 2006 with over 25 years of experience). Further information about the executive team and the Board of Directors is available on the Company's website at www.voodoovox.com.

Financing

On June 30, 2012, the Company had a cash balance of $0.1 million. Notwithstanding completion of a $1.8 million debenture financing on August 13, 2012, the Company's future 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 it is unable to raise additional financing, the Company will have to consider strategic alternatives, which may include, among other things, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or the sale of the Company. **In recent years, the Corporation has relied upon external debt financing to provide it with the working capital required to support ongoing operations.**

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. 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 six months ended June 30, 2012 was $4.3 million (or $0.02 per share) compared to a loss of $2.0 million (or $0.02 per share) for the same period in 2011. Revenues for the six months ended June 30, 2012 totaled $2.3 million compared to $3.2 million for the same period in 2011. The decrease in revenues is primarily attributable to the Company's focus on acquisition integration and the transition from its former solution based business model to its cloud-based mobile advertising platform. The Company's operating loss for the six months ended June 30, 2012 was $3.4 million compared to a loss of $0.7 for the same period in 2011. Additional labour and network and data costs resulting from the acquisition of UpSnap in Q4 2011 and Old VoodooVox in Q1 2012 contributed to the increased loss. For the six months ended June 30, 2012 (as compared to 2011), labour costs increased by $1.1 million as the average number of employees was 45 compared to 35. The increase in the average number of employees is primarily attributable to new staff members who joined the Company following the UpSnap and Old VoodooVox acquisitions.

Revenues

Revenues for the six months ended June 30, 2012 totaled $2.3 million compared to $3.2 million for the same period in 2011. Revenues for the three months ended June 30, 2012 totaled $1.3 million compared to $2.1 million in 2011. Revenues decreased $0.8 million in North America. In Europe and the rest of the world revenues were unchanged. The following table sets out additional information concerning revenue by product line for the periods indicated.

In 000's	**6 months ended June 30, 2012**	**6 months ended June 30, 2011**	**Variance**	**% change**
Mobile Advertising	1,555	247	1,308	530%
Voice and Workstation solutions	769	2,943	(2,174)	(74%)
Total	**2,324**	**3,190**	**(866)**	**(27%)**

In 000's	**3 months ended June 30, 2012**	**3 months ended June 30, 2011**	**Variance**	**% change**
Mobile Advertising	943	137	806	588%
Voice and Workstation solutions	380	1,963	(1,963)	(90%)
Total	**1,323**	**3,100**	**(777)**	**(37%)**

The overall decrease in revenues is primarily attributable to the Company's need to focus on acquisition integration activities and its continuing shift to a new business model. 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 June 30, 2012 was $0.3 million, compared to $1.7 million at June 30, 2011. 100% of the deferred revenue reported at June 30, 2012 has been recorded as a current liability in accordance with IFRS.

Operating Costs

Expenses for the six months ended June 30, 2012 (as compared to 2011) increased to $5.7 million from $3.9 million. Expenses for the three months ended June 30, 2012 increased to $2.7 million from $1.9 million in 2011. The increase was primarily due to higher staff levels resulting from the acquisition of UpSnap in Q4 2011 and Old VoodooVox in Q1 2012 as well as increased network and publisher costs related to the SaaS platform.

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 six months ended June 30, 2012 totaled $0.6 million compared to $0.1 million for the same period in 2011. The increase was primarily attributable to an increase in transaction volumes due to the acquisitions of UpSnap and Old VoodooVox. Network and publisher costs for the three months ended June 30, 2012 was $0.3 million compared to $0.1 million for Q2 2011.

Labour Costs

Labour costs consist of employee salaries, employee benefits, amounts paid to consultants and stock option compensation expense. For the six months ended June 30, 2012, labour costs were $3.3 million compared to $2.2 million for the same period in 2011. The increase was primarily due to additional staff resulting from the acquisitions of UpSnap and Old VoodooVox. The average number of employees for the six months ended June 30, 2012 was 45 compared to 35 in 2011. Labour costs for the three months ended June 30, 2012 was $1.5 million compared to $1.1 million for Q2 2011 due to more staff – 45 compares to 35.

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 six months ended June 30, 2012 totaled $1.2 million compared to $1.1 million for the same period in 2011. Other operating costs for the three months ended June 30, 2012 was $0.6 million compared to $0.6 million for Q2 2011.

Amortization

Amortization expense for the six months ended June 30, 2012 was $0.6 million, compared to $0.5 million in 2011. A decrease in the Company's amortization on property and equipment was offset by an increase in amortization on intellectual property resulting from the acquisitions of UpSnap and Old VoodooVox.

Operating Loss

The Company's operating loss for the six months ended June 30, 2012 was $3.4 million compared to a loss of $0.7 million for the same period in 2011. The Company's operating loss was $1.4 million for the three months ended June 30, 2012, compared to an income of $0.2 million in 2011. The increased loss is attributable to decreased revenues and additional labour, network and publisher costs resulting from the acquisitions of UpSnap and Old VoodooVox.

Interest and Accretion Expense

Interest and accretion expense for the six months ended June 30, 2012 was $1.0 million compared to $1.5 million for the same period in 2011. In the fourth quarter of 2011, the shareholders and directors of the Company approved an incentive program in an effort to encourage holders of outstanding debentures to convert outstanding principal and interest into Common Shares. The incentive program resulted in a $6.7 million reduction in the principal amount of outstanding debentures and accrued but unpaid interest. The decrease in interest and accretion expense is due to this reduction in the amount of principal and interest payable under outstanding debentures.

Net Loss

The Company's loss for the six months ended June 30, 2012 was $4.3 million (or $0.02 per share) compared to a loss of $2.0 million (or $0.02 per share) for the same period in 2011. The Company's loss for the three months ended June, 2012 was $1.8 million (or $0.01 per share) compared to a loss of $0.3 million (or $0.00 per share) in 2011. The increase in net loss is principally attributable to the decrease in revenues and increased expenses resulting primarily from the UpSnap and Old VoodooVox acquisitions.

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)	**Q3 2010**	**Q4 2010**	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**	**Q2 2012**
Revenue	$1,273	$1,058	$1,090	$2,100	$2,009	$1,004	$1,001	$1,323
Expenses								
Network and Data Costs	146	67	45	59	53	155	300	320
Labour Costs	1,187	1,231	1,143	1,059	1,090	1,135	1,779	1,468
Other Operating Costs	522	549	548	567	527	616	595	633
Impairment of intangible asset	-	-	-	-	-	-	-	-
Amortization	310	281	261	238	231	241	305	303
Gain on settlement of rights obligation	-	(447)	-	-	-	-	-	-
	2,165	1,681	1,997	1,923	1,901	2,147	2,979	2,724
Operating Loss	**(892)**	**(623)**	**(907)**	**177**	**108**	**(1,143)**	**(1,978)**	**(1,401)**
Other income/(expense)								
Interest income (expense)	(405)	(591)	(798)	(732)	(754)	(803)	(480)	(493)
Gain on sale of investment	-	-	-	-	-	-	-	100
Loss from debt conversion incentive program	-	-	-	-	-	(8,565)	-	-
Income tax (expense)	-	-	8	249	(1)	3	-	-
Net loss for the period	(1,297)	(1,214)	(1,697)	(306)	(647)	(10,508)	(2,458)	(1,794)
Basic and diluted loss per share	$(0.01)	$(0.01)	$(0.02)	$(0.00)	$(0.01)	$(0.11)	$(0.01)	$(0.01)

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	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 139	$ 382
Working capital	$ (7,001)	$ (5,498)
Total assets	$ 7,582	$ 6,500
Total long-term liabilities	$ 3,543	$ 3,456
Total liabilities	$ 12,308	$ 10,135
Shareholders' equity	$ (4,726)	$ (3,635)

Cash and Cash Equivalents

At June 30, 2012, the Company's cash and cash equivalents amounted to approximately $0.1 million compared with $0.4 million at December 31, 2011.

Assets

VV's total asset base as at June 30, 2012 was $7.6 million, a $1.1 million increase from $6.5 million at December 31, 2011. Long-term assets, consisting primarily of capital assets, goodwill, and intangibles, increased from $5.3 million at December 31, 2011 to $5.8 million as at June 30, 2012. The increase was primarily the result of the purchase of the assets of Old VoodooVox. Current assets as at June 30, 2012, which consisted primarily of cash and accounts receivables, increased $0.6 million as compared to December 31, 2011. The increase was principally attributable to the acquisition of additional receivables previously owing to Old VoodooVox, offset by a small decrease in cash.

Working Capital

Working capital represents the Company's current assets less its current liabilities. At June 30, 2012, the Company had a working capital deficit of $7.0 million compared to a working capital deficit of $5.5 million at December 31, 2011. Included in the working capital deficit is $5.0 million of debentures that are scheduled to mature prior to June 30, 2013. The $1.5 million increase in the working capital deficit was primarily due to an increase in the current portion of outstanding debentures.

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 $83.4 million since the Company commenced operations in 2000. As of June 30, 2012, the Company had a working capital deficit of $7.0 million and a cash balance of $0.1 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. In recent years, the Corporation has relied upon external debt financing to provide it with the working capital required to support ongoing operations.

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 June 30, 2012, 187,953,184 Common Shares were outstanding compared to 151,836,882 Common Shares outstanding at December 31, 2011. The increase was due to the issuance of 11,250,000 Common Shares to Old VoodooVox, the issuance of 698,529 Common Shares under the Company's employee share purchase plan, and the issuance of 24,167,773 Common Shares in connection with the conversion of debentures.

As at June 30, 2012, the Company had 21,162,500 (12,735,000 at December 31, 2011) stock options outstanding with a weighted average exercise price of $0.11 and 11,675,000 (12,288,523 at December 31, 2011) share purchase warrants outstanding with an average exercise price of $0.12. 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 June 30, 2012 were to be fully converted, at the $0.50 conversion price, an additional 5,110,000 Common Shares would be issued. If the aggregate principal amount of the debentures distributed in 2010 and still outstanding at June 30, 2012 were to be fully converted, at the $0.10 conversion price, an additional 11,700,000 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 10,720,000 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 258,442,388 at June 30, 2012 compared to 217,387,405 at December

31, 2011. Further information on VV's outstanding share capital is provided in Note 9 to the Company's unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2012.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

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

Contractual Obligations as at June 30, 2012	**Payments Due by Period in 000's**				
	Total	**2012**	**2013**	**2014**	**After 3 years**
Long Term Debt	$ 4,271	-	$ 875	$ 716	$ 2,680
Interest on Debt Instruments	$ 1,331	$ 459	$ 391	$ 322	$ 159
Operating Leases	$ 857	$ 438	$ 376	$ 43	-
Other Short Term Debt Obligations	$ 3,429	$ 3,429	-	-	-
Total Contractual Obligations	$ 9,888	$ 4,326	$ 1,642	$ 1,081	$ 2,839

The Company did not have any "off-balance sheet" arrangements as of June 30, 2012. The Company did not have any commitments for capital expenditures as of June 30, 2012 nor any financing sources arranged, but not yet used.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2012, the Company recorded $0.1 million ($0.1 million for the same period in 2011) 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 six months ended June 30, 2012, these directors and officers received $0.1 million of interest in accordance with the terms of the debentures previously distributed to them ($0.1 million on 2011).

As part of the June 2012 financing, the Chairman of the Board purchased 65 units, each unit with a denomination of one thousand dollars, and committed to purchase an additional 135 units.

During the six months ended June 30, 2012, the Company completed $1.9 million debt financing. Performance by the Company of its obligations under the applicable debentures is secured, in part, by personal assets owned by the Chairman of the Board. A committee of independent Board members determined that it would be appropriate for the Company to provide compensation to the Chairman of the Board for the provision of this additional security and formulated recommendations in that regard for further consideration by the full Board of Directors. The Board of Directors approved the transfer of 218,333 common shares of a private company that VoodooVox had received in the fourth quarter of 2011 to the Chairman of the Board as partial compensation.

During the second quarter, the Company received 750,000 shares of a private company as settlement for an outstanding receivable. The Chairman of the Board has significant ownership in this private company and provided assistance with the settlement process.

OUTLOOK

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. Mobile Advertising arrangements with customers are determined based on the number and type of leads generated. In addition, the Company's analytics solutions acquired from Old VoodooVox generate revenues based on the number of month subscribers licensed to use this solution. Due to the nature of performance based revenues, variability of potential results, and the uncertainty of consumer adoption, the Company is not providing at this time any financial guidance for future periods.

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.

Maintaining Public Listing

In July 2012, the Company received a letter from the TSX indicating it was reviewing the Company's ability to meet the requirements for continuous listing. A review is scheduled for September 10, 2012 and a decision will be made by the TSX on September 12, 2012. If the Company cannot demonstrate that it will meet the continuous listing requirements, the Company will be delisted from the TSX on October 12, 2012. The Company may be eligible for listing on the TSXV or the NEX however no assurances can be provided that the Company will secure an alternative listing. The inability to maintain a Public listing may have a material adverse affect on VoodooVox's business, ability to raise financing, results of operations, and financial condition.

Substantial Capital Requirements; Liquidity; Going Concern

Because of the costs associated with further development of VoodooVox's technology and business, and the fact that VoodooVox's ability to generate revenue will depend on a variety of factors (including the ability of VoodooVox to meet its development schedule and consumer and merchant acceptance of VoodooVox technologies), additional funds are required to support VoodooVox's business. VoodooVox has accumulated a substantial deficit and currently has a significant working capital deficiency. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Additional funds (whether through additional equity financing, debt financing or other sources) may not be available (at all or on terms acceptable to VoodooVox) or may result in significant dilution to VoodooVox shareholders or significant interest obligations. The inability to obtain additional funds in the short term will have a material adverse affect 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 $4.2 million for the six months ended June 30, 2012, $13.2 million for the year ended December 31, 2011, $8.6 million for the year ended December 31, 2010, $12.4 million for the year ended December 31, 2009, $20.5 million for the year ended December 31, 2008, $12.6 million for the year ended December 31, 2007, and $6.5 million for the year ended December 31, 2006. VoodooVox's ability to operate profitably and generate positive cash-flow in the future will be affected by a variety of factors (including its ability to further develop and test its technology on schedule and on budget, the pace at which it secures additional customers, the time and expense required for the roll-out of its products, its success in marketing its solutions and services to consumers and merchants, the intensity of the competition experienced by VoodooVox and the availability of additional capital to pursue its business plan, including development of new solutions and services). An inability to generate sufficient funds from operations will have a material adverse affect on VoodooVox's business, results of operations and financial condition.

Developing Market

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

Current Enterprise Value assigned by the Market; Liquidity

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

Third Party Technology

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

Rapid Technological Change

The technology industry is subject to rapid change, and the inability of VoodooVox to adapt to such change may have an adverse affect on VoodooVox's business, results of operations and financial condition. The effect of new developments and technological changes on the business sector in which VoodooVox is active cannot be predicted. Such developments would include, but are not limited to, change in how mobile advertising is delivered by advertisers and transacted with potential consumers, declining paid directory assistance transactions and resulting advertising opportunities arising on a global basis, a change in the success rate on the application of 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 unaudited interim condensed consolidated financial statements as at and for the quarter ended June 30, 2012 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("**IASB**"), under International Account Standard ("**IAS**") 34, Interim Financial Reporting. Please refer to Note 2 of the Company's first quarter 2012 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.

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. 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 quarter ended June 30, 2012 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.