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VOODOOVOX INC. ANNOUNCES CLOSING OF PRIVATE PLACEMENT FINANCING

\$1.6M gross proceeds plus \$11.9M of debt converted to equity

Toronto, Ontario September 5, 2013 – VoodooVox Inc. (**CSNX: VVX**) ("**VoodooVox**" or the "**Company**"), is pleased to announce that, further to its news releases of August 29, 2013 and September 3, 2013, it has completed the previously disclosed brokered private placement offering (the "**Financing**") of an aggregate of 6,476,000 common shares in the capital of the Company (the "**Common Shares**") at a price of \$0.25 per Common Share for aggregate gross proceeds of \$1,619,000 to the Company.

OVERALL TRANSACTION HIGHLIGHTS:

- Gross proceeds of \$1.6 million
- Reduction in debentures of \$11.9 million by way of conversion to equity, as announced on September 3, 2013
- Reduction in total payables and debt by \$15.0 million as a result of the above and other agreements with creditors
- 63.7 million total shares outstanding post-closing, owing in part to the 50:1 share consolidation announced on August 29, 2013

"This transaction gives VoodooVox a dramatically improved balance sheet and tighter capitalization structure. With virtually all debt encumbrances eliminated, we can now dedicate resources to running backlog campaigns and converting our pipeline opportunities in this rapidly-growing sub-segment of the mobile ad ecosystem," said George Cooney, CEO.



For Immediate Release

Trapeze Capital Corp. (the "**Agent**") acted as the Company's sole agent in respect of the Financing. The Agent and its selling group were paid an aggregate amount of \$107,120 in cash fees and expenses in connection with the Financing. In addition, the Agent and its selling group collectively received an aggregate of 438,880 compensation options exercisable into Common Shares at an exercise price of \$0.25 for a period of two years from the date of issuance. Pursuant to the terms of the agency agreement entered into between the Company and the Agent, the Agent has the option, exercisable in whole or in part and at any time prior to 30 days after closing of the Financing, to arrange for the purchase and sale of an additional 2,000,000 Common Shares at a price of \$0.25 per Common Share.

As disclosed in press releases dated August 29, 2013 and September 3, 2013, on August 30, 2013 VoodooVox converted (the "**Conversion**") approximately 95.7% of the outstanding debentures of the Company (the "**Debentures**") (including all interest accrued and payable thereon), not including certain short term promissory notes and certain secured convertible debentures from strategic investors where the majority of the principal amount may be repaid by the Company through the provision of certain services to the holder. Accordingly, an aggregate principal amount of \$11,875,439 of Debentures and an aggregate of \$1,366,352 of interest thereon was converted into an aggregate of 2,648,358,244 Common Shares.

Following the Conversion and effective September 4, 2013, the Common Shares were consolidated on a 50:1 basis (the "**Consolidation**"). As a result of the Conversion and Consolidation, prior to the closing of the Financing there were 57,234,407 Common Shares issued and outstanding (on a post-consolidation basis). Upon completion of the Financing, there are an aggregate of 63,710,407 Common Shares issued and outstanding. For greater certainty, the Common Shares issued under the Financing were issued on a post-consolidation basis. As previously disclosed, the completion of the Financing was a condition precedent to the closing of the Conversion and, accordingly, the Company secured commitments from the Agent and certain subscribers to the Financing prior to completing the Conversion.

VoodooVox intends to use net proceeds from the Financing to repay certain short term loans of the Company, to satisfy certain amounts payable by the Company, and for general working capital. Management believes that the combination of the completion of the Conversion, the Consolidation and the Financing is a critical element of the Company's turnaround strategy and will allow the Company greater flexibility to pursue various future financing options given the improvement in its working capital position and reduction in the number of Common Shares outstanding. Management and the directors of the Company believe that the elimination of the fixed payment obligations associated with the Debentures will alleviate certain significant financial stresses to which the Company was previously exposed. The Conversion has resulted in the elimination of approximately \$11.9M in debt and approximately \$3.6M



of interest payments over the next 3.5 years, of which approximately \$0.8M is payable in the year ending December 31, 2013.

Included in the Conversion were a total of \$355,000 principal amount of debentures which were held by officers and directors of the Company, and a total of \$850,000 principal amount of debentures held by a holder of more than 10% of the Common Shares immediately prior to the completion of the Conversion. Accordingly, the Conversion was a "related party transaction" pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company was exempt from the requirements to obtain a formal valuation in connection with the Conversion in reliance on sections 5.5(b) of MI 61-101, while the Company received "minority approval" (as defined in MI 61-101) of the Company's shareholders for the Conversion at the annual and special meeting of shareholders held on June 14, 2013 (the "**Meeting**"). The Company received the approval of "minority approval" (as defined in MI 61-101) at the Meeting in accordance with section 5.6 of MI 61-101.

Certain insiders of the Company participated in the Financing and such participation is considered a related party transaction within the meaning of MI 61-101. The Company relied on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(a) of MI 61-101 in respect of such insider participation.

The shareholders of the Company approved both the Conversion and the Consolidation at the Meeting and further details regarding the Conversion and the Consolidation are contained in the Management Information Circular of the Company dated May 13, 2013, which has been filed on SEDAR at www.sedar.com.

The Common Shares issued pursuant to the Financing will be subject to a regulatory hold period of four months and one day from the date of issuance. The Financing remains subject to final CNSX Exchange acceptance of requisite regulatory filings.

About VoodooVox Inc.

VoodooVox processes billions of advertising transactions for a marquee list of global clients and partners in 11 countries. The Company's proprietary analytics solution, utilizing big data aggregated via mobile and traditional ad campaigns, enables advertisers to convert high quality consumer leads.



For More Information

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FORWARD-LOOKING STATEMENTS

Certain statements in this news release constitute “forward-looking” statements which relates to future events and the Company’s future performance. Forward looking statements include the anticipated use of proceeds, the receipt of the required approvals for the Financing, the anticipated effect of eliminating various fixed payments and interest obligations pursuant to the Conversion, including an enhancement in the Company’s ability to raise future capital pursuant to future financings. Forward-looking statements are based upon the opinions, expectations and estimates of management of the Company and, in some cases, information received from or disseminated by third parties, and are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those anticipated, expressed or implied by such forward-looking statements.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions on the date of this news release, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Forward-looking statements involve significant risks and uncertainties, they should not be read as guarantees of future performance or results, and they will not necessarily be accurate indications of whether or not such results will be achieved. Actual results could differ materially from those anticipated due to a number of factors and risks.

The forward-looking statements contained in this press release are made as of the date hereof and the Company disclaims any intention or obligation to update or publicly revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities laws. Furthermore, the Company does not assume responsibility for the accuracy and completeness of the forward looking statements set out in this news release. The Company’s forward looking statements are expressly qualified in their entirety by the foregoing cautionary statements.

The CNSX has neither approved nor disapproved the contents of this news release.

