

VOIP-PAL.COM INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis (MD&A) should be read in conjunction with our audited consolidated financial statements for the years ended September 30, 2021 and 2020 and notes thereto.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A for the year ending September 30, 2021 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amending, and Section 21E of the Securities Exchange Act of 1934, as amending. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may", "shall", "could", "expect", "estimate", "anticipate", "predict", "probable", "possible", "should", "continue", or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management based on assumptions made by management and are considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements

CORPORATE HISTORY, OVERVIEW AND PRINCIPAL BUSINESS

VoIP-PAL.com Inc. (the "Company") was incorporated in the state of Nevada in September 1997 as All American Casting International, Inc. and changed its name to VOIP MDI.com in 2004 and subsequently to Voip-Pal.Com Inc. in 2006. Since March 2004, the Company has been in the development stage of becoming a Voice-over-Internet Protocol ("VoIP") re-seller, a provider of a proprietary transactional billing platform tailored to the points and air mile business, and a provider of anti-virus applications for smartphones. All business activities prior to March 2004 have been abandoned and written off to deficit.

In 2013, the Company acquired Digifonica International (DIL) Limited ("Digifonica"), to fund and co-develop Digifonica's patent suite. Digifonica had been founded in 2003 with the vision that the internet would be the future of all forms of telecommunications - a team of twenty top engineers with expertise in Linux and Internet telephony developed and wrote a software suite with applications that provided solutions for several core areas of internet connectivity. In order to properly test the applications, Digifonica built and operated three production nodes in Vancouver, Canada (Peer 1), London, UK (Teliasonera), and Denmark. Upon successfully developing the technology, Digifonica filed for patents with the United States Patent and Trademark Office ("USPTO").

The Digifonica patents formed the basis for the Company's current intellectual property, now a worldwide portfolio of twenty-six issued and pending patents primarily designed for the broadband VoIP market.

The Company's intellectual property value is derived from its issued and pending patents. The inventions described in these patents, among other things, provide the means to integrate VoIP services with legacy telecommunications systems such as the public switched telephone network (PSTN) to create a seamless service using either legacy telephone numbers or IP addresses, and enhance the performance and value of VoIP implementations worldwide.

VoIP has been and continues to be a green field for innovation that has spawned numerous inventions, greatly benefitting consumers large and small across the globe. VoIP is used in many places and by every modern telephony system vendor, network supplier, and retail and wholesale carrier.

Results of Operations

The Company's operating costs consist of expenses incurred to monetizing, selling and licensing its VoIP patents. Other operating costs include expenses for legal, accounting and other professional fees, financing costs, and other general and administrative expenses.

Comparison of the Years Ending September 30, 2021 and 2020

	Years ending September 30		Increase/ (Decrease)	Percent
	2021	2020		
Revenue	\$ -	\$ -	\$ -	-
Cost of Revenue	-	-	-	-
Gross Margin	-	-	-	-
General and administrative expenses	(1,423,240)	(2,067,929)	(644,689)	-31%
Stock based compensation	(1,003,166)	(135,471)	867,695	641%
Amortization & depreciation	(140,458)	(140,458)	-	0%
Other items	408,531	-	(408,531)	100%
Net gain (loss)	<u>\$ (2,158,333)</u>	<u>\$ (2,343,858)</u>	<u>\$ (185,524)</u>	<u>8%</u>

REVENUES, COST OF REVENUES AND GROSS MARGIN

The Company had no revenues, cost of revenues or gross margin for years ending September 30, 2021 and 2020.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ending September 30, 2021 totaled \$1,423,240 compared to \$2,067,929 during 2020. The decrease in general and administrative expenses of \$644,689 or 31% less than the previous year, was primarily due to a decrease in legal and professional fees and services.

STOCK BASED COMPENSATION

Stock Based Compensation expense for the year ending September 30, 2021 totaled \$1,003,166 compared to \$135,471 during 2020. The increase in stock-based compensation expense of \$867,695 or 641% more than the previous year, was primarily due to stock options granted during the year.

AMORTIZATION AND DEPRECIATION

Amortization of the intellectual VoIP communications patent properties and depreciation of fixed assets for the year ending September 30, 2021 totaled \$140,458 compared to \$140,458 for the year ended September 30, 2020. There was no material difference between depreciation and amortization expense for the year ending September 30, 2021 as compared to 2020.

The Company follows GAAP (FAS 142) and is amortizing its intangibles over the remaining patent life of twelve (12) years. The Company evaluates its intangible assets annually and determines if the fair market value is less than its historical cost. If the fair market value is less, then impairment expense is recorded on the Company's financial statements. The intangible assets on the financial statements of the Company relate primarily to the Company's acquisition of Digifonica (International) Limited.

OTHER ITEMS

Other items for the year ending September 30, 2021 totaled \$408,531 compared to \$Nil during 2020. The decrease in other items of \$408,531, or 100% less than the previous year, was primarily due to forgiveness of director and executive compensation for the last three years.

INTEREST EXPENSE

The Company had no financing or interest costs for the years ending September 30, 2021 and 2020.

NET GAIN (LOSS)

The Company reported a net loss of \$2,158,333 for the year ended September 30, 2021 compared to a net loss of \$2,343,857 for the year ended September 30, 2020. The decrease of \$185,524 or 8% as compared to 2020 was primarily due to a decrease in legal fees.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2021, the Company had an accumulated deficit of \$66,384,163 as compared to an accumulated deficit

of \$54,065,553 at September 30, 2020. As of September 30, 2021, the Company had a working capital surplus of \$9,332 as compared to a working capital deficit of \$293,385 at September 30, 2020. The increase in the Company's working capital of \$302,777 is due to additional equity raised from private placements during the year.

Net cash used by operations for the years ending September 30, 2021 and 2020 was \$955,550 and \$1,146,262, respectively. The decrease in net cash used for operations for the year ending September 30, 2021 as compared to the year ending September 30, 2020 was primarily due to a decrease in legal fees and professional services.

Net cash used in investing activities for the years ending September 30, 2021 and 2020 was \$Nil and \$Nil, respectively. Net cash provided from financing activities for the year ending September 30, 2021 and 2020 was \$1,018,515 and \$299,310, respectively. The increase in net cash provided by financing activities of \$719,205 was due to equity raised from private placements during the year ending September 30, 2021.

Liquidity

The Company primarily finances its operations from cash received through the private placements of its common stock and the exercise of warrants from investors and through the payment of stock-based compensation. The Company believes its resources are adequate to fund its operations for the next 12 months.

Off Balance Sheet Arrangements

Performance Bonus Payable

In 2016, the board of directors authorized the Company to provide a performance bonus (the "Performance Bonus") of up to 3% of the capital stock of the Company by way of the issuance of Common shares from its treasury to an as yet undetermined group of related and non-related parties upon the occurrence of a bonusable event, defined as the successful completion of a sale of the Company or substantially all its assets, or a major licensing transaction. In order to provide maximum flexibility to the Company with respect to determining the level of Performance Bonus payable, and who may qualify to receive a pro-rata share of such a Performance Bonus, the Company authorized full discretion to the Board in making such determinations.

In 2019, the board of directors authorized the increase of the Performance Bonus to up to 10% of the capital stock of the Company. Concurrently, the directors authorized 66.67% of the Performance Bonus to be issued in an advance payment of an aggregate 127,000,000 Common shares ("Bonus Shares") to a group of related and non-related parties, which included members of management, a director and several consultants. 60,000,000 of the Bonus Shares are restricted from trading under Rule 144 and subject to voluntary lock-up agreements under which they cannot be traded, pledged, hypothecated, transferred or sold by the holders until such time as the Company has met the requirements of the bonusable event as described above.

As at September 30, 2021, no bonusable event had occurred and there was no Performance Bonus payable.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the nine months ending September 30, 2021. We cannot assure you that future inflation will not have an adverse impact on our operating results and financial condition.

Impact of COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the COVID-19 coronavirus. Its impact on global economies has been far-reaching and businesses around the world are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the COVID-19 virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant declines. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of the COVID-19 pandemic, nor its impact on the financial position and results of the Company in future periods. The Company is proceeding with its business activities as long as the work environment remains safe – at this point there has been minimal disruption to day-to-day operations resulting from health and safety measures. Disruptions and volatility in the global capital markets may increase the Company's cost of capital and adversely impact access to capital.