

VOIP-PAL.COM INC.

CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Year ending September 30, 2015

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
Voip-Pal.com Inc.

We have audited the accompanying consolidated financial statements of Voip-Pal.com Inc. (the “Company”), which comprise the consolidated balance sheets of Voip-Pal.com Inc. as of September 30, 2015 and 2014, and the related consolidated statements of loss and comprehensive loss, changes in stockholders’ equity (deficiency), and cash flows for the years ended September 30, 2015 and 2014. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Voip-Pal.com Inc. as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years ended September 30, 2015 and 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Voip-Pal.com Inc. will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Voip-Pal.com Inc. has suffered recurring losses from operations and has a net capital deficiency. These matters, along with the other matters set forth in Note 1, indicate the existence of material uncertainties that raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 28, 2015



VOIP-PAL.COM INC.

CONSOLIDATED BALANCE SHEETS
For the Fiscal Year ending September 30, 2015
(Expressed in U.S. Dollars)

	Sept. 30, 2015	Sept. 30, 2014
ASSETS		
CURRENT		
Cash	\$ 773,275	\$ 82,750
NON-CURRENT		
Intellectual VoIP communications patent properties, net (Note 5)	1,208,911	992,617
TOTAL ASSETS	\$ 1,982,186	\$ 1,075,367
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 43,601	\$ 23,807
TOTAL LIABILITIES	43,601	23,807
STOCKHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	896,292	863,134
ADDITIONAL PAID-IN CAPITAL (Note 9)	28,357,610	26,738,696
SHARES TO BE ISSUED (Note 9)	846,721	-
DEFICIT	(28,162,038)	(26,550,270)
	<u>1,938,585</u>	<u>1,051,560</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,982,186	\$ 1,075,367

Nature and Continuance of Operations (Note 1)
Contingent Liabilities (Note 12)
Subsequent Event (Note 13)

The accompanying notes are an integral part of these consolidated financial statements

VOIP-PAL.COM INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Fiscal Years ending September 30,

(Expressed in U.S. Dollars)

	Fiscal Year Ending		Fiscal Year Ending
	September 30, 2015		September 30, 2014
EXPENSES			
Amortization	\$ 106,390	\$	84,594
Officers and Directors Fees (Note 6)	815,528		1,266,500
Legal fees (Note 6)	103,235		101,184
Office & general	104,815		174,280
Professional fees & services (Note 6)	481,800		549,300
Total expenses	1,611,768		2,175,858
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ (1,611,768)	\$	(2,175,858)
Basic and diluted loss per common share	\$ (0.00)	\$	(0.00)
Weighted-average number of common shares outstanding:			
Basic and diluted	988,567,485		918,425,456

The accompanying notes are an integral part of these consolidated financial statements

VOIP-PAL.COM INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Fiscal Years ending September 30,
(Expressed in U.S. Dollars)

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Cash Flows from Operating Activities		
Net loss	\$ (1,611,768)	\$ (2,175,858)
Add items not affecting cash:		
Shares issued for services	1,113,889	1,856,500
Amortization	106,390	84,594
Changes in non-cash working capital:		
Accounts payable	(13,299)	(106,303)
Accounts receivable	-	5,000
Cash Flows from Operations	<u>(404,788)</u>	<u>(336,067)</u>
Cash Flows from Investing Activities		
Investment in Intangible assets	(289,591)	(162,282)
Cash Flows Used In Investing Activities	<u>(289,591)</u>	<u>(162,282)</u>
Cash Flows from Financing Activities		
Proceeds from convertible debentures	1,384,904	305,428
Proceeds from common shares issued	-	268,000
Cash Flows Provided by Financing Activities	<u>1,384,904</u>	<u>573,428</u>
Increase in cash	690,525	75,079
Cash, beginning of the year	<u>82,750</u>	<u>7,671</u>
Cash, end of the year	\$ <u><u>773,275</u></u>	\$ <u><u>82,750</u></u>

Supplemental cash flow information – Note 7

The accompanying notes are an integral part of these consolidated financial statements

VOIP-PAL.COM INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

(Expressed in U.S. dollars)

	Common Shares		Shares to be	Additional		
	<u>Number</u>	<u>Par Value</u>	<u>Issued</u>	<u>Paid-in</u>	<u>Deficit</u>	<u>Total</u>
			<u>Value</u>	<u>Capital</u>		
Balance at September 30, 2013	720,460,237	\$ 720,460	\$ -	\$ 23,224,550	\$ (24,374,412)	\$ (429,402)
Common shares issued for debt conversion	120,473,667	120,474	-	1,411,846	-	1,532,320
Common shares issued for services	18,850,000	18,850	-	1,837,650	-	1,856,500
Common shares issued for cash	3,350,000	3,350	-	264,650	-	268,000
Common shares issued for Anti-dilution Clause (Note 4)	123,366,666	-	-	-	-	-
Net loss for the year	-	-	-	-	(2,175,858)	(2,175,858)
Balance at September 30, 2014	986,500,570	\$ 863,134	\$ -	\$ 26,738,696	\$ (26,550,270)	\$ 1,051,560
Common shares issued for debt conversion	26,030,930	26,031	91,721	1,267,152	-	1,384,904
Common shares issued for services	7,126,868	7,127	755,000	351,762	-	1,113,889
Shares to be issued for Anti-dilution Clause (Note 4)	-	-	-	-	-	-
Net loss for the year	-	-	-	-	(1,611,768)	(1,611,768)
Balance at September 30, 2015	1,019,658,368	\$ 896,292	\$ 846,721	\$ 28,357,610	\$ (28,162,038)	\$ 1,938,585

The accompanying notes are an integral part of these consolidated financial statements

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 1. NATURE AND CONTINUANCE OF OPERATIONS

VOIP PAL.com, Inc. (the “Company”) was incorporated in the state of Nevada in September 1997 as All American Casting International, Inc. The Company’s registered office is located at 10900 NE 4th Street, Suite 2300, Bellevue, Washington in the United States of America.

Since March 2004, the Company has been developing technology and patents related to VoIP related processes. All business activities prior to March 2004 have been abandoned and written off to deficit.

In December 2013, the Company completed the acquisition of Digifonica (International) Limited (“Digifonica”), a private company incorporated on September 7, 2004 in Gibraltar.

These consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. The Company is in various stages of product development and continues to incur losses and, at September 30, 2015, had an accumulated deficit of \$28,162,038 (September 30, 2014 - \$26,550,270). The ability of the Company to continue operations as a going concern is dependent upon raising additional working capital, settling outstanding debts and generating profitable operations. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. There can be no assurance that capital will be available as necessary to meet these continued developments and operating costs or, if the capital is available, that it will be on the terms acceptable to the Company. The issuances of additional stock by the Company may result in a significant dilution in the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company’s liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, its business and future success may be adversely affected.

NOTE 2. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly owned subsidiary Digifonica. All intercompany transactions and balances have been eliminated. As at September 30, 2015, Digifonica had no activities.

Use of Estimates

The preparation of these consolidated financial statements required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Where estimates have been used financial results as determined by actual events could differ from those estimates.

Cash

Cash consists of cash on hand and monies held in checking and savings accounts. The Company had \$773,275 and \$82,750 in cash on September 30, 2015 and 2014, respectively.

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible Assets

Intangible assets, consisting of Intellectual VoIP communication patent properties are recorded at cost and amortized over the assets estimated life on a straight line basis. Management considers factors such as remaining life of the patents, technological usefulness and other factors in estimating the life of the assets.

The carrying value of intangible assets are reviewed for impairment by management of the Company at least annually or upon the occurrence of an event which may indicate that the carrying amount may be less than its fair value. If impaired, the Company will write-down such impairment. In addition, the useful life of the intangible assets will be evaluated by management at least annually or upon the occurrence of an event which may indicate that the useful life may have changed.

Fair Value of Financial Instruments

FASB ASC 820, Fair Value Measurement, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

U.S. GAAP establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of cash is classified as Level 1 at September 30, 2015 and 2014.

The Company classifies its financial instruments as follows: Cash is classified as held for trading, and is measured at fair value. Accounts payable and accrued expenses are classified as other financial liabilities, and have a fair value approximating their carrying value, due to their short-term nature.

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes

Deferred income taxes have been provided for temporary differences between financial statement and income tax reporting under the asset and liability method, using expected tax rates and laws that are expected to be in effect when the differences are expected to reverse. A valuation allowance is provided when realization is not considered more likely than not.

The Company's policy is to classify income tax assessments, if any, for interest expense and for penalties in general and administrative expenses. The Company's income tax returns are subject to examination by the IRS and corresponding states, generally for three years after they are filed.

Loss per Common Share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during each period. Diluted income per share includes potentially dilutive securities such as outstanding options and warrants outstanding during each period. To calculate diluted loss per share the Company uses the treasury stock method and the If-converted method.

For the years ended September 30, 2014 and 2015 there were no potentially dilutive securities included in the calculation of weighted-average common shares outstanding.

Derivatives

We account for derivatives pursuant to ASC 815, *Accounting for Derivative Instruments and Hedging Activities*. All derivative instruments are recognized in the consolidated financial statements and measured at fair value regardless of the purpose or intent for holding them. We record our interest rate and foreign currency swaps at fair value based on discounted cash flow analysis and for warrants and other option type instruments based on option pricing models. The changes in fair value of these instruments are recorded in income or expense.

Stock based compensation

The Company recognizes compensation expense for all stock-based payments made to employees, directors and others based on the estimated fair values of its common stock on the date of issuance.

The Company determines the fair value of the share-based compensation payments granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either the date at which a commitment for performance to earn the equity instrument is reached or the date the performance is complete.

The Company recognizes compensation expense for stock awards with service conditions on a straight-line basis over the requisite service period, which is included in operations.

Concentrations of Credit Risk

The Company maintains cash at financial institutions, which at times, may be in excess of insured limits. The Company has not experienced any losses to date as a result of this policy and, in assessing its risk, the Companies' policy is to maintain cash only with reputable financial institutions. One of the operating accounts had a cash value of \$773,275 as of September 30, 2015 that was over the Federal Deposit Insurance Corporation insurance limit of \$250,000.

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update(ASU) No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". This ASU does the following, among other things: a) eliminates the requirement to present inception-to-date information on the statements of income, cash flows, and shareholders' equity, b) eliminates the need to label the financial statements as those of a development stage entity, c) eliminates the need to disclose a description of the development stage activities in which the entity is engaged, and d) amends FASB ASC 275, "Risks and Uncertainties", to clarify that information on risks and uncertainties for entities that have not commenced planned principal operations is required. The amendments in ASU No. 2014-10 related to the elimination of Topic 915 disclosures and the additional disclosure for Topic 275 are effective for public companies for annual and interim reporting periods beginning after December 15, 2014. Early adoption is permitted. The Company has evaluated this ASU and adopted beginning with the period ended September 30, 2015.

In August 2014, the FASB issued ASU No. 2014-15 "Presentation of Financial Statements-Going Concern." The provisions of ASU No.2014-15 require management to assess an entity's liability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. audit standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require evaluation of every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company is currently assessing the impact of ASU No. 2014-15 on the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 4. INVESTMENT IN DIGIFONICA (INTERNATIONAL) LIMITED

The Company acquired Digifonica in December 2013. Pursuant to the terms in the Share Purchase Agreement (the "SPA") the Company acquired 100% of Digifonica for cash and common shares of the Company from the Seller (the "Seller"). The SPA included an Anti-Dilution Clause (the "Anti-dilution Clause") that requires the Company to maintain the Sellers percentage ownership of the Company at 40% by issuing the Seller a proportionate number of common shares of any future issuance of the Company's common shares.

The assets acquired through the acquisition were VoIP related patented technology. This patented technology includes patents for Lawful Intercept, routing, billing, rating mobile gateway, advanced interoperability solutions, intercepting voice over IP communications, and uninterrupted transmission of internet protocol transmissions during endpoint changes.

Shares issued pursuant to the Anti-dilution Clause are recorded as a share issuance cost within the Additional Paid-in Capital account. As at September 30, 2015, the Company accrued 18,839,786 common shares to be issued at \$0.05 per share, valued at \$941,989 to the Seller of Digifonica pursuant to the Anti-dilution Clause.

During the year ended September 30, 2014, the Company issued 123,366,666 common shares valued at \$16,646,155 to the Seller pursuant to the Anti-dilution Clause.

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 5. INTANGIBLE ASSETS

The Company acquired certain patents and technology from Digifonica in December 2013 (See Note 4). These assets have been recorded in the financial statements as intangible assets. These assets are being amortized over twelve (12) years on a straight line basis.

A summary of intangible assets as of September 30, 2015 and 2014 is as follows:

	2015	2014
VoIP Intellectual property and patents	\$1,438,018	\$1,115,334
Accumulated amortization	(229,107)	(122,717)
Net book value	\$1,208,911	\$992,617

There were no disposals of any intangible assets in the years presented.

NOTE 6. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2015 the Company incurred \$22,975 (2014 - \$13,300) in legal fees paid to a Director in his capacity as legal counsel.

Included in Shares to be issued as at September 30, 2015 is \$650,000 (2014 - \$nil) for unpaid Officers and Directors fees and \$90,000 (2014 - \$nil) for professional fees & services paid to a director for consulting services provided.

Included in Accounts Payable and accrued liabilities as at September 30, 2015 was \$nil (2014 - \$12,000) for unpaid directors fees.

NOTE 7. SUPPLEMENTAL CASH FLOW INFORMATION

Included in Intellectual Property as at September 30, 2015 are \$33,093 (2014 - \$nil) in legal fees recorded in Accounts payable and accrued liabilities.

During the year ended September 30, 2015, the Company paid \$nil (2014 - \$nil) income taxes and \$nil (2014 - \$nil) in interest.

NOTE 8. CONVERTIBLE DEBENTURES

The Company routinely issues convertible debentures with no interest rates that are due on demand. The convertible debentures are convertible at fixed conversion rates. See note 9 for details of common shares issued during the year from the conversion of convertible debentures.

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 9. SHARE CAPITAL

Capital Stock Authorized:

1,020,000,000 common voting shares with a par value of \$0.001 each

1,000,000 convertible preferred shares with a par value of \$0.01 each

During the year ended September 30, 2015, the Company issued 26,030,930 common shares valued between \$0.05 - \$0.08 per common share to convert \$1,293,183 of convertible debentures. As at September 30, 2015 the Company has \$91,721 in convertible debt to be converted through shares-to-be-issued at \$0.05 per common share.

During the year ended September 30, 2015, the Company issued 7,126,868 common shares valued between \$0.05 - \$0.06 per common share for services received. As at September 30, 2015 the Company has \$755,000 to be settled through shares-to-be-issued at \$0.05 per common share for services received during the year ended September 30, 2015.

During the year ended September 30, 2014, the Company issued 120,473,667 common shares valued between \$0.01 - \$0.12 per common share to convert \$1,532,320 of convertible debentures.

During the year ended September 30, 2014, the Company issued 18,850,000 common shares valued between \$0.07 - \$0.12 per common share for services received.

During the year ended September 30, 2014, the Company issued 3,350,000 common shares at \$0.08 per common share for cash proceeds of \$268,000.

NOTE 10. INCOME TAXES

The Company and its subsidiary file consolidated Federal and state income tax returns. Certain tax years are subject to examination by the Internal Revenue service and state taxing authorities. The Company is registered in the State of Nevada which has no corporate income tax.

The Company does not believe there would be any material adjustments upon such examination.

As of September 30, 2015 and 2014, the Company had net operating loss carryforwards of approximately \$15,636,556 and \$10,763,248 respectively, to reduce Federal income liabilities through 2036.

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Earnings (loss) for the year	\$ (1,611,768)	\$ (2,175,858)
Expected income tax (recovery)	\$ (407,000)	\$ (549,000)
Change in statutory, foreign tax, foreign exchange rates and other	(140,000)	634,000
Permanent Difference	(324,000)	589,000
Change in unrecognized deductible temporary differences	871,000	(674,000)
Total income tax expense (recovery)	\$ -	\$ -

VOIP-PAL.COM INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

(Expressed in U.S. Dollars)

NOTE 10. INCOME TAXES (CONT'D)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2015	Expiry Date Range	2014	Expiry Date Range
Temporary Differences				
Intangible assets	\$30,033,000	No expiry date	\$32,663,000	No expiry date
Non-capital losses available for future period	\$15,637,000	2016 to 2035	\$10,763,000	2015 to 2034

Tax attributes are subject to review, and potential adjustment, by tax authorities.

NOTE 11. SEGMENTED INFORMATION

The Company operates in one reportable segment being the acquisition and development of VoIP-related intellectual property including patents and technology. All intangible assets are located in the United States of America.

NOTE 12. CONTINGENT LIABILITIES

The Company is party to two pending litigation cases as follows:

- i) Locksmith Financial Corporation, Inc. et al. v Voip-Pal.com Inc. (Case No A-15-717491-C) filed in Clark County District Court (the "State Case")

On March 24, 2014, the Company resolved to freeze 95,832,000 common shares that were issued to a company controlled by a former director (the "defendant") in fiscal 2013 and accounted for at a cost of \$1,443,000. The Company resolved to freeze the common shares as the Company believes that the shares were issued as settlement of a line of credit that the Company believes to have been legally unsupported. The defendant alleges that the freeze and the Company's actions constituted fraud and a breach of securities laws. The Company denies any wrongdoing. Currently the State Case is entering the discovery phase of litigation and the outcome is undeterminable.

- ii) Voip-Pal.com Inc. v Richard Kipping, et al. (Case No. 2:15-cv-01258-JAD-VCF) filed in United States District Court (the "Federal Case")

On July 2, 2015, the Company filed a case against a former director, a shareholder and the company controlled by a former director. The Company alleges that the common shares issued in the State Case and an additional 7,200,000 common shares were fraudulently obtained and that the shares have been unlawfully transferred to other entities. The proceedings in the Federal Case have been stayed pending a final determination of the issues in the State Case. The outcome of the case is undeterminable.

NOTE 13. SUBSEQUENT EVENT

Subsequent to September 30, 2015, the Company issued 10,000,000 common shares at \$0.05 per common share in connection with the Anti-dilution Clause and 2,840,000 common shares at \$0.05 per common share related to the conversion of convertible debentures.