



MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) for Call Genie Inc. (“CG”, “Call Genie” or the “Company”) should be read in conjunction with CG’s unaudited consolidated financial statements and the accompanying notes as at and for the periods ended September 30, 2008, which have been filed with certain securities regulatory authorities in Canada and may be accessed at www.sedar.com. CG’s interim financial statements and the accompanying notes have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). All amounts are in Canadian dollars unless otherwise stated. The information in this MD&A is current to October 31, 2008, unless otherwise noted.

The content of this MD&A has been approved by the Company’s Board of Directors, on the recommendation of its Audit Committee.

Further information regarding the Company, and its business and operations, may be obtained from the Company’s continuous disclosure documents filed from time-to-time with certain securities regulatory authorities in Canada. These continuous disclosure documents are available through the Company’s website at www.callgenie.com or through the SEDAR website maintained by the Canadian securities regulatory authorities, which can be accessed at www.sedar.com.

FORWARD LOOKING STATEMENTS

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", "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, its reliance on third parties and third party technology, the existence of competition and the other risk factors noted below under the heading "Business Risks and Uncertainties". **Accordingly, readers should not place undue reliance upon 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.**



BUSINESS OVERVIEW

Call Genie is a provider of mobile local search and advertising solutions. Our mission is to connect ready to transact consumers with relevant local businesses. We seek to provide technology, services and solutions that utilize advanced wireless networks as well as the mobile web internet to enable a mobile ecosystem that encompasses advertisers, advertising publications (e.g. internet yellow pages) and mobile users. To advertisers and advertising publications, we provide a range of tools and marketing solutions designed to enable them to reach users through mobile devices and the mobile web, using both voice commands as well as data services. This information or advertising is presented to users in voice and or data format and may be sent to advanced mobile devices such as the new Apple iPhone.

Call Genie offers its mobile local search and advertising solutions to users through a network of organizations that have direct consumer and advertising relationships. Those entities can be wireless carriers, directory assistance providers or other companies that have significant wireless or wireline customer bases. The organizations that have advertising relationships can be search engine companies, Yellow Pages publishers or media companies that have developed significant advertising publications in traditional or online media.

Many of our products and services are offered by our customers as a 'for fee' service or as a 'for free' advertiser supported service. We generate revenue from our customers in multiple ways including: revenue share, transaction fees, license fees, and hosting fees as well as related installation, maintenance, and professional service fees.

Our products and services are available internationally in more than 11 countries in North America, Europe and other parts of the world. The principal countries in which we operate our business are the United States, Canada and various European jurisdictions.

SELECTED QUARTERLY INFORMATION

	3 months ended September 30, 2008	3 months ended September 30, 2007
Revenue	\$ 875,182	\$ 509,859
Net loss for the period	\$ (4,770,985)	\$ (3,103,593)
Earnings per share – fully diluted	\$ (0.06)	\$ (0.04)
Number of Common shares outstanding		
- Basic	82,133,599	76,651,493
- Fully diluted	97,290,005	88,730,712



RESULTS OF OPERATIONS

Overall

The Company's loss for the three months ended September 30, 2008 was \$4.77 million or \$0.06 per share, up 54% from the loss of \$3.10 million or \$0.04 per share from same quarter in the prior year. The increased loss for the period was primarily the result of increased investment in all areas of the Company's business. Sales and marketing costs increased \$0.22 million, research and development costs increased \$0.53 million, and general and administrative costs increased \$0.04 million.

Revenues

Revenues for the three months ended September 30, 2008 increased to \$875,182 from \$509,859 for the three months September 30, 2007, which is a 72% period over period increase. Revenues for the nine months ended September 30, 2008 increased to \$3,290,804 from \$1,156,578 in the nine months ended September 30, 2007, which is a 185% period over period increase. The increase is primarily due to revenues generated from customers acquired as the result of the BTS Logic Europe Aps ("BTS") and PhoneSpots, Inc. ("PhoneSpots") acquisitions and, to a lesser degree, revenues earned from the Company's relationship with YPG. The Company earned revenue from multiple sources including software licenses, implementation and consulting fees, merchant subscription fees, transactional processing fees, hosting fees as well as maintenance and support revenues.

During the three months ended September 30, 2008, the Company issued an invoice for termination charges of approximately \$830,000 USD to a US-based customer who cancelled a project shortly before the full commercialization was scheduled to begin. Currently these charges are being disputed by the customer and should they be resolved in a manner satisfactory to Call Genie, an increase of revenue may occur. However, due to the uncertainty with respect to resolution of this matter, no estimate of the recoverable amount has been included in the financial statements. The Company continued to earn revenues from other projects with this customer.

The Company has reviewed its revenue arrangements and determined that, in substance, certain arrangements are hosted solutions wherein all implementation fees should be deferred and recognized ratably over the term of the contract, commencing upon completed delivery of the implementation and integration services. Management estimates that over and above the recognized revenue of \$875,182, approximately \$309,790 or 46% of the total deferred revenue recorded at September 30, 2008 relates to payments received for implementation services completed during the Q3, 2008 which will, for financial statement purposes be recognized over the next 3-5 years.



Cost of Sales

Cost of sales for the three months ended September 30, 2008 increased to \$870,239 from \$344,790 in the three months ended September 30, 2007. The cost of sales for the nine month period ended September 30, 2008 increased to \$2,635,314 from \$839,721 in the nine months ended September 30, 2007. The increase was due to the staff resources required to support customer specific activities related to market trials and implementation of the Company's multiple product lines. Increases also resulted from increased direct costs incurred in the operation of the Company's hosted services, including telephony costs, hosting, network, voice recordings and other third party charges.

Expenses

Expenses for the three months ended September 30, 2008 increased to \$4,836,196 from \$3,589,311 for the three months ended September 30, 2007. The expenses for the nine months ended September 30, 2008 increased to \$16,082,994 from \$9,225,096 for the nine months ended September 30, 2007. The increase in expense is primarily due to the increase in staff resources in all operational areas of the business. As at September 30, 2008, the Company had 115 full time equivalent staff compared to 98 at September 30, 2007.

Sales and Marketing

Sales and marketing costs for the three months ended September 30, 2008 were \$1,381,018 compared to \$1,164,159 for the three months ended September 30, 2007. The costs for the nine months ended September 30, 2008 were \$4,326,656 compared to \$3,014,066 for the nine months ended September 30, 2007. The 19% increase of \$216,859 for the three months ended September 30, 2008 is primarily attributable to the number of staff engaged, either directly or on contract, to undertake business development, account management or marketing activities. At September 30, 2008, the Company engaged 24 staff (21 in sales and 3 in marketing) compared to 22 staff at September 30, 2007. Salaries, commissions and benefits for these individuals represented an increase of approximately \$306,427. Reduced trade conference activity caused travel expenses to decrease by approximately \$28,000 compared to the same period last year. Correspondingly, conferences, advertising and promotional expenses collectively decreased by \$26,000 compared to the same period last year.

Research and Development

Research and development costs of \$1,552,794 increased by \$527,569 for the three months ended September 30, 2008, compared to the same period in 2007. The costs for the nine months ended September 30, 2008 were \$5,046,985 compared to \$2,452,459 for the nine months ended September 30, 2007. The 51% increase was primarily due to increased staff engaged in further developing product software and processes. Staffing cost increased by



approximately \$500,673 over the three months ended September 30, 2007. At September 30, 2008, the Company had 47 staff, compared to 33 staff at September 30, 2007, tasked to carry out further development of product software and processes in support of new product launches and continued enhancement of existing products. The acquisition of BTS and PhoneSpots resulted in 12 additional software development staff.

General and Administration

General and administration costs for the three months ended September 30, 2008 were \$1,194,816 compared to \$1,155,668 for the same period in 2007. The costs for the nine months ended September 30, 2008 were \$4,360,951 compared to \$2,645,573 for the nine months ended September 30, 2007. The nominal 3% increase of \$39,148, quarter over quarter, was consistent with the infrastructure costs required to execute the Company's business plan and the acquisition of BTS and PhoneSpots. The increase was due to 1) increased office rent, telephone charges and supplies of \$195,000 required to support the employee base, and 2) increased professional services fees of \$42,000 and 3) decreased recruiting fees of \$198,000.

Stock Based Compensation

Stock based compensation expense for the three months ended September 30, 2008 was \$312,016, an increase of \$215,592 from \$96,424 for the three months ended September 30, 2007. Stock based compensation expense for the nine months ended September 30, 2008 was \$1,185,556 an increase of \$410,548 from \$775,008 for the nine month period ended September 30, 2007. The associated costs, calculated using the Black-Scholes method, recognize the costs over the three year vesting period of the applicable options. The increase was due to the number and timing of options granted under the Company's stock option plan.

Interest Income

Interest income for the three months ended September 30, 2008 was \$60,268, compared to \$320,649 for same period in 2007. The interest income for the nine months ended September 30, 2008 was \$348,730, compared to \$577,925 for the same period in 2007. The decrease is consistent with the decreased quarterly average cash held by the Company in interest bearing GICs.

Net Loss

As a result of the foregoing, CG's net loss for the three months ended September 30, 2008 was \$4,770,985 which was \$1,667,392 higher than the net loss for the same period in 2007. The net loss for the nine month period ended September 30, 2008 was \$15,078,774, which was \$6,748,460 higher than the net loss for the same period in 2007.



SUMMARY OF QUARTERLY RESULTS

For the Quarters Ended								
in thousands	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
Revenue	\$ 261	\$ 293	\$ 353	\$ 407	\$ 758	\$ 1,013	\$ 1,402	\$ 875
Cost of sales	164	196	298	345	454	844	921	870
Gross margin	97	97	55	62	304	169	481	5
Expenses								
Sales and marketing	796	858	992	1,164	1,316	1,436	1,510	1,381
Research and development	618	699	728	1,025	1,548	1,731	1,763	1,553
General and administrative	530	682	808	1,156	1,264	1,397	1,769	1,195
Stock based compensation	417	192	487	97	486	376	497	312
Amortization	64	71	119	148	154	366	402	395
	2,425	2,502	3,134	3,590	4,768	5,306	5,940	4,836
Loss from operations	(2,328)	(2,405)	(3,079)	(3,528)	(4,464)	(5,137)	(5,459)	(4,831)
Other income								
Interest income	69	51	206	321	261	179	109	60
Net loss for the period	(2,259)	(2,354)	(2,873)	(3,207)	(4,203)	(4,958)	(5,350)	(4,771)
Basic and diluted loss per share	\$ (0.05)	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.06)	\$ (0.06)	\$ (0.07)	\$ (0.06)

FINANCIAL CONDITION

Selected data on financial position	September 30, 2008	December 31, 2007	September 30, 2007
Cash and cash equivalents	\$ 7,434,157	\$ 21,422,717	\$ 27,024,224
Net working capital	\$ 7,358,752	\$ 21,477,095	\$ 27,526,996
Total assets	\$ 17,962,133	\$ 26,945,360	\$ 29,027,716
Total long-term liabilities	\$ 696,455	\$ 541,092	\$ -
Total liabilities	\$ 2,580,008	\$ 2,209,391	\$ 588,407
Shareholders' equity	\$ 15,382,125	\$ 24,735,969	\$ 28,439,309



LIQUIDITY AND CAPITAL RESOURCES

Assets

CG's total asset base as at September 30, 2008 was \$17.9 million, down from \$26.9 million at December 31, 2007. The decrease was principally the result of the continuing operating losses incurred as the Company executes its business plan. See "Business Risks and Uncertainties" below.

The reduction in cash and cash equivalents was offset with the purchase of goodwill and intangibles related to the acquisition of PhoneSpots. Purchased goodwill and intangibles increased by \$5.3 million while cash and cash equivalents decreased \$14.0 million to \$7.4 million as at September 30, 2008.

Working Capital

At September 30, 2008, the Company had positive working capital including cash and cash equivalents of \$7.4 million, down \$14.1 million from December 31, 2007. The decrease in working capital is primarily due to the decreased cash of \$14.0 million and to a lesser degree increases in accrued liabilities and deferred revenue.

Cash and Cash Equivalents

At September 30, 2008, the Company's cash and cash equivalents amounted to approximately \$7.4 million compared with \$21.4 million at December 31, 2007. The \$14.0 million decrease was due to the \$12.7 million of cash used to fund operations, \$0.1 million used to repurchase common shares and \$0.9 million used to fund investing activities. The purchase of capital assets, \$0.9 million, relates primarily to the Company's investment in a data centre located in the United States.

OUTSTANDING SHARE DATA

CG's outstanding share capital is comprised of common shares. An unlimited number of common shares are authorized for issuance. As at September 30, 2008, 82,133,599 common shares were outstanding compared to 77,714,473 common shares outstanding at December 31, 2007. The increase is due to 4,551,326 common shares issued in connection with the acquisition of PhoneSpots on January 2, 2008, less 132,200 shares repurchased for cancellation, as disclosed in Note 4 and Note 9(e) respectively, of the interim consolidated financial statements.

During the three months ended September 30, 2008, no options and warrants were exercised. In addition, 1,702,500 options were granted and 752,500 options expired resulting in 11,246,000 options issued and outstanding. The Company also had 3,910,406 warrants



outstanding as of September 30, 2008. Further information on CG's outstanding share capital is provided in Note 9 to the interim consolidated financial statements.

On April 21, 2008 the Company filed a Notice of Intention to make a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange (TSX). Under the NCIB, the Company may, during the twelve month period ending April 23, 2009, purchase a maximum of 5,000,000 of its outstanding common shares at market value. As of the effective date of this MD&A, the Company had purchased and cancelled 132,200 common shares under the NCIB. During the three months ended September 30, 2008, no shares were purchased under the NCIB.

CONTRACTUAL OBLIGATIONS

The Company has \$3,161,927 of obligations under long-term operating leases for premises and office equipment for various periods up to 2013. Future minimum annual lease payment over the next five years and thereafter are as follows:

	Facilities	Equipment	Total
2008	\$ 281,459	\$ 2,842	\$ 284,301
2009	\$ 863,970	\$ 11,367	\$ 875,337
2010	\$ 812,746	\$ 11,367	\$ 824,113
2011	\$ 614,320	\$ 4,962	\$ 619,282
2012	\$ 381,919	\$ -	\$ 381,919
Thereafter	\$ 176,975	\$ -	\$ 176,975

RELATED PARTY TRANSACTIONS

During the 3rd quarter of 2008, the Company recorded \$292,674 (\$333,013 in 2007) of general and administrative expenses for transactions with companies controlled by officers in the normal course of operations during the first nine months of 2008. Included in accounts payable and accrued liabilities is \$104,442 (\$116,207 in 2007) due to various directors, officers and consultants of the Company all of which is for services rendered and reimbursement of expenses.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

The Company enters into arrangements of three broad categories: (i) recurring multi-year service oriented hosting arrangements; (ii) software license arrangements which include provision of software licenses, implementation services and post-contract support ("PCS"); and (iii) services. Revenue from these arrangements is recognized when earned, specifically when all the following conditions are met: software licenses are delivered and/or services are



provided, there is clear evidence that an arrangement exists, amounts are fixed or determinable and collectability is reasonably assured.

Hosted Arrangements

The Company enters into hosting arrangements whereby the underlying software is maintained and operated in Company data center facilities. The Company earns transaction automation fees, data management fees, system maintenance fees, hosting fees, and in some cases, customer revenue participation fees from the service provided to the customer. Revenues for the fixed portion of these fees are recognized ratably over the contract period, while revenues for the variable portion of these fees are recognized as earned. In addition, the Company may charge implementation or set up fees in connection with the service provided. These fees are recognized ratably over the term of the contract, commencing upon completed delivery of the implementation and integration services.

Software License Arrangements

The Company also offers complete solutions integrated into customer data centers. These solutions may involve the delivery of multiple services and products occurring at different points in time or over different periods of time (or both). Revenue recognition for these arrangements is determined based on evaluation of the individual elements of the arrangements. If vendor-specific objective evidence of fair value ("VSOE") of all the undelivered elements exists and the undelivered elements are not essential to the functionality of the delivered elements, separate units of accounting are identified, the total arrangement consideration is allocated to the individual units of accounting following the residual method and revenue for the individual elements is recognized as appropriate. If VSOE of all undelivered elements does not exist, the entire arrangement is treated as one unit of accounting and revenue is deferred and recognized ratably over the remaining term of the contract, commencing when all elements except for PCS are delivered. To date, the Company has not been able to identify VSOE and allocate revenue between delivered and undelivered elements.

Services

The Company also enters into annual standalone renewals of PCS after the initial contract has been completed. The Company recognizes these PCS revenues ratably over the PCS period. In addition, the Company provides standalone consulting services, training and minor system enhancements as requested from time to time by its customers. These service revenues are recorded as the services are provided.

Asset Impairment

Capital assets and deferred costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value of the asset exceeds the estimated undiscounted cash flows from the use of the asset, then an impairment loss is recognized to write the asset down to fair value.



Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of sales and expenses during the reporting periods. Actual results could differ from these estimates in the future. The most significant estimates relate to the valuation of property, plant and equipment, intangibles, goodwill, deferred costs, and future income tax liabilities.

Stock-Based Compensation

The Company records compensation expense for stock options granted to directors, officers, employees and agents of the Company and its affiliates. The Company measures compensation costs associated with stock-based compensation using the fair value method and the cost is recognized over the vesting period of the underlying security. The fair value of each option is determined at the grant date using the Black-Scholes model. Any consideration paid on exercise of stock options is credited to equity instruments.

Adoption of Recent Canadian Accounting Pronouncements in 2008

The Canadian Institute of Chartered Accountants (“CICA”) has issued new accounting standards, Section 1535 *Capital Disclosures* (“Section 1535”), Section 3862 *Financial Instruments – Disclosures* (“Section 3862”) and Section 3863, *Financial Instruments – Presentation* (“Section 3863”), which are applicable to the Company’s 2008 fiscal year.

Section 1535 establishes disclosure requirements concerning the Company’s capital and how it is managed. The purpose is to enable users of the financial statements to evaluate the Company’s objectives, policies and processes for managing capital.

Sections 3862 and 3863 replace Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks.

Other Recent Canadian Accounting Pronouncements Not Yet Adopted

The Canadian Institute of Chartered Accountants (“CICA”) has issued new accounting standards, Section 3064, *Goodwill and Intangible Assets*, which will be applicable to the Company’s 2009 fiscal year. Section 3064, *Goodwill and Intangible Assets*, will replace Section 3062, *Goodwill and Other Intangible Assets*. The Company is in the process of evaluating the disclosure and presentation requirements of the new standards.



International Financial Reporting Standards

The CICA Accounting Standards Board (“AcSB”) plans to converge Canadian GAAP for publicly accountable enterprises with International Financial Reporting Standards (“IFRS”) over a transition period that will end effective January 1, 2011 with the adoption of IFRS. On February 13, 2008 the AcSB announced that IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has not yet determined the effect of the transition to and adoption of IFRS on its financial statements. An initial diagnostic impact assessment is planned for the first half of 2009.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any “off-balance sheet” arrangements as of September 30, 2008.

OUTLOOK

Withdrawal of Prior Financial Guidance

Recent economic and market events have significantly increased the uncertainty with respect to forecasting short-term growth and profitability. During Q3 of 2008, certain customer projects were scaled back, delayed or cancelled, including projects that were factored into estimates of future revenue relied upon by the Corporation in developing its guidance with respect to revenues for the 2008 financial year and profitability for 2009. While the Corporation has continued to pursue other customer projects that, if successfully implemented, could replace revenue from scaled back, delayed or canceled projects, significant uncertainty exists in the current economic environment, and management and the directors of the Corporation believe that the revenue estimates that formed the basis of the guidance previously disseminated by the Corporation may not be achieved in 2008 and 2009. The current credit crisis may negatively affect some of the Company’s customers, and prospective customers, and their ability to invest in new projects and new potential revenue streams. Accordingly, the Company is withdrawing its previously issued financial guidance for 2008 and 2009.

Cash Conservation

The Company has undertaken various measures to reduce the use of cash. These measures include but are not limited to: 1) a freeze on all hiring; 2) elimination of major capital purchases; 3) scaling back spend on travel and conferences; 4) rationalization of manpower in certain non-strategic operational areas; 5) cancelation of all management bonus programs; and 6) Directors have deferred fees. The amount of investment in technology development and business development continue to be assessed relative to available cash resources.



Key Business Drivers

There are four key drivers that management continues to monitor to gauge performance and the Company's ability to perform through the current credit crisis:

1) Revenues from the Canadian Market:

The commercialization of the Interactive Voice service with TELUS and Yellow Pages Group of Canada ("YPG") is on-going. In the last quarter, the Company announced TELUS's national deployment of its Interactive Voice service. In conjunction with the building of business category search traffic, YPG has been refining its voice directory commercialization strategy. This strategy may have a material impact on the revenues from YPG as Call Genie primarily derives its Canadian Market revenues from its revenue sharing agreement with YPG.

2) Revenues from existing customers in the United States Market:

The commercialization results of previously announced customers – Verizon, RH Donnelley and to a lesser degree AT&T is on-going. To date, the revenues from these customers have been primarily generated from implementation fees. The commercialization strategy and expanded implementations of these customers drives future revenues based on the nature of the Company's agreements with these customers. In the past quarter, RH Donnelley announced the expansion of its 1800-CallDex service to its entire 14 state territory.

3) Revenues from deployment of Directory Assistance workstation software:

The Company has identified several business development opportunities for the sale of its workstation software. In the past, the Company has entered into agreements that are based on fixed up-front license fees rather a future orientated revenue sharing arrangement. The size and nature of these types of deals could have a material impact on quarterly revenues.

4) Revenues from expanded Advertising Network opportunity:

In the last quarter, the Company announced the expansion of its addressable market to include bringing its mobile local search and advertising products to newspaper, television and triple-play publishers and is engaged in discussions with both local and national brand advertisers who have expressed an interest in capitalizing on this newly created inventory. As well, the Company recently announced a contractual arrangement with The Number UK Ltd. for the delivery of a self-serve advertising solution via a web based campaign management tool.



Long-Term Global Market Opportunity

eMarketer, an independent market research company focusing on Internet, online marketing, media and emerging technologies, estimates worldwide mobile search advertising at US\$3.773 billion by 2012.

In a mobile consumer study conducted by The Kelsey Group and ConStat, 9.8% of respondents confirmed that they used their mobile phones to conduct Internet searches for products and services in their local area. During the same period, 10.7% of consumers surveyed downloaded or looked at maps, while 10.9% indicated they had downloaded search or mapping applications (for use on the Internet) to supplement those that came with their mobile phones. According to Nielsen, comScore, and Opus Research, other established research companies, mobile initiated search is expected to surpass desktop web search by 2015, making mobile search the more dominant mode of consumer search.

Readers are cautioned that CG has not independently verified the accuracy of the information provided by the Kelsey Group, eMarketer, Nielsen, comScore, and Opus Research.

CONTROLS AND PROCEDURES

As required by Multilateral 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 filings (as defined by Multilateral Instrument 52-109), which have been filed with certain securities regulators in Canada.

Evaluation of Disclosure Controls and Procedures

As part of the MI 52-109 certifications, 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 material information with respect to the Company, including its consolidated subsidiaries, is made known to them particularly during the period in which the interim filings are being prepared. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in its filings with provincial securities regulators is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.



Management's Interim Report on Internal Control over Financial Reporting

As part of the MI 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 Canadian GAAP.

Changes in Internal Controls over Financial Reporting

The CEO and CFO determined that there were no changes in the Company's ICFR that occurred during the three months ended September 30, 2008 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 certain 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.

BUSINESS RISKS AND UNCERTAINTIES

The business of CG is subject to numerous risk factors. An investment in, and ownership of common shares of, CG should be considered highly speculative due to the nature of CG's business and its current stage of development. The risk factors noted below are more fully described in the Company's Annual Information Form filed March 31, 2008 or in the Company's 2007 Annual MD&A filed March 14, 2008 and continue to apply to Call Genie:

- *Substantial Capital Requirements*
- *Liquidity*
- *No Record of Profit*
- *Developing Market*
- *Stage of Development*
- *Reliance on Others Generally and Yellow Pages Group Co. in Particular*
- *Reliance upon Third Party Technology*
- *Rapid Technological Change*



- *Competition*
- *Need for Research and Development*
- *Defects and Liability*
- *Patents and Other Intellectual Property*
- *Ability to Manage Growth; Transition from Research and Development Company to Operating Company*
- *Availability of Personnel Resources*
- *Potential Fluctuations in Quarterly Operating Results*
- *Risk of Adverse Government Regulation*
- *Costs Associated with Compliance with Securities Laws*
- *Risk of Future Terrorist Attacks or Related Disasters*
- *Risk of Industry Consolidation*
- *Risk of credit crisis and market conditions*