



Call Genie Inc.
Quarterly Report
September 30, 2005

Management's Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") for Call Genie Inc. ("CG" or the "Company") should be read in conjunction with: (i) the unaudited interim financial statements of the Company as at and for the three and nine month periods ended September 30, 2005 (including the accompanying notes); (ii) the audited annual financial statements of the Company as at and for the year ended December 31, 2004 (including the accompanying notes); and (iii) the annual MD&A of the Company respecting the December 31, 2004 annual financial statements. CG's unaudited third-quarter financial statements and the accompanying notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The information in this MD&A is current to November 16, 2005, unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain statements regarding the Company and its business contained herein are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "expect", "may", "anticipate" or "will" and similar expressions) may include estimates, plans, expectations, opinions, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties that could cause actual results or outcomes to differ materially from those anticipated or implied in the forward-looking statements. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Certain risk factors to which CG is exposed in the conduct of its business (and which may affect the expectations or outcomes reflected in the forward-looking statements contained in this MD&A) are described in the 2004 Annual Information Form filed by CG on March 31, 2005 with certain securities regulatory authorities in Canada. The Annual Information Form is available through SEDAR, at www.sedar.com.



Call Genie Inc.
Quarterly Report
September 30, 2005

BUSINESS OVERVIEW

CG is a developer of voice technology applications, specializing in building comprehensive interactive speech recognition solutions for the directory services industry. The Company offers customized, location-based, enhanced voice directory solutions that allow consumers to locate businesses and obtain information concerning selected merchants over their phones, using only voice commands. In addition, the Enhanced Voice Directory ("EVD") system developed by CG permits callers (including users of mobile phones) to connect through to identified merchants using only voice commands. CG utilizes third-party technologies from both the Internet and telephony worlds and integrates them with CG's proprietary processes to deliver its voice-web solution.

RESULTS OF OPERATIONS

Summary of Quarterly Results

	For the Quarters Ended							
	Dec 31 2003	Mar 31 2004	Jun 30 2004	Sep 30 2004	Dec 31 2004	Mar 31 2005	Jun 30 2005	Sept 30 2005
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,174	\$ 30,641	\$ 51,536
Cost of sales	-	-	-	-	-	25,408	48,588	43,415
Gross margin	-	-	-	-	-	(12,234)	(17,947)	8,121
Expenses								
Technology and product development, net	143,683	164,453	177,907	196,418	217,310	169,780	169,988	(6,600)
Sales and marketing	-	-	-	26,921	79,622	134,843	117,400	91,682
Business development	-	-	-	12,191	4,157	28,452	28,281	57,931
General and administrative	325,872	199,937	155,713	187,174	162,314	151,413	144,845	200,561
Interest	5,867	13,191	10,460	-	2	-	-	-
Stock based compensation	55,593	56,457	56,456	155,490	14,821	14,821	23,841	46,916
Amortization	1,134	2,711	3,543	5,012	7,362	8,852	10,381	12,076
	532,149	436,749	404,079	583,206	485,588	508,161	494,736	402,566
Loss from operations	(532,149)	(436,749)	(404,079)	(583,206)	(485,588)	(520,395)	(512,683)	(394,445)
Other income								
Interest income	-	-	-	4,409	10,053	8,374	6,844	19,924
Net loss for the period	\$(532,149)	\$(436,749)	\$(404,079)	\$(578,797)	\$(475,535)	\$(512,021)	\$(505,839)	\$(374,521)
Loss per share	\$ (0.08)	\$ (0.06)	\$ (0.05)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)



Call Genie Inc.
Quarterly Report
September 30, 2005

Revenue

Revenue for the three month period ended September 30, 2005 increased to \$51,536 from \$nil in the three month period ended September 30, 2004. Revenue for the nine month period ended September 30, 2005 increased to \$95,351 from \$nil in the nine month period ended September 30, 2004. The increase in revenue for both periods is attributable to the commercial launch of the HelloYellow service in the Greater Toronto Area (“GTA”) in the first quarter of 2005 and the sale of EVD listings to businesses in the GTA through the Company's arrangement with Yellow Pages Group Co. (“YPG”), a directory service provider.

Cost of sales

The cost of sales for the three month period ended September 30, 2005 increased to \$43,415 from \$nil in the three month period ended September 30, 2004. The cost of sales for the nine month period ended September 30, 2005 increased to \$114,411 from \$nil in the nine month period ended September 30, 2004. The increase in cost of sales over both periods was as a result of direct costs incurred in the operation of the EVD Service, including telephony costs, hosting, network, voice recordings and other third party charges.

Expenses

Expenses for the three month period ended September 30, 2005 decreased to \$406,966 from \$583,206 in the three month period ended September 30, 2004. Expenses for the nine month period ended September 30, 2005 decreased to \$1,409,863 from \$1,424,034 in the nine month period ended September 30, 2004.

Technology and Product Development

Technology and product development costs decreased by \$203,018 and \$198,945 for the three and nine month periods ended September 30, 2005, respectively, compared to the same periods in 2004.

The decrease was primarily due to the receipt of a grant under the Scientific Research and Experimental Development (“SR&ED”) Program in the amount of \$225,327. Otherwise, technology and product development costs increased as a result of increased personnel engaged in further developing the product software and processes and in supporting the commercial launch. Personnel costs increased by \$22,289 and \$36,835 for the three and nine month periods ended September 30, 2005, respectively, compared to the same periods in 2004.



Call Genie Inc.
Quarterly Report
September 30, 2005

Sales and Marketing

Sales and marketing costs increased by \$64,761 and \$317,003 for the three and nine month periods ended September 30, 2005, respectively, compared to the same periods in 2004. The increase in costs was related to salaries and travel costs, together with fees paid to sales consultants retained by the Company to sell EVD listings to businesses in the GTA and supervise the sales program. Sales of EVD listings are undertaken in the name of YPG and the Company is entitled to recover certain costs and share in profits generated from the sale of EVD listings under its agreement with YPG. The Company also incurred advertising costs in the amount of \$11,475 during the three-month period ended September 30, 2005.

Business Development

Business development costs increased by \$45,740 and \$102,473 for the three and nine month periods ended September 30, 2005, respectively, compared to the same periods in 2004. A portion of those increases (\$32,595 and \$76,764, for the three and nine month periods ended September 30, 2005, respectively) is attributable to the hiring of a senior executive responsible for business development and the engagement a support person. The increase in travel and conference costs of \$10,014 and \$21,618 for the three and nine month periods ended September 30, 2005, resulted from attending, sponsoring and conducting meetings at yellow pages industry conferences in the United States.

General and Administration

General and administration costs increased by \$13,387 for the three month period and decreased by \$73,005 for the nine month period ended September 30, 2005, respectively, compared to the same periods in 2004. The increase for the quarter ended September 30, 2005 was primarily due to hiring and relocating the Company's new Chief Executive Officer. The decrease for the nine-month period was due to an allocation of personnel costs into the specific functions that the personnel are performing within the sales and business development areas as the Company transitions into an operating phase. Personnel costs increased by \$84,199 for the three-month period and decreased by \$45,232 for the nine-month period ended September 30, 2005, respectively, compared to the same periods in 2004. Costs in the amount of \$19,400 and \$35,165 for the three and nine month periods ended September 30, 2004 for conducting consumer and merchant research were not incurred in 2005. Professional and transfer agent fees, and shareholder communication costs associated with maintaining a public company, decreased by \$23,296 for the three month period and increased by \$32,771 for the nine month period ended September 30, 2005, respectively, compared to the same periods in 2004. Insurance expense incurred for directors' and officers' insurance and general business insurance increased by \$4,712 and \$14,102 for



Call Genie Inc.
Quarterly Report
September 30, 2005

the three and nine month periods ended September 30, 2005, respectively, compared to the same periods in 2004.

Interest

Interest expense of \$nil was incurred by CG on a convertible debenture for the nine month period ended September 30, 2005 compared to \$23,651 for the same period in 2004. Interest expense for the three month periods ended September 30, 2005 and 2004 respectively, was \$nil for both periods. Outstanding principal and accrued interest under the convertible debenture was converted into common shares of the Company in May, 2004.

Stock based compensation

Stock based compensation expense for the three month period ended September 30, 2005 was \$46,916 compared to \$155,490 for the same period in 2004. The decrease was due to the elimination of the stock based compensation expense related to the acceleration of the vesting terms of warrants required by the terms of the business combination with GRD Enterprises Inc. ("GRD") in 2004. On August 17, 2004, the Company completed the reverse takeover of GRD, a public company. Legally, GRD was the parent of CG. However, as a result of the share exchange, control of the combined companies passed to the former shareholders of CG. This type of share exchange deems CG to be the acquirer for accounting purposes.

Stock based compensation expense for the nine months ended September 30, 2005 was \$85,578 compared to \$268,403 for the nine months ended September 30, 2004. The decrease in the expense is related to warrants that were issued September 30, 2003 and the subsequent realization of the charge to income over the six-month period ended September 30, 2004. The stock based compensation related to the warrants described above was eliminated in 2005.

Interest Income

CG earned interest income of \$19,924 on cash and term deposits and on interest on tax credits received, for the three-month period ended September 30, 2005, compared to \$4,409 for the same period in 2004. CG earned interest income of \$35,142 on cash and term deposits for the nine month period ended September 30, 2005 compared to \$4,409 for the same period in 2004. The increase in interest income was a result of having cash on hand following completion of the business combination and concurrent financing in August 2004 and the private placement of common shares completed in June 2005.



Call Genie Inc.
Quarterly Report
September 30, 2005

Net Earnings

As a result of the foregoing, CG's net loss for the third quarter of 2005 was \$374,521, which was \$204,276 lower than the same period in 2004. CG's net loss for the nine-month period ended September 30, 2005 was \$1,392,381, which was \$27,244 lower than the same period in 2004.

Critical Accounting Policies and Estimates

CG prepares its consolidated financial statements in Canadian dollars and in accordance with accounting principles generally accepted in Canada.

Revenue recognition

The Company sells its services primarily through a joint operating agreement with a directory service provider. Revenues are earned through the sale of directory advertising. Advertising revenues are generally billed, in accordance with the contractual terms with the advertisers, and recognized on a monthly basis over the estimated life of the directory advertising, not exceeding twelve months, commencing with the month the service went into operation. The Company is entitled to and records 100% of the monthly amounts billed to the directory advertiser, net of certain direct costs of the directory service provider, until payout of certain operating and development costs incurred on a cumulative basis have been recovered by the Company. As of September 30, 2005, the Company has not recovered cumulative costs of approximately \$2.8 million. After payout of the above, the directory service provider is entitled to recover certain marketing costs, these costs will be recorded as a liability of the Company when it is more likely than not, that they will be recovered from project profits. After all costs above are recovered the Company will record its ongoing current monthly operating and development costs recoverable under the joint operating agreement and its share of net profit as revenue as agreed with the directory service provider.

The Company makes a provision for bad debts and cancellations of contracts using management's best estimate. The provision is netted against accounts receivable and revenue. The provision is reviewed on a regular basis by management.

Cost of sales

The Company includes in cost of sales direct costs related to operating of the enhanced voice directory service, including telephony costs, hosting, network, tuning and other third party charges.



Estimates

There were no other significant estimates in the quarter other than the estimates used to calculate stock based compensation. The Company has used a volatility rate of 65% when using the Black-Scholes model.

COMPENSATION OF OFFICERS AND DIRECTORS

Officers – Cash Remuneration

The following table sets out information concerning the compensation paid and payable to the Company’s officers for the periods indicated.

Position	Name	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Chief Executive Officer	Michael E. Durance	\$51,000	\$54,126
Executive Chairman	Neil D. Frizzell	\$21,375	\$64,125
Chief Financial Officer	Ian Hill	\$15,000	\$45,000
Senior Vice-President Business Development	Darren S. Logue	\$11,776	\$11,776
Vice-President Corporate Development	Alex W. Blodgett	\$21,000	\$63,000
Vice-President Client Services	Garry Bunkowsky	\$21,000	\$66,000
Vice-President R&D	Christopher Lugg	\$21,000	\$66,000
Vice-President Alliances	Michael Sharp	\$21,000	\$66,000

Compensation of Directors

No cash compensation was paid to directors, in their capacities as directors for the three or nine month periods ended September 30, 2005.

FINANCIAL CONDITION

Outstanding Share Capital

CG’s outstanding share capital is comprised of common shares. The Company is authorized to issue an unlimited number of common shares and 42,416,539 common shares were outstanding at September 30, 2005 (calculated on an undiluted basis). Further information on CG’s outstanding share capital is provided in Note 5 to the unaudited interim financial



Call Genie Inc.
Quarterly Report
September 30, 2005

statements of the Company as at and for the three and nine month periods ended September 30, 2005.

During the three months ended September 30, 2005, 302,970 options (previously granted to agents retained in connection with financing transactions) were exercised, at a price of \$0.30 per share, for aggregate proceeds of \$90,891. In addition, 30,000 options (previously granted to agents retained in connection with financing transactions) were exercised, at a price of \$0.45 per share, for aggregate proceeds of \$13,500.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows used in Operating Activities

For the quarter ended September 30, 2005, the cash flows used in operating activities were \$336,598 compared to cash flows used in operating activities of \$929,716 for the quarter ended September 30, 2004. For the nine-month period ended September 30, 2005, cash flows used in operating activities were \$1,320,366 compared to \$1,116,462 for the same period in 2004. The increase in cash flows used in operating activities for the nine months ended September 30, 2005 is primarily attributable to increased personnel and operating costs incurred to further develop the product software and processes associated with the Company's EVD technology, and to support the commercial launch of the EVD Service in the GTA.

Cash flows from Financing Activities

For the third quarter ended September 30, 2005, the cash flows from financing activities were \$104,391 compared to cash flows from financing activities of \$1,770,971 for the third quarter ended September 30, 2004. For the nine month period ended September 30, 2005, cash flows from financing activities were \$2,642,503 compared to \$1,967,207 for the same period in 2004. The cash received from financing activities for the first nine months of 2005 was generated from the private placement financing that raised net proceeds of \$2,463,121 and proceeds from the exercise of agent options noted above (see "Financial Condition -- Outstanding Share Capital").

Cash flows used in Investing Activities

For the quarter ended September 30, 2005, the cash flows used in investing activities were \$29,397 compared to cash flows from investing activities of \$1,354,655 for the quarter ended September 30, 2004. For the nine month period ended September 30, 2005, cash flows used in investing activities were \$85,271 compared to cash flows from investing activities \$1,285,976 for the same period in 2004. Cash flows used in investing was primarily attributable to the purchase of computer equipment required to further develop the



Call Genie Inc.
Quarterly Report
September 30, 2005

Company's EVD technology and the patent and trademark costs incurred to protect that technology. The cash flow from investing activities in 2004 was principally attributable to the acquisition of GRD Enterprises Inc.

As at September 30, 2005, CG had positive working capital of \$2,958,539.

OUTLOOK

In September 2005, the Company engaged Darren J. Logue as Senior Vice President, Business Development to support the international expansion plan approved by the Board of Directors in August 2005. Mr. Logue is presently focusing on the development of sales leads in various international jurisdictions. As a result of Mr. Logue's efforts to date, CG is now engaged in business discussions with prospects in AustralAsia, Europe, South America and the United States.

Mr. Logue is a telecommunications and information technology executive with over 25 years experience and a track record in global Sales and Business Development. Mr. Logue has a broad base of international experience and has established, grown and managed operations in Asia (Pacific), Europe and the Americas.

His accomplishments include the "ground zero" build up of AUD\$20mm of annualized sales in Asia and Latin America for a business integration company with an interconnect billing product, the negotiation and management of a US\$10mm agreement with an established telecommunications company, management of a US\$80mm multi-party telecommunications project, and the creation and sale of his own private company. His responsibilities have spanned sales, marketing, business and corporate development, and general management.

In June 2005, CG announced that it had entered into an agreement with TELUS Communications Inc. and YPG to develop and implement a voice activated, business search feature for use in connection with the 411 directory assistance service offered by TELUS. Once successfully tested and launched, the business search feature will enable TELUS 411 callers to undertake a localized search of the most popular business categories associated with the Yellow PagesTM directories using only voice commands. The development and testing of the TELUS customized service has been delayed due to a labor dispute between TELUS and one of its unions. The Company understands that certain TELUS personnel, whose input is required to advance the 411 project, have been diverted to cover service issues resulting from the strike.



Call Genie Inc.
Quarterly Report
September 30, 2005

If fully implemented, one or more 411 directory assistance arrangements would channel a subset of 411 callers into the EVDTM Service. The majority of 411 callers use directory assistance to search for business listings. Most of those callers have a specific business name in mind, but may also be interested in other business listings within a particular geographic area. A number of other callers access 411 services to locate businesses within a particular category (restaurants, for example). The EVD Service is viewed as a means to enhance the directory assistance experience for callers by enabling a “Yellow PagesTM” directory type search using only voice commands, where knowing the name of the target business is not a prerequisite. Inquiries involving requests for information other than the phone number of a specific business are not presently supported by directory assistance services in Canada.

With the EVD Service, callers who access 411 directory assistance will have the option to use the automated EVD Service to search business categories based on local search criteria, browse the results and automatically call connect through to the selected merchant, using voice commands. As is the case with the current EVD Service, the EVD-enabled 411 service will allow a caller to search business listings within the EVD service area by city, by neighborhood, by landmark and by major intersection. In addition, the EVD Service has the capacity to automatically obtain information concerning the general location of the caller and use that information as the basis for a search of relevant businesses in close proximity to the caller. For example, new location based service technologies, which enable the service to automatically locate the caller, have been enabled on the Bell Mobility network. Businesses that have subscribed for an EVD Service listing through YPG are afforded priority placement in the search results presented to callers and enhanced information concerning such businesses (including directions, promotions, credentials and business description) may be accessed by these callers.

Following the conclusion of the labor disruption at TELUS, CG expects to work diligently with TELUS to customize the EVD Service, so as to enable it to operate in conjunction with TELUS directory assistance. Under the 411 Services Agreement entered into with TELUS and YPG, testing of the customized service will be undertaken to ensure applicable service and functionality levels are attained. Following successful completion of testing, which is expected to take place through the first half of 2006, the service is expected to be launched by TELUS in the GTA. Assuming positive GTA implementation results, TELUS will offer the customized EVD Service as a component of its 411 directory assistance service in all other markets where CG and YPG may launch the EVD Service in the future.



Call Genie Inc.
Quarterly Report
September 30, 2005

The EVD Service has successfully completed the beta test phase with YPG and is now commercially available in the GTA, where it is marketed under the “HelloYellow” brand. The EVD Service is accessed by dialing “310-YELO” (310-9356), a toll free call in the service area, or “#YELO” (#9356) on Bell Mobility, Rogers and Fido. Mobile browsers on major cellular carriers in the GTA are also embedded with links to the service. The “HelloYellow” Service for the GTA now covers some 549 category headings focused on business to consumer content. The location search capability for the EVD Service covers 529 neighborhoods, 277 landmarks and over 4,500 intersections. The EVD database for the GTA includes over 80,000 businesses, representing over 436,000 business listings. This coverage represents seventeen Yellow Pages directories serving an area of some six million people from Oshawa on the east to Hamilton on the west and as far north as Newmarket. YPG and CG will continue to review the progress of the EVD Service to assess whether the goals for merchants, users, sales and technology are being met.

CG and YPG have promoted consumer use of the EVD Service utilizing those media assets of YPG that YPG could quickly configure to reflect the “HelloYellow” brand. This includes Internet sites such as Canada411.com, YellowPages.ca, and TorontoPlus.ca, which are among the most visited internet sites in Canada. YPG introduced a new website, www.helloyellow.ca, to promote the service, address FAQ’s and generate sales leads. YPG is expected to place information and user tips, together with re-occurring reminder ads, in upcoming releases of the Yellow Pages print directories in the service areas where the EVD Service is offered.

In addition, YPG and CG conducted various external advertising campaigns in the GTA from September through to November 2005. The goal of this element of the media plan is to utilize third party advertising (i.e. radio, billboards and other promotional venues) to promote the “HelloYellow” brand and to create awareness of the “310-YELO” number and use of the EVD Service in the GTA. Advertising in the Metro News ran from September 7th to October 6th. Radio advertising on six major GTA radio stations (that are reported to reach 63% of GTA listeners) ran from September 26th to October 28th. Wall postings and billboard advertising in 90 GTA locations are expected to run until December 16, 2005. HelloYellow and ESSO service stations ran a major consumer giveaway event on October 25th and 26th that included 400 free gas fill-ups at selected stations within the GTA, which attracted radio, newspaper and television coverage. YPG is currently reviewing additional media buys to follow up on the fall campaign.

Commencing in late August 2005, the responsibility for sales of EVD listings was transferred to the YPG General Sales Force. CG continues to be responsible for sales training, EVD Service training, in-house sales support, and the production of sales and marketing collateral for use by the YPG General Sales Force. CG completed the training process for the majority of the YPG sales force by the end of the third quarter. The YPG



Call Genie Inc.
Quarterly Report
September 30, 2005

General Sales Force in the GTA consists of approximately 150 people in two premise Sales divisions, High Value Customers and General Business and the Telephone Sales division. Starting in the fourth quarter of 2005, the HelloYellow service is expected to be offered as part of the suite of YPG services by the entire GTA sales force. The YPG General Sales Force is presently concentrating its sales effort in the geographic area of Halton/Peel and is expected, in keeping with historical practices, to shift its focus next to the Toronto area as the sales year advances. CG and senior YPG management responsible for HelloYellow are currently working with YPG's Certified Marketing Representatives ("CMR") to present HelloYellow to their national account client base. CMR's represent large national advertisers and endeavor to identify industry trends and utilize directional advertising mediums to reach the demographic that their clients target.

Presently, the EVD Service, as sold by the YPG General Sales Force, is priced to merchants at up to \$89 per month per listing per YPG directory coverage area, with certain discounts offered to early subscribers for the first year. HelloYellow Lite, at \$49 per listing per area per month, was also introduced in August, 2005 to accommodate smaller telephone sales accounts.

For the third quarter selling period, 101 merchants obtained an EVD listing by subscribing to the HelloYellow service (through YPG), representing aggregate annualized contract revenue of approximately \$90,000, net of all discounts offered to early subscribers. The average net contract revenue for the three month period ended September 30, 2005 was approximately \$900. The Company understands that, for these YPG merchants, the cost of their EVD listing (as discounted for early subscribers) represented an average incremental increase of eight percent of their total annual spending with YPG. These merchants included both basic and higher value advertisers to YPG.

Overall, including EVD listings sold during previous periods, 385 merchants have been contracted, representing aggregate annualized contract revenue of approximately \$547,000.

Average contract revenue is, and will continue to be, influenced by the pricing and discount arrangements, as well as the mix of basic to high value advertisers. The GTA contains some 80,000 businesses, according to YPG, of which a material portion pay to advertise with YPG through print or internet directories. Businesses that do not pay YPG to advertise or are comparatively small advertisers (for instance, certain fast food establishments and financial institutions) are believed by YPG and CG to be potential sources of EVD listings and to represent new sales opportunities for YPG



Call Genie Inc.
Quarterly Report
September 30, 2005

According to New Jersey-based The Kelsey Group (the leading provider of strategic research and analysis to the yellow pages industry), global revenue of approximately \$24 billion was generated by publishers of business directories in 2004. The Company understands that approximately 7% of that revenue was attributable to the digital directories (i.e. the internet) established by the directory publishers. The balance of that revenue was derived primarily from the sale of advertising in print books. The Kelsey Group estimates that by 2008, total global revenue will have increased to \$35 billion and the portion contributed by digital directories will increase to 23%, or approximately \$8 billion. The Company focuses its efforts on this digital directories segment by creating alternatives to the traditional print directories component of the business directory industry.

As a result of the YPG acquisition of SuperPages in May 2005, YPG is the leading directory publisher in most major Canadian markets, with a total of 337 directories and a circulation of approximately 28 million copies. YPG now also operates Canada's most visited online directories and is a leading provider in local on-line city sites. The Company understands that YPG is presently devoting considerable resources to the integration of SuperPages. Call Genie believes business combination with SuperPages is a beneficial development, as the EVD Service can be configured and deployed into these new YPG markets, provided the agreement between YPG and CG is amended to add the new territory and address other relevant issues. CG has had planning discussions with YPG regarding the expansion of the EVD Service to additional urban markets in Canada.

Assuming successful commercial launch and proof of concept in the GTA, the agreement between CG and YPG contemplates that the "HelloYellow" service will be expanded to other urban centers in Ontario and Quebec. Additional markets may be addressed once YPG completes its integration of SuperPages.

From the inception of the Yellow Pages directories project (including the pilot project phase) to October 31, 2005, some 50,000 information searches have been made utilizing the EVD Service. The average number of weekly calls has fluctuated, but generally risen since inception and during October 2005, an average of over 4,600 information searches were conducted each week in the GTA using the EVD Service. The increased number of information searches corresponded with the marketing of the EVD Service through the media campaign described previously.

The development and improvement of the EVD technology is an ongoing process that is presently focused on the: (i) creation of tools to enable the efficient support of the commercial deployment of the HelloYellow service, (ii) enhancing usability of the EVD Service based upon consumer and merchant feedback, (iii) development of sales tools and processes for the YPG General Sales Force, (iv) enhanced application scalability to support deployment in additional markets and/or with additional partners, (v) 411



Call Genie Inc.
Quarterly Report
September 30, 2005

directory assistance research and development, (vi) expansion and enhancement of key success indicators/metrics enabling the rapid determination of caller behavior and implementation of learnings, and (vii) creation of more robust and in-depth tuning and transcription tools together with the regular loading of the tuning results.

The reader is directed to CG's website at www.callgenie.ca.