Call Genie Inc.

ANNUAL INFORMATION FORM
For the year ended December 31, 2008

March 30, 2009

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INTRODUCTORY INFORMATION

Call Genie Inc. ("**Call Genie**" or the "**Corporation**") is the result of a merger with GRD Enterprises Inc. ("**GRD**") (the "**Merger**") on August 17, 2004. Pursuant to the Merger, GRD acquired all of the common shares of Call Genie Inc. and all of the obligations regarding the outstanding warrants of Call Genie Inc. GRD and Call Genie subsequently amalgamated in accordance with the provisions of the *Business Corporations Act* (Alberta), to form a new corporation, also named Call Genie Inc.

On August 17, 2004, the common shares of the Corporation ("**Common Shares**") were listed on the TSX Venture Exchange. On December 12, 2007, the Common Shares of the Corporation were delisted from the TSX Venture Exchange and began trading on the Toronto Stock Exchange (the "**Exchange**").

This Annual Information Form ("**AIF**") is dated March 30, 2009. In this AIF, all references to "dollars" or "$" are to Canadian dollars and all references in this AIF to "US$" are to United States dollars.

FORWARD-LOOKING INFORMATION

This AIF contains certain forward-looking statements relating, but not limited, to the operations, anticipated financial performance, business prospects and strategies of Call Genie. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan" or similar words suggesting future outcomes.

The Forward-looking information set out in this AIF includes information respecting:

(i) sources of call volume for the Call Genie products and services;

(ii) the percentage of directory assistance inquiries and mobile handset searches that may be channeled to products and services supported by Call Genie;

(iii) the time frames associated with: (i) trials of the Call Genie products and services, (ii) development of the market for Call Genie's products, (iii) sales cycles, and (iv) the anticipated commencement of revenues after commercial contracts are executed;

(iv) the value of Call Genie product and service offerings, including bundling with print and Internet, to Yellow Pages publisher customers and the competitive advantage associated with the same;

(v) the benefits and effect of Call Genie's alliances with leading companies in the mobile local search market;

(vi) the shift in directory usage from print to online and mobile sources; and

(vii) the status of Call Genie's material contracts.

Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made 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 Corporation'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 "Risk Factors Relating to Business of the Corporation". **Accordingly, readers should not place undue reliance upon forward-looking information contained herein and the forward-looking statements contained in this Annual Information Form should not be considered or interpreted as guarantees of future outcomes or results**.

(i) Forward-looking information respecting sources of call volume for the deployed Call Genie applications is based upon experiences to date with the Yellowpages411 service and other deployed applications, discussions with representatives of Call Genie customers, and management's analysis of alternative means to increase call volume for the deployed Call Genie applications.

(ii) Forward-looking information respecting estimates of the percentage of 411 directory assistance calls that may be channeled to Call Genie developed programs are based upon the results from two years of tracking the English and French automated category searches on the 411 Enhanced Directory Assistance system developed by Call Genie for TELUS and Rogers Communications in Canada. Estimates are also based on results from the Call Genie developed automated business category searches conducted through the bi-lingual Yellow Page Directory Voice Search at “310-0411” from 2006 to 2009.

(iii) Forward-looking information relating to sales cycles for the Call Genie products and services, the length of time required to complete trials of the Call Genie products and services and the length of time after a commercial contract concludes until revenues are generated are based upon the Corporation's historical experiences with YPG, historical experiences of other organizations that have conducted trials of the Call Genie products and services, experiences with existing and potential customers, information sourced through discussions with other directory services providers and other potential customers and the experiences of senior management with the introduction of other technology products.

(iv) Forward-looking information relating to the value of expanded service offerings, including bundling with print and Internet products, to YPG customers and the competitive advantage associated with the same are based upon management's assessment of the demand for such expanded service offerings and discussions with YPG.

(v) Forward-looking information respecting the benefits and impact of Call Genie's alliances with leading companies in the mobile search market is based upon management's assessment of the business plan and management's experiences in the market.

(vi) Forward-looking information respecting the shift in directory usage from print to online and mobile sources is based on the experience of senior management and discussions with yellow pages publishers.

(vii) Forward-looking information respecting the status of Call Genie's material contracts is based on management's assessment of the material contracts and discussions with Call Genie customers and potential customers.

Although the Corporation 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. **The Corporation does not assume responsibility for the accuracy and completeness of the forward-looking statements and such forward-looking statements should not be taken as guarantees of future outcomes**. Subject to applicable securities laws, the Corporation does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. The forward-looking statements of the Corporation contained in this Annual Information Form are expressly qualified, in their entirety, by the foregoing cautionary statements.

THIRD PARTY INFORMATION, MARKET AND INDUSTRY DATA

The market and industry data contained in this Annual Information Form is based upon information from independent industry and other publications (including the Kelsey Group and Constat Inc.) and management's knowledge of and experience in the markets in which Call Genie operates. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, while Call Genie believes these sources to be reliable, the accuracy and completeness of this data are not guaranteed. Call Genie has not independently verified any of the data from third party sources referred to in this Annual Information Form or ascertained the underlying assumptions relied upon by such sources. References in this AIF to research reports, surveys or articles should not be construed as depicting the complete findings of the entire referenced report or article. The information in any such report, survey or article is not incorporated by reference into this AIF. The sources of any third party information referred to in this Annual Information Form have been identified in the paragraphs in which the information appears.

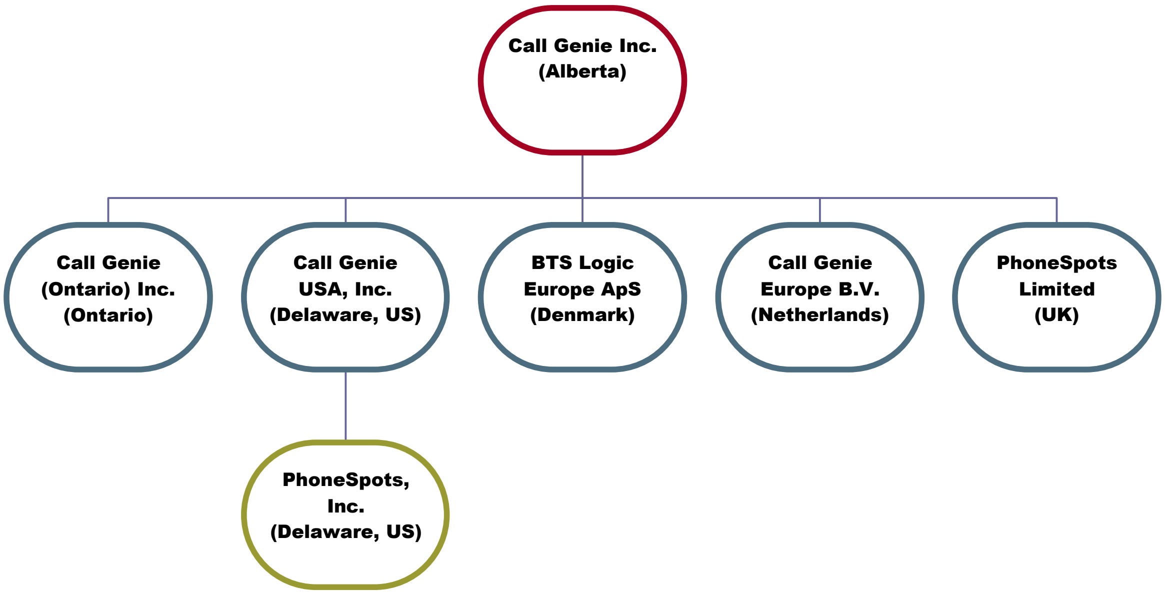
CORPORATE STRUCTURE

Call Genie Inc. ("**Call Genie**" or the "**Corporation**") is the result of a merger with GRD Enterprises Inc. ("**GRD**") (the "**Merger**") on August 17, 2004. Pursuant to the Merger, GRD acquired all of the common shares of Call Genie Inc. and all of the obligations regarding the outstanding warrants of Call Genie Inc. GRD and Call Genie subsequently amalgamated in accordance with the provisions of the *Business Corporations Act* (Alberta), to form a new corporation, also named Call Genie Inc.

On August 17, 2004, the common shares of the Corporation ("**Common Shares**") were listed on the TSX Venture Exchange. On December 12, 2007, the Common Shares of the Corporation were delisted from the TSX Venture Exchange and began trading on the Toronto Stock Exchange (the "**Exchange**").

The head office of Call Genie is located at 1001, 325 Milner Avenue, Toronto, Ontario, M1B 5S8. The registered address of Call Genie is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.

Call Genie has five material subsidiaries: (i) Call Genie (Ontario) Inc., (ii) Call Genie USA, Inc., (iii) Call Genie Europe B.V., (iv) PhoneSpots, Limited; and (v) BTS Logic Europe ApS (see diagram below).



Call Genie (Ontario) Inc. was incorporated under the *Business Corporations Act* (Ontario) on September 11, 2003. All of the issued and outstanding shares of Call Genie (Ontario) Inc. are legally and beneficially owned by Call Genie.

Call Genie USA, Inc. ("**Call Genie USA**") was incorporated under the laws of the State of Delaware, USA on October 7, 2003. All of the issued and outstanding shares of Call Genie USA are legally and beneficially owned by Call Genie.

BTS Logic ApS ("**BTS**") was incorporated under the laws of Denmark on October 13, 1997. All of the issued and outstanding shares of BTS are legally and beneficially owned by Call Genie.

Call Genie Europe B.V. was incorporated under the laws of the Netherlands on July 6, 2007. All of the issued and outstanding shares of Call Genie Europe B.V. are legally and beneficially owned by Call Genie.

Pursuant to a merger transaction that closed on January 2, 2008, PhoneSpots, Inc. ("**PhoneSpots**") (a Delaware corporation incorporated on May 25, 1999 as StreetSmart, Inc. which later changed its name to PocketThis, Inc. and then to PhoneSpots, Inc.) became a wholly owned subsidiary of Call Genie USA.

PhoneSpots Limited was, at the time of the merger transaction, a wholly owned subsidiary of PhoneSpots, Inc. PhoneSpots Limited was incorporated under the laws of the United Kingdom and has been in operation since 2000. Following the merger transaction referenced above, all of the issued and outstanding shares of PhoneSpots Limited became and continue to be legally and beneficially owned by Call Genie Inc.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Prior to 2006, Call Genie was focused on the objective of developing a voice automated, location based category search product that would search, identify and present relevant local businesses (the "**Category Search Product**"). This product was to be used in providing a category search service ("**Category Search Service**") to consumers. Through the development of its base technology, the formalization of its relationship with a third party provider of voice recognition solutions, and the filing of patents, Call Genie secured its first customer with the signing of a 5 year contract and related agreements with the Yellow Pages Group of Canada ("**YPG**") in December of 2003 (the "**YPG Commercial Agreements**"). In 2004, Call Genie conducted field trials, merchant focus groups and independent consumer surveys to establish proof of concept and the business case for the technical and market readiness of Call Genie's Category Search Service. In early 2005, Call Genie and YPG began the commercial test phase of the project contemplated by the YPG Commercial Agreements. Another key corporate development was the signing of a three-way agreement between TELUS, YPG and Call Genie to integrate the Category Search Service within TELUS's 411 directory assistance service. At the time, Call Genie and YPG viewed 411 call volume as a means to increase the number of calls entering into the Category Search Service. Also in 2005, the Corporation hired a new Chief Executive Officer, Michael Durance, and the board of directors of Call Genie (the "**Board of Directors**") authorized an international business expansion initiative.

2006

In order to pursue the Corporation's business strategy, Call Genie raised equity capital through the issuance of Common Shares by way of a private placement. In March 2006, the Corporation issued 10,000,000 Common Shares for gross proceeds of $10.0 million. The net proceeds of $9.2 million were used to fund product and technology development, build a business development team, and hire additional members of the management team. The number of full-time equivalent employees and contractors grew to 47 at the end of 2006. The Corporation had $5.9 million of cash and cash equivalents on hand at December 31, 2006.

The Corporation continued to pursue the commercialization of the Category Search Service with its lead customer – YPG. The Category Search Service became commercially available under the YPG brand "HelloYellow" (the "**HelloYellow Service**"). The coverage area of the HelloYellow Service (initially confined to the Greater Toronto Area) expanded to other major centers in Ontario during the last half of 2006. The HelloYellow Service encompassed over 1,800 category headings focused on business to consumer content. At the end of 2006, the location search capability built into the Category Search Service covered 218 cities and towns, 2,446 neighborhoods, 6,513 landmarks and over 25,007 intersections in Canada. The database also included over 2,128,000 listings available for search.

During 2006, YPG and Call Genie relied on building customer awareness strictly through the promotion of the vanity number associated with the HelloYellow Service. In 2006, TELUS and its partners commenced the integration of the HelloYellow Service with their commercial 411-directory assistance service. This initial integration was completed in 2007.

Business development activities continued to increase during 2006. As at December 31, 2006, the Corporation's Business Development group consisted of ten staff. The Corporation's business development staff was tasked with the responsibility of identifying international expansion opportunities, increasing the number of international sales leads and advancing existing prospects through the sales cycle. These activities included attendance at significant industry conferences. During the year, Call Genie received three industry awards for marketing and technical innovation. At the end of 2006, discussions were ongoing with approximately 50 Yellow Pages Providers, Directory Assistance Providers, and Online Service Providers in North America, Europe and elsewhere, which represented potential customers for the Corporation.

Call Genie continued to experience a long sales cycle that often extended beyond one year due to the nature of the business model. The first step towards the development of a contractual relationship was the signing of a memorandum of understanding, which outlines the activities and responsibilities of the parties in relation to a trial of the Category Search Service within a limited geographical area.

During the year, the Corporation announced and entered into a trial with two subsidiaries of one of the largest telephone companies in North America – Verizon Inc.

2007

In 2007, affiliates of the Corporation entered into several key agreements with telecommunication companies and Yellow Page Providers. These agreements included:

1. Verizon Inc. – 5 year Master Services Agreement;
2. YPG Commercial Agreements Extension;
3. TELUS Communications Inc. – 5 year Master Services Agreement;
4. RHD Donnelley Inc./Dex Media, Inc. – 5 year Category Search Agreement; and
5. AT&T – 5 year Master Services Agreement.

Verizon Inc.

Call Genie USA entered into a software license and services agreement with Verizon Inc. Under the terms of the five year agreement, Call Genie is to provide its Call Genie voice products and related services to support Verizon's enhanced directory assistance offering in North America (the "**Verizon Agreements**").

YPG Commercial Agreements Extension

In June 2007, Call Genie (Ontario) Inc. signed an agreement with YPG respecting, among other things, an extension of the term of the YPG Commercial Agreements from December 23, 2008 to December 31, 2010.

TELUS Communications Inc.

In 2007, the Corporation entered into a Memorandum of Understanding ("**MOU**") with TELUS Corporation (TELUS), a leading national telecommunications company in Canada, for the use of its Enhanced Voice Directory ("**EVD**") solution for business category search in the United States.

Under the terms of the MOU, Call Genie is to provide TELUS with its EVD software and related services, which enable companies to monetize business category searches based on location, landmark, and relevance.

R.H. Donnelley Inc. and Dex Media, Inc.

On September 5, 2007, Call Genie USA signed an agreement with R.H. Donnelley Inc., and Dex Media, Inc. ("**RHD/DEX**") respecting, among other things, the offering by RHD/DEX of Category Search Services in English in 30 major cities in the United States of America, through the use of the Category Search Product (the "**RHD/DEX Agreement**"). RHD/DEX carried on business in 28 states in the United States of America as of the date of the agreement.

Under the RHD/DEX Agreement, Call Genie USA granted a software license to RHD/DEX for the use of the Call Genie Category Search Product, in a fully automated environment. The agreement further provided that Call Genie would: (i) provide maintenance and support services for the Category Search Product; (ii) customize and further develop the Category Search Product as mutually agreed by the parties; (iii) provide planning and implementation services to support the implementation Category Search Product; and (iv) provide post-implementation services for ongoing maintenance and support, adaptive tuning and data management.

The RHD/DEX agreement contemplates that Call Genie USA will provide hosting services for the Category Search Product and maintain and upgrade the serving infrastructure as required to handle the Category Search Product and the volume of caller traffic associated with the Category Search Service.

AT&T

On December 5, 2007, Call Genie entered into an agreement with AT&T (the "**AT&T Agreement**"), pursuant to which Call Genie agreed to provide its EVD business category search product and related services to support the AT&T business category search feature in the 9 Southeastern states previously serviced by Bell South. AT&T was expected to commercially launch this service in 2008; however, this particular project has since been cancelled.

Financing Activities

On April 17, 2007, the Corporation closed a financing, which was undertaken through a syndicate of underwriters, co-led by Wellington West Capital Markets Inc. and GMP Securities L.P. and including Raymond James Inc. (collectively, the "**Underwriters**"). A total of 10 million Common Shares were sold (by way of private placement), for aggregate gross proceeds of $10,000,000. Upon completion of the offering the Underwriters received a $600,000 cash commission (6% of the total gross proceeds raised through the offering) and broker warrants entitling the holders to acquire up to an aggregate of 600,000 Common Shares at a price of $1.00 per Common Share.

On May 16, 2007, the Corporation announced that it had concluded a share offering with Goldman, Sachs & Co. (at a subscription price of $1.5525 per Common Share) for proceeds of $15 million. On May 22, 2007, the Corporation announced that Yellow Pages Group Co. had purchased 3,220,613 Common Shares (at the same subscription price of $1.5525 per common share) for proceeds of $5 million, thereby concluding the final tranche of the aggregate $20 million offering. A total of 12,882,448 Common Shares were sold in connection with the offering at a price of $1.5525 per Common Share, for aggregate gross proceeds of $20 million.

Acquisition Activities

In conjunction with a strategic review in early 2007 (encompassing customer relationships, product set and market opportunities), the Corporation determined that a broader product offering would enhance the Corporation's ability to generate revenues from its existing customers and attract new customers in North America, Europe and other parts of the world. Based on such review, the Corporation began looking for additional products and services that would extend and complement the capabilities of its Category Search Product and Category Search Service to include a broader search capability, including agent workstation software and a directory search engine, handset-based search and mobile advertising and mobile content delivery capabilities. This initiative resulted in the acquisitions described below.

2008

Following the completion of the acquisitions described below, management of Call Genie commenced an integration project to combine the existing Call Genie business with the BTS and PhoneSpots businesses. The Corporation began to execute a business strategy based on the Corporation selling its three product lines to prospective customers world-wide. In 2008, Call Genie’s customer base expanded to over 30 customers. While business development activities continued to progress, Call Genie management remained focused on the account management of the existing customer base. Management of the Corporation believes that the new product lines provide cross selling opportunities within the existing customer relationships. Call Genie made significant inroads with new customers, and in 2008 announced new agreements with Tata Consulting, 118//Media Limited, as well as expansion of the Call Genie applications with R.H. Donnelley/DEX.

In April of 2008, the Corporation announced that Michael Henderson had been hired as the Corporation's Chief Sales Officer. With a substantial background in the marketplace, Mr. Henderson was tasked with responsibility for implementation of the Corporation's current business plan, which contemplates that Call Genie will continue to focus on the acquisition of new customers in North America, Europe and other parts of the world for the licensing and sale of its complete product offering.

Starting in-mid 2008, Call Genie management also developed plans to deal with economic and market events that 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 as the credit crisis started to affect some of the Corporation's customers and their ability to invest in new potential revenue streams. As a result, the Corporation implemented various measures to reduce the use of cash. These measures include but are not limited to: 1) freezes on hiring; 2) elimination of major capital purchases; 3) scaling back expenditures on travel and conferences: 4) rationalization of manpower in certain non-strategic operational areas; 5) cancellation of the management bonus program; and 6) elimination of directors' fees. The amount of investment in technology development and business development continued to be assessed relative to available cash resources.

Significant Acquisitions

During late 2007 and early 2008, two acquisitions were completed as follows:

(i) BTS Logic Europe ApS

On November 9, 2007, pursuant to the terms of a definitive agreement (the "**BTS Acquisition Agreement**"), the Corporation acquired all of the issued and outstanding shares of BTS, which is located in Denmark. BTS owns certain directory assistance products that include business name search and agent workstation software. The BTS solution is used to provide directory assistance callers with relevant listings.

(ii) PhoneSpots, Inc.

On January 2, 2008, the Corporation acquired PhoneSpots, which is located California, pursuant to the terms of an Agreement and Plan of Merger (the "**PhoneSpots Merger Agreement**") dated December 5, 2007, between Call Genie, Call Genie USA, PhoneSpots and various other parties. PhoneSpots owns mobile content delivery, mobile advertising, and mobile campaign management technology that identifies and distributes to callers relevant mobile content information as well as mobile advertisements sourced from third parties. The Corporation expects to file a business acquisition report on SEDAR in relation to this acquisition though such report has not yet been filed as at the date hereof.

With the acquisition of these two subsidiaries, Call Genie is in a position to provide multiple solutions to enable its customers to generate revenues from mobile local search and mobile advertising applications.

DESCRIPTION OF THE BUSINESS

Definitions

Unless otherwise indicated, whenever used below, the following terms have the indicated meanings:

"**Directory Assistance Provider**" or "**DA**" means an organization that provides information services to callers of its information number – typically "411", an example of which is TELUS in respect of its 411 directory assistance service.

"**On-line Service Provider**" means an organization that traditionally provides information to consumers through the internet, an example of which is Yahoo Inc.

"Yellow Pages Publisher" or **"YPP"** means a publisher of print and online information directories, an example of which is Yellow Pages Group Co.

Business Strategy of the Corporation

Call Genie is a provider of mobile local search and advertising solutions. It is the corporate mission of the Corporation to connect ready to transact consumers with relevant local businesses. Call Genie seeks to provide technology, services and solutions that utilize advanced wireless networks as well as the mobile internet to enable a mobile ecosystem that encompasses advertisers, advertising publications (*e.g.* internet yellow pages) and mobile users. To advertisers and advertising publications, Call Genie provides a range of tools and marketing solutions designed to enable those advertisers and advertising publications 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 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 the Corporation's products and services are offered by its customers as a 'for fee' service or as a 'for free' advertiser supported service. Call Genie generates revenue from customers in multiple ways including: revenue share, transaction fees, license fees, and hosting fees as well as related installation, maintenance, and professional service fees.

Revenue can be categorized by product line as follows:

In 000’s	2008	2007	Variance	% change
Voice	1,977	1,441	536	38%
SMS Data	803	n/a	803	100%
Workstation	1,487	370	1,117	302%
Total	4,267	1,811	2,456	136%

The Corporation 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. Deferred Revenue at December 31, 2008 was $0.936 million compared to $0.422 million at the end of 2007. The Deferred Revenue will be predominantly recognized over the next 3-5 years for financial statement purposes.

Call Genie's 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 Call Genie operates its business are the United States, Canada and various European jurisdictions.

The following sections represent key elements of Call Genie's business strategy.

Expanded Product Offering

In 2008 Call Genie has enhanced and expanded the bundled solution that constitutes Call Genie's suite of products and services through the acquisitions of BTS and PhoneSpots. See "General Development of the Business-Significant Acquisitions".

International Expansion

Call Genie is pursuing international opportunities by leveraging its initial customer relationship with YPG. The Yellow Pages publishing industry is characterized by a small number of large players. There is a fraternal nature to the industry, which facilitates relationships at the CEO level.

Customer Retention and Acquisition

Call Genie has entered into, and is reliant to a large degree, on a number of key contracts, as described in this Annual information Form. See "Material Contracts". No termination or renegotiation of any such contracts is anticipated in 2009 and, as described herein, Call Genie continues to seek out opportunities to expand existing relationships as well as enter into additional similar agreements with other industry participants.

The Usage-Provider/Content Provider Eco-system

Fundamentally, the more often a consumer uses the mobile local search and advertising services supplied by Call Genie (the "**Call Genie Services**") to connect to a merchant the more valuable the Call Genie Services become. Thus, a key element of the Call Genie business plan is increasing usage volume. In the current environment, Call Genie has identified two key ways to drive traffic. First, by supporting a free-to consumer arrangement (voice and/or mobile handset data) that requires building consumer behavior patterns through advertising and (in some cases) the use of a vanity number. Second, offering the Call Genie Services as part of an integrated 411 service offering. Either method drives usage volume, which has the potential of being monetized.

Yellow Pages Publishers, relying on long standing stable relationships with merchants, own a vast quantity of valuable merchant data. If, in the context of a call request, this information can be sorted, searched and presented to a consumer based on criteria relevant to the consumer, the search will be successful and repeat usage more likely. In general, the more the merchant has visibility to this call, the higher the value a merchant will associate with this type of service.

Directory Assistance Providers already generate significant caller volumes as many people dial 411 for business information. Based on trials of the Category Search Service integrated with a 411 DA service, Call Genie estimates that approximately 5% to 10% of 411 callers may be better served by being redirected to a business category search service. The actual take-rate of 411 callers has varied widely (between 3% and 13%) and may be a function of user interface and call flow. In Canada, it is estimated that the annual number of 411 calls is approximately 200 million. In the U.S. it is estimated that the annual number of 411 calls is approximately 6.0 billion.

Further, consumers are increasing turning to data oriented search services through their mobile handset using SMS, WAP or other client software.

Business Model

Call Genie's business model is based on establishing long-term relationships with potential customers. Call Genie prefers arrangements that have a low cost of entry to the customer with performance based revenue sharing. Under this type of arrangement, Call Genie bears most of the upfront investment required to implement the Call Genie Services. In return, Call Genie participates in the revenue stream generated following commercialization of the Call Genie Service. With its expanded product offering, Call Genie also participates in various hosting arrangements under which the Corporation charges transaction fees.

Call Genie believes that the key to delivering an effective mobile local search and advertising solution is to effectively integrate two things – the best search experience for consumers and the best advertising solution for merchants.

Call Genie believes that the best consumer experience is not exclusively voice automation, exclusively data automation, nor exclusively human intervention. Rather, Call Genie believes that the best consumer experience is a seamless combination of all user interfaces and technologies, which optimize the consumer's search based on the particular kind of search and/or data being sought, while at the same time adding in known consumer preferences.

Likewise, Call Genie believes that the best advertising solution is not exclusively an audio ad, a text or graphic ad, nor a video ad, but rather the combination of the applicable and available communication tools to optimize a seamless consumer search, based upon relevance, mode and timing. The best advertising is also viewed as being transparent – advertising that is actually more of a solution to a consumer's problem (or need) versus an interruption or a nuisance.

If there is a very strong relationship between both the search and the advertising, management of Call Genie believes that there is potential for the advertisement to be synergistic.

For local mobile search, Call Genie believes it has achieved a highly relevant search experience for consumers, as well as a monetizable advertising solution for merchants. Call Genie's complete plug and play platform provides a mobile local search capability that is accessible to consumers through various manners of interface (landline, mobile phone, internet, etc.) using the most appropriate technology (voice, data, and or human).

Call Genie as a Broker

As indicated above, a network that connects consumers to merchants involves two main participants – content providers such as Yellow Pages Publishers and consumer usage providers such as Directory Assistance Providers and Mobile Carriers. Call Genie's business strategy focuses on the facilitation of this relationship.

Arrangements between content providers and usage providers are typically not exclusive. Content providers will generally accept consumer usage from any source. Usage providers require content from a variety of sources and geographies in order to provide a rich consumer experience. Call Genie views this situation as an opportunity to facilitate a "many-to-many" relationship by providing enabling technologies and advertising network services.

Product Model

A key component to Call Genie's business strategy is to leverage the efficiencies that arise by using product based software, rather than customizing a solution for each potential customer. Product based software must also be scalable, which requires a data driven and adaptive model that is configurable.

Call Genie's products offer flexible solutions to its customers, while concurrently allowing them to differentiate their product offerings. In addition, the efficiencies of product based software provide the customer with fast deployment, efficient support and maintenance and access to product upgrades that can be implemented without a significant investment in computer code.

Industry Trends and Competitive Conditions

Management of Call Genie believes that the Corporation is positioned at the intersection of two of the fastest growing trends in the technology industry, being local search and mobility. Local search has become a focus for merchants looking to maximize the effectiveness of their on-line advertising dollars. Mobility has grown to the point where more calls are made and received on the mobile network than on the land line network.

Local Search

Call Genie's business plan is premised on the expectation that "local" searches will be a primary driver in any directory assistance or handset-based search services strategy. Call Genie's market research suggests that local paid-search advertising is expected to drive the growth of the digital directories segment of the North American directional media market.

Recent research conducted by The Kelsey Group and ConStat Inc., indicates that 60% of the small businesses surveyed reported that at least 75% of their customers came from within a 50-mile radius, and 80% of small and medium-sized businesses indicated that at least 75% of their buying and/or selling of products and services occurred within a 50-mile radius.

As major search engines such as Google and Yahoo continue to aggressively expand their dominance from general search to the local search market, partnering of search engines with local incumbent directory assistance providers and mobile carriers appears to Call Genie management to be a logical move. It marries the local customer base of the Directory Assistance Providers and mobile carriers with the technology and enhanced user experience afforded through a search engine, such as the products provided by Call Genie.

A further current trend within the United States directory services and mobile search industries is partnering with entities that operate websites that offer online and localized services. Examples of this trend include Verizon and www.findwhat.com, Bell South and www.looksmart.com, and www.askjeeves.com. This trend suggests that the directory services and mobile carrier industries need (and are searching for) smaller entrepreneurial companies to develop enhanced technology with a primary emphasis on local searches.

Yellow Pages Industry Consolidation

A dominant trend within the print directories industry in the past several years has been the dramatic transfer of ownership of major participants. The industry in North America has seen the break up and consolidation of many entities. A continuing trend is the separation of the traditional Yellow Pages publisher from the incumbent telephone company. An example of this trend is the Verizon Inc. divesture of Verizon Directory Service Inc. (now operating independently as Idearc Inc.). While there has been a physical separation of these business units, there remains a natural affinity to work together. In some cases, industry consolidation within the Yellow Pages publishing sector has occurred. AT&T purchased Bell South, which resulted in consolidation of their directory assistance business units. Additionally, R.H. Donnelley purchased DEX Media in 2005. This trend is significant as it continues to affect the sales cycle while driving a requirement for new services. There is also a trend within the industry for Yellow Pages Publishers to partner with outside organizations that bring expertise and know-how to this changing product and service marketplace.

Free Directory Assistance

The DA industry is currently under pressure from the service offerings of non-consumer paid DA services. Competitive offerings from free to consumer DA providers used vanity numbers such as 1-800-Free411, 1-800-GOOG-411, 1-800-411SAVE and 1-800-San Diego to attract consumers. The service is paid for by advertisers based on a pay for performance type of arrangement. These services are deregulated and can be marketed to a specific demographic, thereby targeting relevant advertising that funds the service.

This trend is expected by industry observers to increase the overall size of the market as it attracts new customers who were unwilling or unable to pay the 411 fees. In addition, there are examples of the major incumbent carriers investing in their own free DA service, which theoretically would compete with their existing traditional DA service.

Increased Competition from On-line Advertisers

Despite the prospects for significant growth in the area of digital directional media, the competition for advertising dollars from the traditional customer base now advertising online is expected to be significant among directory services companies and online search companies such as Google, Yahoo and Microsoft.

Management of Call Genie expects that the shift in directory usage from print to online and mobile sources will continue as market penetration of broadband in United States homes continues to grow and mobile handsets become increasingly capable (*e.g.* the iPhone). This, in turn, is expected by industry observers, to make the usability of online or mobile searching as efficient as accessing the print directories. Industry analysts expected that print directory usage would migrate online at approximately 5% per year, implying that online usage would overtake print usage by the end of 2009.

Increase in Mobile Advertising

The increasing influence of demographic groups such as the "Net Generation" is one of the drivers behind a major shift in advertising models away from mass-market, interrupt driven vehicles and toward more targeted, search driven vehicles.

Market

While the market for Call Genie's products and service continues to evolve, and an accurate assessment of Call Genie's position in such market relative to its competitors is therefore difficult, management of Call Genie believes that the Corporation is well positioned to capitalize on opportunities in these markets and views Call Genie's early entry into such markets as a competitive advantage.

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.

Selling and Marketing Plans and Strategy

Call Genie's sales strategy is to pursue targeted accounts both through its direct sales force and indirectly through strategic partners. The Corporation has expanded its sales efforts to include both wireline and wireless telecommunications service providers as well as other companies to increase call volume. Call Genie has targeted four markets: (i) Yellow Pages Publishers, (ii) Directory Assistance Providers, (iii) Mobile Carriers; and (iv) Online Service Providers.

Call Genie currently maintains direct sales personnel in Canada, the United States, South America and Europe. The direct sales force is organized into individual account teams that include a sales executive and a business analyst as well as personnel from the Corporation's client services organization. At December 31, 2008, the Corporation had 18 staff dedicated to the sales and marketing of its products and services.

Call Genie generates sales leads through existing business relationships, marketing partners, industry conferences, targeted advertisement, and its public relations efforts. Call Genie qualifies all leads and opportunities through an internal bid qualification process and assigns account teams to each potential opportunity. The account team then initiates the sales process, which generally involves multiple meetings and presentations focused on Call Genie's products and services as well as the development of an appropriate business case.

Call Genie has complemented its direct sales force with a series of alliances with leading companies in the mobile local search market. These alliances are intended to provide a global extension of Call Genie's direct sales force as well as to provide sales leads and referrals. Call Genie has adopted this multi-channel distribution model so that it can more aggressively seek out new opportunities as well as leverage the marketing, distribution, and overall resources of companies that are much larger and strategically placed in target markets.

Key elements of Call Genie's marketing strategy include:

- conducting an ongoing public relations campaign;
- establishing and maintaining close relationships with leading analysts and influential contacts;
- creating and placing advertisements in leading industry publications;
- managing and maintaining the Call Genie web site; and
- attendance at industry conferences.

Call Genie has been an active participant in various industry conferences and seminars and demonstrates its products at trade shows targeting DA Providers, Yellow Page Publishers and wireless telecommunications carriers. Call Genie has undertaken joint marketing strategies and programs with its partners in order to leverage their existing strategic relationships and resources.

Technology Overview

Call Genie offers a suite of products to support multi-modal mobile local search and advertising. These products may be sold together as a comprehensive solution, or as individual standalone components.

Call Genie provides a fully automated, voice-based business directory search product or service, which uses established automatic speech recognition engines and text-to-speech engines, and is compliant with current voice technology standards (these Call Genie technologies are collectively referred to in this Annual Information Form as the "**Technology**"). The service features various components required to provide a positive consumer experience. The Category Search Service includes the ability to present unobtrusive advertising within the search dialog.

Call Genie also supports live agent assistance in searching for directory and other information through workstation search technologies. The voice-automated service and live agent service are complementary, since automation may "fail over" to a live agent, and a live agent may transfer control to voice automation to provide the search results.

Call Genie also provides products and services to perform a search from a mobile handset, and to deliver search results to a mobile handset via text messaging, whether the search was conducted from the Internet, from the mobile handset or from an automated or live agent DA service.

Results may include advertising and links to WAP pages that contain content such as maps, as well as additional advertising.

Call Genie believes that one of the foundations of local search is a comprehensive understanding of local reference idiosyncrasies, or "Place". As such, Call Genie maintains a "Place" database populated with major intersections, neighborhoods and landmarks for various metropolitan areas. Call Genie also performs local research and augments the database with the local vernacular. For example, landmarks such as a local stadium may have been renamed several times over the last 10 years, but are referred to by former names, as well as the current name. Call Genie also has a process of continuous refinement by transcribing actual calls and identifying system improvements.

Call Genie provides a repository for managing advertisements, which may come from multiple sources and be distributed to multiple "publications", including handset-based search and DA services. This repository includes tools to manage advertising campaigns, to manage Yellow Pages taxonomies used in targeting advertisements to search terms, and to manage selection and distribution of advertisements to publications.

Intellectual Property

Since 2003, Call Genie personnel have filed four U.S. provisional patent applications addressing various aspects of Call Genie's voice directory system in the U.S. Patent and Trademark office. In November, 2008 a United States patent was granted in relation to the "Method and System of Providing Personal and Business Information". Call Genie continues to pursue five patent applications. In addition, PhoneSpots has two patents granted.

Call Genie's future success will be significantly influenced by the quality of its intellectual property, as incorporated into its products and services. Call Genie views its intellectual property, particularly its copyright and ownership of its software code and databases as critically important to Call Genie's business. As noted, Call Genie takes a variety of steps, including the filing of patent applications, where appropriate, in order to protect such intellectual property. Call Genie also enters into non-disclosure agreements with persons to whom it reveals proprietary information.

Certain risks are inherent in all forms of intellectual property assets. See "Description of the Business - Risk Factors Relating to the Business of the Corporation - Patents and Other Intellectual Property."

Employees and Facilities

As at March 30, 2009, Call Genie employed 76 full-time employees and 2 full-time contractors. In addition, approximately 15 part-time employees and contractors are used primarily to perform transcription and production support services. At March 30, 2009, the Corporation had 67 full-time and part-time employees and contractors located in Canada - predominantly located in Calgary, Alberta and Toronto, Ontario. Of the remaining 26 people, 13 are located in the US, 12 in Europe, and 1 in San Paulo, Brazil. Of the Corporation's 93 full-time and part-time employees and contractors, 16 are allocated to sales activities (including account management, business development and marketing) 35 are allocated to research and development activities; 29 are allocated to client services; and 15 are allocated to corporate development, finance, human resources and administration.

The Corporation leases approximately 14,278 sq. feet of office space in Calgary Alberta and approximately 10,341 sq. ft. of office space in Toronto, Ontario. In addition the Corporation utilizes offices in Aarhus, Denmark and San Francisco, California. All other employees and contractors work from home-based offices except for a small number of contractors located in Pune, India.

Risk Factors Relating to the Business of the Corporation

In addition to the other information contained in this AIF, readers should give careful consideration to the following risk factors, which should be read in conjunction with the detailed information and risk factors appearing elsewhere in this Annual Information Form and in the Management's Discussion and Analysis for the fiscal year ended December 31, 2008, a copy of which has been filed with various securities regulatory authorities in Canada and which is available on SEDAR at www.sedar.com. Any of the matters highlighted in these risk factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

The risks and uncertainties described below are not the only ones facing the Corporation. Additional risks and uncertainties that the Corporation is not aware of or that are currently deemed immaterial may also impair the Corporation's business.

An investment in and ownership of Common Shares should be considered highly speculative due to the nature of Call Genie 's business, its current stage of development and the potential requirement for additional financing.

No Record of Profit

Call Genie has incurred significant losses to date, and there can be no assurance that the future business activities of Call Genie will be profitable. Since its organization, Call Genie has incurred costs to develop and enhance its technology, to establish strategic relationships, to acquire complementary technologies and to build administrative support systems. Call Genie has incurred negative operational cash flow to date. Call Genie incurred losses from operations of $20,464,275 for the year ended December 31, 2008, $12,636,466 for the year ended December 31, 2007 and $6,451,062 for the year ended December 31, 2006; Call Genie's ability to operate profitably and generate positive cash-flow in the future will be affected by a variety of factors (including its ability to further develop and test its technology on schedule and on budget, the pace at which it secures additional customers, the time and expense required for the roll-out of its products, its success in marketing such service to consumers and merchants, the intensity of the competition experienced by Call Genie and the availability of additional capital to pursue its business plan, including development of new services). An inability to generate sufficient funds from operations will have a materially adverse affect on Call Genie's business, results of operations and financial condition.

Current Enterprise Value assigned by the Market; Liquidity

During the year ended December 31, 2008, the market capitalization of the Corporation declined from $87.82 million ($1.13/share) at the start of the year to $5.73 million ($0.07/share). As of the date of this MD&A, no material change in the market capitalization has occurred (as compared to December 31, 2008). The decisions of all stakeholders in the business may be adversely affected by the current market capitalization of the Corporation. These stakeholders include customers, potential customers, competitors, channel delivery partners, technology partners, and current or prospective employees. These stakeholders may ascribe a higher business risk to the Corporation due to the decline in the market capitalization that may have a materially adverse effect on Call Genie's business, results and financial condition.

Substantial Capital Requirements; Liquidity

Because of the costs associated with further development of Call Genie's technology and business, and the fact that Call Genie's ability to generate revenue will depend on a variety of factors (including the ability of Call Genie to meet its development schedule and consumer and merchant acceptance of Call Genie technologies), additional funds may be required to advance and expand Call Genie's business. Additional funds (whether through additional equity financing, debt financing or other sources) may not be available, may not be available on terms acceptable to Call Genie or may result in significant dilution to Call Genie shareholders. The inability to obtain additional funds may have a material adverse affect on Call Genie's business, results of operations, and financial condition.

Cash Conservation Programs impacting Delivery Capability

The Corporation implemented various cash conservation measures in the last half of 2008 and in the first quarter of 2009. These programs were designed to provide a hedge against the Corporation's potential inability to obtain additional capital resources in the current market. As a result of these measures, negative economic consequences have affected Call Genie's staff resources at all levels. The Corporation has experienced some attrition of staff as a result of these conservation measures, which may affect the Corporation's future ability to deliver software and services to current and prospective customers.

Developing Market

Call Genie is developing a new service and, as such, the primary market for Call Genie's software and services is underdeveloped and continues to evolve. As is typical in the case of a new evolving industry segment, the demand for the Corporation's services is subject to a high level of uncertainty. If the markets for the Call Genie technology fail to develop, develop more slowly than expected or become saturated with competitors, or if the Call Genie technology does not achieve and maintain market acceptance, Call Genie's business, results of operations and financial condition will be materially adversely affected.

Third Party Technology

In providing the Call Genie technology, Call Genie is, and will continue to be, dependent on technologies and infrastructure that are beyond Call Genie's control, including landline and cellular telephone networks, directory databases and speech recognition and text-to-speech applications. There can be no assurance that if weaknesses or errors in third party software or hardware are detected, Call Genie will be able to correct or compensate for such weaknesses or errors. If Call Genie is unable to address weaknesses or errors and the Call Genie technology is therefore unable to meet consumer or merchant needs or expectations, Call Genie's business, results of operations and financial condition will be materially adversely affected. In addition, there can be no assurance that the Corporation will continue to have access to required third-party technology on terms acceptable to Call Genie. If Call Genie is unable to obtain third party technology on acceptable terms, Call Genie's business, results of operations and financial condition will be materially adversely affected.

Rapid Technological Change

The technology industry is subject to rapid change, and the inability of Call Genie to adapt to such change may have an adverse affect on Call Genie's business, results of operations and financial condition. The effect of new developments and technological changes on the business sector in which Call Genie is active cannot be predicted. Such developments would include, but are not limited to, failure of the speech recognition industry to provide ongoing improvements in speech recognition and text-to-speech engines, a slowdown in the deployed base of voice platforms in the North American market place and elsewhere, to such an extent as to create financial uncertainty for the speech technology providers, an unexpected trend in the voice industry away from open standards programming languages towards unique proprietary application development and consumer backlash against the ongoing proliferation of voice technologies. Call Genie's failure to adapt to any of the above could have a material adverse effect on Call Genie's business, results of operations and financial condition.

Competition

Call Genie is subject to competition from other organizations (many of which have substantially greater human and financial resources) and there can be no assurance that Call Genie will be able to compete effectively in its target markets. Similar technologies exist that are competitive with the Corporation's product suite. Certain organizations with substantially greater financial and human resources than the Corporation have active research and development initiatives involving the development and implementation of voice search capabilities, workstation applications and Ad Network arrangements. The inability of Call Genie to secure additional customers due to competitive technologies would have a material adverse effect on Call Genie's business, results of operations and financial condition.

In addition, advances in communications technology as well as changes in the marketplace and the regulatory and legislative environment are constantly occurring and any such change could have a material adverse impact on Call Genie.

Need for Research and Development

To achieve its business objectives and obtain market share and profitability, Call Genie will need to continually research, develop and refine its Call Genie technology. Many factors may limit Call Genie's ability to develop and refine the technology or to create or acquire or negotiate access to new technologies. Call Genie may also be exposed to marketplace resistance to new technology and services. Any failure of Call Genie to develop or refine the Call Genie technology and the underlying technology, or create or acquire new technologies or offer new services could have a material adverse effect on Call Genie's business, results of operations and financial condition.

Defects and Liability

The hardware and software utilized to deliver the Call Genie technology is complex and sophisticated and may contain design defects or software errors that are difficult to detect and correct. There can be no assurance that the Call Genie technology will be free from errors or defects, or, if discovered, that Call Genie will be able to successfully correct such errors in a timely manner or at all. Errors or failures in the technology could result in loss of or delay in market acceptance of the Call Genie technology and correcting such errors and failures could require significant expenditures. Because of the limited number of directory service providers, the reputational harm resulting from errors and failures could be very damaging to Call Genie. The consequences of such errors and failures could have a material adverse effect on Call Genie's businesses, results of operations and financial condition.

Patents and Other Intellectual Property

While Call Genie has applied for patents for certain elements of the Call Genie technology, there can be no assurance that such applications will result in the granting of patent protection. Competitors may have filed patent applications or hold issued patents relating to services or processes competitive with those that Call Genie is developing. Any patents covering elements of the Call Genie technology granted to third parties (or the inability of Call Genie to successfully challenge such patents) may impair Call Genie's ability to do business in a particular area, including in key markets. Others may independently develop similar services or duplicate unpatented elements of the Call Genie technology.

Call Genie's success will be largely dependent upon its ability to protect its proprietary technology. Call Genie relies upon copyrights, trademarks and trade secrets to protect its intellectual property. Where appropriate, Call Genie also enters into non-disclosure agreements with persons to whom it reveals proprietary information. Any failure or inability on the part of Call Genie to protect its intellectual property could have a material adverse effect on Call Genie's business, results of operations and financial condition.

Call Genie may have to engage in litigation in the future to enforce or protect its intellectual property rights or to defend against claims of invalidity and Call Genie may incur substantial costs as a result. Any claims or litigation initiated by Call Genie to protect its proprietary technology could result in significant expense to Call Genie and diversion of the efforts of Call Genie's technical and management resources, whether or not the claims or litigation are determined in favor of Call Genie.

Ability to Manage Growth; Transition from Research and Development Corporation to Operating Corporation

Responding to consumer and merchant demands, expansion into other geographical markets and targeted growth in Call Genie's business has placed, and is likely to continue to place, significant strains on Call Genie's administrative and operational resources and increased demands on its internal systems, procedures and controls. If Call Genie experiences rapid acceptance of its technology solutions, the need to manage such growth will add to the demands on Call Genie's management, resources, systems, procedures and controls. There can be no assurance that Call Genie's administrative infrastructure, systems, procedures and controls will be adequate to support Call Genie's operations or that Call Genie's officers and personnel will be able to manage any significant expansion of operations. If Call Genie is unable to manage growth effectively, Call Genie's business, operating results and financial condition will be materially adversely affected.

Personnel Resources

Call Genie is (and will continue to be) reliant upon its management and technical personnel to anticipate and address consumer and merchant demands in the areas of software development, customer service, marketing, finance, strategic planning and management. There can be no assurance that qualified management or technical personnel will be available to Call Genie in the future. The success of the operations and activities of Call Genie will depend to a significant extent on the efforts and abilities of its management and technical personnel. The loss of services of any of its management or technical personnel could have a material adverse effect on Call Genie's business, results of operations and financial condition.

Potential Fluctuations in Quarterly Operating Results

Call Genie expects to be exposed to significant fluctuations in quarterly operating results caused by many factors, including changes in the demand for the Call Genie technology, the introduction of competing technologies, market acceptance of such enhancements or services, delays in the introduction of such enhancements or services, changes in Call Genie's pricing policies or those of its competitors, the mix of services sold, foreign currency exchange rates and general economic conditions.

Government Regulation

The directory services business is largely unregulated at this time (apart from federal, provincial, state and local laws and regulations applicable to businesses in general and respecting the gathering and use of personal information). However, there can be no assurance that this business will not become subject to significant regulatory intervention in the future.

Costs Associated with Compliance with Securities Laws

Call Genie is a publicly traded corporation and is subject to all of the obligations imposed on "reporting issuers" under applicable securities laws and all of the obligations applicable to a listed company under stock exchange rules. Direct and indirect costs associated with public company status have escalated dramatically in recent years and regulatory initiatives under consideration may further increase the costs of being public in Canada and could have a material adverse effect on Call Genie's business, results of operations and financial condition. If Call Genie is unable to generate significant revenues from business operations, the cost of complying with applicable regulatory requirements will represent a significant financial burden to Call Genie and may have a material adverse effect on Call Genie's business, results of operations and financial condition.

Risk of Future Terrorist Attacks or Related Disasters

The terrorist attacks of September 11, 2001 had an adverse impact on various regions of the North America and on a wide range of industries. In the future, civil unrest, economic recession, war and additional acts of terrorism may adversely impact the North American and global economies and financial markets and could adversely affect the Call Genie's business, results of operations and financial condition.

Risk of Industry Consolidation

Call Genie's business customers may be classified as yellow pages providers, directory assistance providers and telecommunication service providers. Each of these industries is characterized by a relatively small number of large providers. Industry consolidation is ongoing in this group of providers. As a result, Call Genie may have established working relationships with one provider undermined by a business combination with another provider. This could have a material adverse effect on Call Genie's business, results of operations and financial conditions.

MATTERS RELATING TO THE COMMON SHARES OF THE CORPORATION

Market for the Common Shares

The Common Shares of the Corporation are listed and posted for trading on the Exchange under the trading symbol "**GNE**". The following table sets out the market price ranges and the aggregate volume of trading of the Common Shares on the Exchange for the periods indicated:

2008	**High ($)**	**Low ($)**	**Close ($)**	**Volume (Common Shares)**
January	1.09	0.68	0.73	711,400
February	0.77	0.50	0.61	1,115,400
March	0.60	0.44	0.55	2,143,600
April	0.75	0.50	0.55	979,300
May	0.57	0.41	0.44	2,256,800
June	0.50	0.41	0.43	1,196,300
July	0.49	0.23	0.23	2,145,800
August	0.25	0.16	0.24	3,443,700
September	0.30	0.17	0.20	1,128,600
October	0.19	0.10	0.15	1,022,400
November	0.15	0.05	0.06	2,530,300
December	0.09	0.05	0.07	2,962,400

Share Capitalization

Call Genie currently has outstanding Common Shares, options and warrants.

Description of Common Shares

The holders of the Common Shares are entitled to one vote per share at meetings of shareholders, to receive such dividends as may be declared by the Corporation and to receive the remaining property and assets of the Corporation upon dissolution or winding up of the Corporation. The Common Shares are not subject to any future call or assessment and there are no pre-emptive, conversion or redemption rights attached to such shares. The Corporation had 82,133,599 Common Shares outstanding as at December 31, 2008 (82,933,656 shares issued and outstanding as at March 30, 2009). The Corporation is in the process of finalizing the return of 253,484 Common Shares that are held in escrow pursuant to the acquisition of PhoneSpots, Inc.

Description of Options

Under the Corporation's current Stock Option Plan ("**Plan**") the Corporation's directors may approve the issuance of stock options to its directors, officers and employees and agents. The aggregate number of shares reserved for issuance under the Plan is up to 15% of the number of outstanding Common Shares. Since the inception of the Plan, the Corporation has granted 23,851,000 stock options to its employees, officers and directors. As at March 30, 2009, 11,293,333 stock options were outstanding at prices ranging from $0.07 to $0.94 per share. These options are exercisable at times ranging from immediately to once a year for a period of three years. All options are granted with an exercise period of five years and have expiry dates ranging from September 1, 2010 to February 25, 2013.

Description of Warrants

The Corporation has issued two categories of common share purchase warrants in the past: founders warrants and offering warrants (being warrants associated with prior financing transactions).

<u>Founders' Warrants</u>

The Corporation issued founders' warrants to individuals and corporations as part of its initial capital structure. At the date hereof, there were 3,910,406 of such founders' warrants outstanding. The founders' warrants are non-transferable (except in limited circumstances). Each founders warrant entitles the holder thereof to acquire (until August 16, 2010) one Common Share at a price of $0.225, subject to anti-dilution protection.

<u>Offering Warrants</u>

The Corporation distributed warrants in connection with a financing the Corporation completed contemporaneously with the Merger in August, 2004. All 2,222,200 of these warrants expired unexercised on February 16, 2006.

In conjunction with the private placement financing that occurred on March 21, 2006, the Corporation issued 600,000 warrants, each of which entitled the holder to purchase one Common Share at an exercise price of $1.00. Out of these 600,000 warrants, 450,000 were exercised prior to expiry and the balance expired unexercised in March 2008.

In conjunction with the private placement financing that occurred on April 17, 2007, the Corporation issued 600,000 warrants, each of which entitled the holder to purchase one Common Share at an exercise price of $1.00. Out of these 600,000 warrants, 270,000 were exercised prior to expiry and the remainder expired unexercised in April, 2008.

Dividends

The Corporation has not paid any dividends or made any distributions on its Common Shares to the date hereof. The future payment of dividends or distributions will be dependent upon the financial requirements of the Corporation to fund future growth, the financial condition of the Corporation and other factors that the Board of Directors may consider appropriate in the circumstances.

Escrowed Securities

In connection with the acquisition of PhoneSpots, the Corporation deposited 779,180 Common Shares into escrow, to be held pursuant to the provisions of the PhoneSpots Merger Agreement. The escrowed shares represented both indemnification escrow shares and adjustment escrow shares. Following closing of the PhoneSpots acquisition, the Corporation claimed an entitlement to 253,484 of the Common Shares deposited into escrow pursuant to the terms of the PhoneSpots Merger Agreement. In light of that claimed adjustment, 519,454 Common Shares (representing 0.63% of the issued and outstanding Common Shares as at December 31, 2008) remain held in escrow pending resolution of the claimed adjustment. Additional details regarding such escrowed securities are set out below:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Common Shares	519,454[(1)]	0.63%

Notes:
(1) US Bank acts as escrow agent in respect of the escrowed securities.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Corporation and the principal occupations of the directors and executive officers of the Corporation as at December 31, 2008 are set out in the following table.

Name	Address (municipality)	Office or Position with Corporation as at December 31, 2008	Number of Common Shares held and % of outstanding Common Shares		Director Since
Richard W. DeVries[(1)(2)(3)(4)]	Freeport, GBI, Bahamas	Director	7,782,043	(9.48%)	August, 2004
S. Graeme Ross[(1)(2)(3)(5)]	Wainfleet, Ontario	Director	177,900	(<1%)	August, 2004
Nancy Shemwell[(1)(2)(3)(6)]	Dallas, Texas	Director	82,000	(<1%)	October, 2006

Name	Address (municipality)	Office or Position with Corporation as at December 31, 2008	Number of Common Shares held and % of outstanding Common Shares		Director Since
Daniel Gatti[(7)]	Santa Clara, California	Director	Nil	Nil	April, 2007
Nicholas P. Fader[(8)]	Calgary, Alberta	Director	22,000	(<1%)	March, 2008
Michael Durance[(9)]	Toronto, Ontario	Director, Chief Executive Officer	1,123,890	(1.37%)	June, 2005
Christopher Shelton[(10)]	Markham, Ontario	Chief Financial Officer	391,649	(<1%)	N/A
Eric, Fredine[(11)]	Edmonton, Alberta	Senior Vice President, Chief Technology Officer	179,308	(<1%)	N/A
Chet Chan[(12)]	Calgary, Alberta	Senior Vice President – Client Services	Nil	Nil	N/A
Michael Henderson[(13)]	Rochester, New York	Chief Sales Officer	87,495	(<1%)	N/A
Erin D. Oor[(14)]	Toronto, Ontario	Vice President, General Counsel, Corporate Secretary	17,155	(<1%)	N/A

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee

(3) Member of Governance and Nominating Committee

(4) Mr. DeVries is a Businessman and Lawyer (inactive member of the Alberta Bar).

(5) Mr. Ross has been President and Director of Bovinia Inc. (a private consulting company) since 1993.

(6) Ms. Shemwell served as Executive Vice President, Global Sales and Services of Symmetricon, Inc. (a public corporation involved in the generation of precise time and frequency signals used in wireline and wireless telecom networks and other applications) from September 2004 to September 2007; Acquisition Partner of the Canux Group (a private company formed to purchase a division of a major telecommunications company) from 2002 to 2004.

(7) Mr. Gatti has been Senior Vice President of Worldwide Market Operations for Verari Inc.(a private technology company) from January 2008 to present; President and Chief Executive Officer of Onsite Systems Inc. (a private provider of network edge voice and data platforms for mobile backhaul), from July 2005 to January 2008; Managing Partner of the Gatti Group (a provider of executive management services) from October 2001 to July 2005.

(8) Mr. Fader is a partner with the law firm of Bennett Jones LLP and has been so since March 1998.

(9) Mr. Durance has served as Chief Executive Officer of the Corporation from June 2005 to present; Vice President and General Manager at Toshiba America Information Systems public information systems corporation in Irvine, California from December 2001 to May 2005.

(10) Mr. Shelton has served as Chief Financial Officer of Call Genie from 2006 to present; Self-employed consultant for 2005; General Manager and Director of Finance of BigBangwidth Inc. a private corporation in the research development business, from 2000 to 2004; Vice President, Treasury of Saville Systems Inc. (a public corporation in the business of software billing and customer care solutions for telecom companies) from 1998 to 2000.

(11) Mr. Fredine has served as Senior Vice President, Chief Technology Officer/Research and Development of Call Genie from 2006 to present; Chief Technical Officer of BCE Emergis Inc. (a public technology corporation) from 2004 to 2006.

(12) Mr. Chan has served as Senior Vice President, Client Services of Call Genie from February 28, 2008 to present; Vice President, Client Services of Call Genie from July 1, 2007 to February 28, 2008; Independent Management Consultant June 2005 to July 2007; Director of Strategy Planning for Design Group Staffing Inc. (a private staffing and employment service company) from 2001 to 2005.

(13) Mr. Henderson has served as Chief Sales Officer of Call Genie Inc. from August 2008 to present; President, Global Solutions, Telcordia Technologies, Inc. (a private corporation engaged in the telecommunications software and services business) from 2004 to August 2008; Executive Vice President, Global Sales & Marketing, ADC Corporation (a public corporation also engaged in the telecommunications software and services business) from 1999 to 2004.

(14) Mr. Oor has served as General Counsel for Call Genie since June, 2007; Self employed as sole legal practitioner in St. Albert, Alberta from 2004 to 2007; President of Robin's RK West Ltd., an Alberta private corporation from 2003 to 2007; General Counsel for Roadking Travel Centres Inc., a TSX Venture Exchange listed company, from 2003 to 2007; Partner with Bryan & Corporation LLP from 1993 to 2003.

The term of each director expires at the next annual meeting of shareholders of the Corporation.

As at December 31, 2008, the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, 9,863,440 Common Shares representing approximately 11.9% of the issued and outstanding Common Shares and held options and share purchase warrants entitling them to acquire up to a further 7,271,000 Common Shares. Assuming the exercise of all options and share purchase warrants, the directors and executive officers of the Corporation, as a group, would beneficially own, or control or direct, directly and indirectly, 17,134,440 Common Shares representing approximately 18.2% of the then issued and outstanding Common Shares. The information as to shares beneficially owned (and set out above) not being within the knowledge of the Corporation, has been furnished by the respective individuals.

Conflicts of Interest

Certain of the directors of Call Genie are also officers, directors or consultants of other companies engaged in the technology industry generally. As a result, situations may arise where the interests of such directors, officers and consultants conflict with their interests as directors and officers of Call Genie. The resolution of such conflicts will be governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of Call Genie and, in the case of the *Business Corporations Act* (Alberta), Call Genie's governing statute, that directors declare, and refrain from voting on, any material contract or material transaction in which a director may have a conflict of interest.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Richard W. DeVries

Mr. DeVries was corporate secretary of FSPI Technologies Corp. ("**FSPI**"). In September, 1999, the Alberta Securities Commission (the "**ASC**") issued a cease trade order suspending trading of the securities FSPI as a result of deficiencies in its audited annual financial statements which were irreconcilable. FSPI was delisted from the Exchange on May 31, 2000.

On July 6, 2001, the British Columbia Securities Commission (the "**BCSC**") issued an interim cease trade order against Advanced Vision Systems Corp. for failure to file required financial information, as did the BCSC shortly thereafter (the "**Financial Statement Orders**"). The Exchange also issued a bulletin on July 6, 2001, suspending the trading of shares of Advanced

Vision Systems Corp. (the "**Trading Suspension**"). The Financial Statement Orders were subsequently revoked by the ASC and the BCSC, as the required filings had been made. This revocation of the Financial Statement Orders was confirmed on March 5, 2002 by the Exchange, at which time the Exchange also advised that the Trading Suspension would not be revoked by the Exchange until Advanced Vision Systems Corp. met the Exchange's requirements for securities trading on the Exchange. On March 10, 2004, Advanced Vision Systems Corp. was transferred to the NEX board of the Exchange. Mr. Devries is a Director of Vision Systems Corp.

In May, 2007, CPI Crown Properties International Corporation ("**Crown Properties**") became subject to a cease trade order due to a failure to publish and distribute its audited financial statements for 2006 in accordance with applicable securities laws. This deficiency occurred due to internal accounting issues. Crown Properties has since rectified the deficiency, completed all ancillary matters and has complied with all securities and regulatory requirements. As such, Crown Properties is now able to seek a revocation of the cease trade order. Mr. DeVries is a director of Crown Properties.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

Pursuant to the provisions of Section 171 of the *Business Corporations Act* (Alberta), and applicable securities legislation, the Corporation is required to have an audit committee comprised of at least three directors, the majority of which must not be officers or employees of the Corporation.

Under the provisions of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), the Corporation must also have a written charter which sets out the duties and responsibilities of its Committee. A copy of the Corporation's Audit Committee Charter is attached to this Annual Information Form as Appendix A.

Composition of the Audit Committee

The Corporation's Audit Committee consists of Richard DeVries, S. Graeme Ross, and Nancy Shemwell. The Board of Directors of the Corporation considers each member of the Audit Committee to be independent and none of the Audit Committee members receives, directly or indirectly, any compensation from the Corporation other than for service as a member of the Board of Directors and its committees. The Board of Directors considers all members of the Audit Committee to be financially literate (as defined under NI 52-110).

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his/her responsibilities as an Audit Committee member is as follows:

Richard DeVries – Mr. DeVries, a Barrister and Solicitor (inactive member of the Law Society of Alberta), has provided legal advice to clients worldwide since 1978, primarily in the areas of the implementation of international financial and business strategies, wealth preservation, tax and estate planning, corporate finance and compliance with securities laws.

Mr. DeVries primary business focus is currently upon his various business interests, including serving as director and officer of various public and private companies.

Mr. DeVries holds a Bachelor of Commerce Degree (1974) as well as a Bachelor of Law Degree (1977), both from the University of Alberta. Mr. DeVries is also a member of the Calgary Bar Association and the Canadian Bar Association.

S. Graeme Ross – Mr. Ross is President and a Director of Bovinia Inc., a consulting company engaged in activities relating to corporate management, technology, telecommunications and information systems.

Mr. Ross was formerly President, Chief Executive Officer and a Director of Peartree Software Inc., a software company that develops and sells software used in the automotive parts manufacturing industry. Mr. Ross has also served as a Director of Glenbriar Technologies Inc. and of Smartcardesolutions.com Ltd., both Exchange listed companies.

Nancy Shemwell – Until September of 2008 Ms. Shemwell was the Executive Vice President, Global Sales and Services of Symmetricon, Inc. (a corporation involved in the generation of precise time and frequency signals used in wirelive and wireless telecom networks and other applications). Between 2002 and 2004, Ms. Shemwell was the Acquisition Partner of the Canux Group (a company formed to purchase a division of a major telecommunications company). Ms. Shemwell has also served as President and Chief Executive Officer of Jovial Test Equipment Inc. (a private broadband test equipment corporation) and as President of Micom Communications Corporation, a subsidiary of Nortel Networks (a public corporation).

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Sections 2.4 (*De Minimis Non-audit Services*), 3.2 (*Initial Public Offerings*), 3.2(2) (*Controlled Companies*), 3.4 (*Events Outside Control of Members*), 3.5 (*Death, Disability or Resignation of Audit Committee Member*), 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) or 3.8 (*Acquisition of Financial Literacy*) of NI 52-110 , or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has established procedures respecting the engagement the Corporation's auditors to provide non-audit services and to consider the impact of any such services on the independence of the auditors.

External Auditor Service Fees (By Category)

In late 2007, the Corporation announced a change in its auditors to Ernst & Young LLP. The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees(1)	Tax Fees(2)	All Other Fees(3)
2007	$204,277	$23,396	$nil	$nil
2008	$276,965	$113,050	$32,550	$nil

Notes:

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) Fees for services other than disclosed in any other column.

(4) BDO Dunwoody LLP served as auditor of Call Genie until December 2007 at which time they were replaced by Ernst & Young LLP.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Call Genie is not aware of any material legal proceeding that it is or was a party to, or that any of its property is or was the subject of during 2008, nor are such proceedings known by Call Genie to be contemplated.

There have been no penalties or sanctions imposed against Call Genie by (i) a court relating to securities legislation or by a securities regulatory authority, or (ii) a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision during the 2008 financial year. In addition, Call Genie has not entered into a settlement agreement with a court relating to securities legislation or with a securities regulatory authority during the 2008 financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any director, executive officer, person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years, or during the current financial year, that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Corporation of Canada at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Other than as noted below, there are no material contracts, other than contracts entered into in the ordinary course of business, which are material to Call Genie (involving the Corporation or any of its affiliates) and entered into during the most recently completed financial year, or entered into before the most recently completed financial year, but still in effect. The material contracts are available, subject to the redaction of confidential material, via SEDAR at www.sedar.com:

1. The PhoneSpots Merger Agreement, as described in this AIF under the headings "General Development of the Business – Significant Acquisitions" and "Matters Relating to the Common shares of the Corporation – Escrowed Securities".

INTERESTS OF EXPERTS

The Consolidated Financial Statements of the Corporation for the year ended December 31, 2008, have been audited by Ernst & Young LLP, the independent auditors of Call Genie. Ernst & Young LLP, have advised Call Genie that they are independent in accordance with the auditors rules of professional conduct applicable in Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, principal holders of Call Genie's shares and securities authorized for issuance under equity compensation plans is contained in the information circular for the most recent meeting of shareholders of Call Genie, which was held in October 2008. Call Genie anticipates that an information circular for the meeting of shareholders scheduled for June, 2009 will be disseminated in anticipation of that meeting and that such information circular will contain updated information of the nature described above in this paragraph. Additional financial information is provided in Call Genie's consolidated financial statements as at and for the year ended December 31, 2008 and related MD&A, copies of which have been filed with certain securities regulatory authorities in Canada and which are available on the SEDAR website.

These materials and additional information regarding the Corporation may be found on SEDAR at www.sedar.com or on the Corporation's website at www.callgenie.ca.

APPENDIX A – AUDIT COMMITTEE TERMS OF REFERENCE

I. PURPOSE

A. The primary function of the Audit Committee (the "**Committee**") is to assist the Board in fulfilling its responsibilities relating to the integrity of the Corporation's financial statements including the financial reporting process and systems of internal controls, the compliance by the Corporation with legal and regulatory requirements and the qualifications, performance and independence of the Corporation's external auditor by reviewing:

(a) the financial information that will be provided to the shareholders and others;

(b) the systems of internal controls management and the Board have established; and

(c) all audit processes.

B. Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board. While the Committee has the responsibilities and powers set forth in these terms of reference, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles. These are the responsibilities of management and the external auditor. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the external auditor or to assure compliance with laws and regulations.

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of not fewer than three directors and not more than five directors, none of whom shall be officers or employees of the Corporation or any of its subsidiaries. The Committee shall only be comprised of unrelated directors and a majority shall be resident Canadians. In addition, the Committee shall meet the requirements of the *Business Corporations Act* (Alberta) and the TSX Exchange with respect to the composition of audit committees. The Committee shall have a Chairman, who is a full member of the Committee, and who is appointed by the Board. The Chairman shall have a casting vote in the event of a tie on the Committee.

B. The Corporation's auditors shall be advised of the names of the committee members and when appropriate will receive notice of and be invited to attend meetings of the Audit Committee, and to be heard at those meetings on matters relating to the Auditor's duties.

C. The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.

D. The Committee shall meet at least four times each year.

E. The Committee has access to the Corporation's senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.

F. The Committee provides open avenues of communication among management, employees, external and internal auditors and the Board.

G. The secretary to the Committee shall be either the Corporate Secretary or his/her delegate.

H. Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by other electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting.

A member may, in any manner, waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice.

I. A majority of the voting membership of the Committee present in person or by telephone or other electronic telecommunication device shall constitute a quorum.

J. The CEO, Board Chair and CFO would be expected to be available to attend meetings or portions thereof.

The external auditors would meet at least twice annually with the Committee and would be expected to be available to attend meetings or portions thereof as requested by the Committee.

The Committee may, by specific invitation, have other resource persons in attendance to assist in the discussion and consideration of matters relating to the Audit Committee.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

K. Minutes of Committee meetings shall be approved by the Committee Chair and maintained at Head Office by the Committee Secretary or designate. Minutes of Committee Meetings shall be sent to all Directors of the Board.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

(a) review and recommend approval of the Corporation's annual financial statements and MD&A and report to the Board of Directors before the statements are approved by the Board of Directors;

(b) review and approve for release the Corporation's quarterly financial statements, MD&A and press release;

(c) review and approve for release all earnings press releases, press releases containing other financial information and any earnings or other financial performance guidance provided to analysts or rating agencies;

(d) review and recommend to the Board for approval, the financial content of the annual report and any reports required by government or regulatory authorities;

(e) review the Annual Information Form and any Prospectus/Private Placement Memorandums; and

(f) review any management report that accompanies published financial statements (to the extent such a report discusses the financial position or operating results) for consistency of disclosure with the financial statements themselves.

Review and discuss:

(g) the appropriateness of accounting policies and financial reporting practices used by the Corporation;

(h) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;

(i) any new or pending developments in accounting and reporting standards that may affect the Corporation;

(j) management's key estimates and judgments that may be material to financial reporting; and

(k) any other matters required to be reviewed under applicable legal, regulatory or stock exchange requirements.

B. Risk Management, Internal Control and Information Systems

(a) review the Corporation's risk management controls and policies;

(b) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor;

(c) review management steps to implement and maintain appropriate internal control procedures including a review of policies;

(d) review adequacy of security of information, information systems and recovery plans;

(e) monitor compliance with statutory and regulatory obligations;

(f) review the appointment of the Chief Financial Officers; and

(g) review the adequacy of accounting and finance resources.

C. Internal Audit

The Committee will oversee the Corporation's internal audit function and the internal audit relationship with the auditor and with management. This includes:

(a) review the organization and independence of the internal auditor;

(b) review goals, resources and work plans;

(c) review any restrictions or problems;

(d) review recommendations and significant responses;

(e) meet periodically and at least annually, with the internal auditor without management present; and

(f) review proposed changes in the Chief Internal Auditor.

D. External Audit

The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

(a) review and recommend to the Board, for shareholder approval, engagement of the external auditor including, as part of such review and recommendation, an evaluation of the external auditors' qualifications, independence and performance;

(b) review and recommend to the Board the annual external audit plan, including but not limited to the following:

(i) engagement letter;

(ii) objectives and scope of the external audit work;

(iii) procedures for quarterly review of financial statements;

(iv) materiality limit;

(v) areas of audit risk;

(vi) staffing;

(vii) timetable; and

(viii) proposed fees.

(c) meet with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;

(d) review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:

(i) any difficulties encountered, or restriction imposed by management, during the annual audit;

(ii) any significant accounting or financial reporting issue;

(iii) the auditors' evaluation of the Corporation's system of internal controls, procedures and documentation;

(iv) the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;

(v) any other matters the external auditor brings to the Committee's attention; and

(vi) assess the performance and consider the annual appointment of external auditors for recommendation to the Board.

(e) review the auditor's report on all material subsidiaries;

(f) review and receive assurances on the independence of the external auditor;

(g) review the non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit; all of which services shall be subject to pre-approval by the Committee; and

(h) meet periodically, and at least annually, with the external auditor without management present.

E. Other

(a) review insurance coverage of significant business risks and uncertainties including Directors and Officers coverage;

(b) review material litigation and its impact on financial reporting;

(c) review the company's use of derivative financial instruments and provide recommendations to the Board;

(d) review the company's "Level of Authority Document" and provide recommendations to the Board;

(e) review fees paid to outside professional consultants i.e.: lawyers, accountants, other than consultants placed in operations in lieu of full time staff;

(f) review company loans to Executive/Employees/consultants;

(g) review policies and procedures for the review and approval of officers expenses and perquisites;

(h) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

(i) review and approve all hiring of employees and former employees of the present or former external auditor of the Corporation and review and approve the Corporation's policies with respect thereto; and

(j) review the terms of reference for the Committee annually and make recommendations to the Board as required.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by distributing the minutes of its meetings and where appropriate, by oral report at the next Board meeting.

V. STANDARDS OF LIABILITY

Nothing contained in these terms of reference is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in these terms of reference are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.