



Call Genie Inc.

**ANNUAL INFORMATION FORM
For the year ended December 31, 2010**

March 25, 2011

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INTRODUCTORY INFORMATION

Call Genie Inc. ("**Call Genie**", or the "**Corporation**") is the result of a merger involving GRD Enterprises Inc. ("**GRD**") (the "**Merger**"), which closed on August 17, 2004. In connection with the Merger, GRD (then a publicly traded corporation, the shares of which were listed on TSXV) acquired all of the common shares of Call Genie Inc. (then a private corporation). 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 24, 2011. 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

Certain information set out in this AIF constitutes forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "hope", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "scheduled", "believe" and similar expressions. The forward-looking information set out in this AIF includes the following information, most of which is set out below under the headings "Description of the Business -- Industry Trends and Competitive Conditions" and "Description of the Business -- Market":

- (i) expectations that local paid search advertising will increasingly drive the growth of the digital directory segment of the North American directional media market (set out under the heading "Description of the Business -- Industry Trends and Competitive Conditions -- Local Search);
- (ii) expectations that the competition for advertising revenue from the traditional customer base now advertising online will be significant among directory services companies and online search companies (set out under the heading "Description of the Business -- Industry Trends and Competitive Conditions -- Increased Competition from Online Advertisers");
- (iii) expectations that the use of vanity numbers will increase the overall size of the local mobile advertising market (set out under the heading "Description of the Business -- Industry Trends and Competitive Conditions -- Free Directory Assistance");

- (iv) expectations concerning the shifting directory usage from print to online and mobile sources and expectations concerning the future efficiency of online and mobile searching (set out under the heading "Description of the Business -- Industry Trends and Competitive Conditions -- Increased Competition from Online Advertisers");
- (v) expectations concerning the Corporation's positioning to capitalize on opportunities (set out under the heading "Description of the Business -- Market"); and
- (vi) estimates of expenditures on worldwide mobile search advertising by 2013 and expectations concerning the prominence of mobile initiated searches, as compared to desktop web searches, by 2015 (set out under the heading "Description of the Business -- Market").

Forward-looking statements are based upon the opinions, expectations and estimates of management and, in some cases, information received from or disseminated by third parties, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include such things as the Corporation's current stage of development, the lack of a corporate track record with respect to the generation of revenues from performance-based arrangements with customers, the Corporation's reliance on third parties and third party technology, the existence of competition, the availability of external financing, the inherent risks associated with research and development activities (such as lack of market acceptance) and commercialization of emerging technologies, timing of execution of various elements of the Corporation's business plan, the availability of human resources, the emergence of competing business models and new laws (domestic or foreign) and the other risk factors noted below in this paragraph and under the heading "Business Risks and Uncertainties" herein. In respect of expectations that local paid search advertising will drive the growth of the digital directory segment of the North American directional media market, those risks, uncertainties and factors include, but are not limited to, such things as the existence of competition, lack of market acceptance for emerging technologies, the risks inherent in an industry subject to rapid technological change, and user acceptance rates not reaching the levels anticipated, the emergence of competing business models and new laws (domestic or foreign) and the other risk factors noted below under the heading "Business Risks and Uncertainties" herein. In respect of expectations that the use of vanity numbers will increase the overall size of the local mobile advertising market, those risks, uncertainties and factors include but are not limited to such things as the existence of competition, lack of market acceptance for emerging technologies, the risks inherent in an industry subject to rapid technological change, and user acceptance rates not reaching the levels anticipated, the emergence of competing business models and new laws (domestic or foreign) and the other risk factors noted below under the heading "Business Risks and Uncertainties" herein. In respect of expectations that the competition for advertising revenue from the traditional customer base now advertising online will be significant among directory services companies and online search companies, those risks, uncertainties and factors include, but are not limited to, such things as existence of competition, lack of market acceptance for emerging technologies, the risks inherent in an industry subject to rapid technological change, and user acceptance rates not reaching the levels anticipated, the risks inherent in an industry subject to rapid technological change, the emergence of competing business models and new

laws (domestic or foreign) and the other risk factors noted below under the heading "Business Risks and Uncertainties". In respect of expectations concerning the shifting directory usage from print to online and mobile sources and expectations concerning the future efficiency of online and mobile searching, those risks, uncertainties and factors include, but are not limited to, such things as the availability of external financing, the inherent risks associated with research and development activities and commercialization of emerging technologies (such as lack of market acceptance), the emergence of competing business models, the risks inherent in an industry subject to rapid technological change, and new laws (domestic or foreign) and the other risk factors noted below under the heading "Business Risks and Uncertainties" herein. In respect of expectations concerning the Corporation's positioning to capitalize on opportunities, those risks, uncertainties and factors include, but are not limited to, such things as the Corporation's current stage of development, the lack of a corporate record with respect to the generation of revenues from performance-based arrangements with customers, the Corporation's reliance on third parties and third party technology, the existence of competition, the availability of external financing, the inherent risks associated with research and development activities and commercialization of emerging technologies (such as lack of market acceptance), timing of execution of various elements of the Corporation's business plan, the availability of human resources, the emergence of competing business models and new laws (domestic or foreign) and the other risk factors noted below under the heading "Business Risks and Uncertainties" herein. In respect of estimates of expenditures on worldwide mobile search advertising by 2012 and expectations concerning the prominence of mobile initiated searches, as compared to desktop web searches, by 2015, those risks, uncertainties and factors include, but are not limited to, such things as the inherent risks associated with research and development activities and commercialization of emerging technologies (such as lack of market acceptance), the emergence of competing business models, the risks inherent in an industry subject to rapid technological change, and new laws (domestic or foreign) and the other risk factors noted below under the heading "Business Risks and Uncertainties" herein.

In light of the foregoing risk factors, readers should not place undue reliance upon the forward-looking information contained herein and the forward-looking statements contained in this AIF should not be considered or interpreted as guarantees of future outcomes or results.

Forward-looking information respecting:

- (i) expectations that local paid search advertising will increasingly drive the growth of the digital directory segment of the North American directional media market are based upon the Corporation's historical experiences with prior customer projects, information received from customers with respect to anticipated projects and trends in the industry, information received from industry publications relating to trends and developments, customers efforts in devoting resources to the development of innovative solutions in accordance with business plan expectations of management, and the terms of existing customer agreements;
- (ii) expectations that the competition for advertising revenue from the traditional customer base now advertising online will be significant among directory services companies and online search companies are based upon

the Corporation's historical experiences with prior customer projects, information received from customers with respect to anticipated projects and trends in the industry, information received from industry publications relating to trends and developments, customers efforts in devoting resources to the development of innovative solutions in accordance with business plan expectations of management, the terms of existing customer agreements;

- (iii) expectations that the use of vanity numbers will increase the overall size of the local mobile advertising market are based upon the Corporation's historical experiences with prior customer projects, information received from customers with respect to anticipated projects and trends in the industry, information received from industry publications relating to trends and developments, customers efforts in devoting resources to the development of innovative solutions in accordance with business plan expectations of management, the terms of existing customer agreements
- (iv) expectations concerning the shifting directory usage from print to online and mobile sources and expectations concerning the future efficiency of online and mobile searching are based upon the Corporation's historical experiences with prior customer projects, information received from customers with respect to anticipated projects and trends in the industry, customers devoting sufficient resources to the development of innovative solutions in accordance with business plan expectations of management, the terms of existing customer agreements;
- (v) expectations concerning the Corporation's positioning to capitalize on opportunities are based upon management's estimates of revenues to be derived from existing customer arrangements, the terms of the agreements entered into with those customers, information received from customers with respect to anticipated call volumes for Call Genie enabled services, customers devoting sufficient resources to the advertising of Call Genie-enabled services to effectively promote awareness and usage of such services and management's assessment of interactions and discussions with existing and potential customers; and
- (vi) estimates of expenditures on worldwide mobile search advertising by 2012 and expectations concerning the prominence of mobile initiated searches, as compared to desktop web searches, by 2015, are based upon information received from customers with respect to anticipated projects and trends in the industry, and information received from industry publications relating to trends and developments.

Call Genie Inc. does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this AIF and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. Call Genie Inc.'s forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statement.

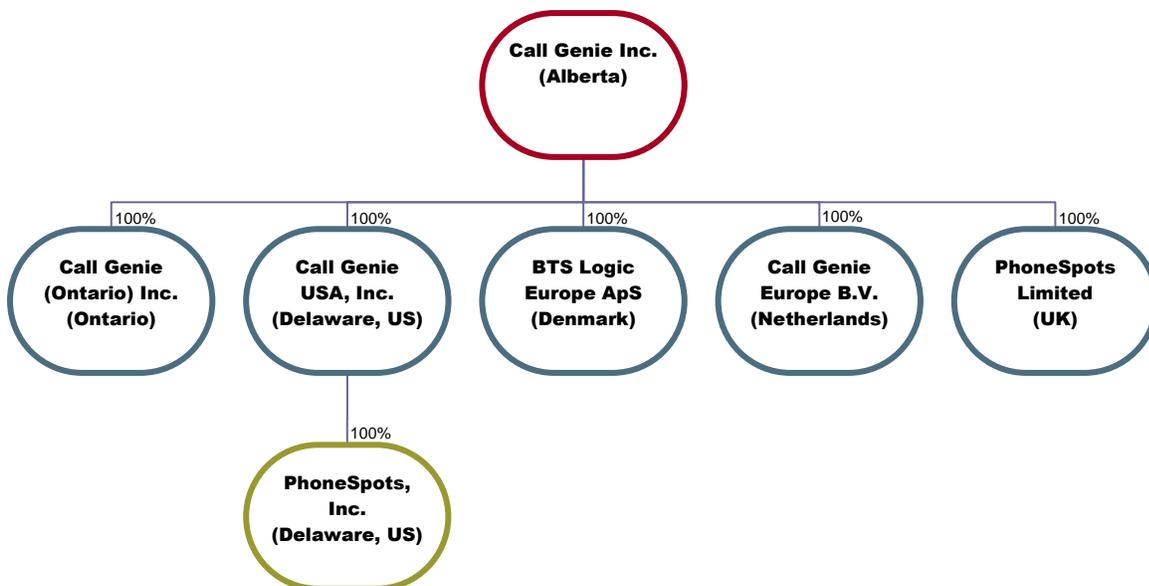
THIRD PARTY INFORMATION, MARKET AND INDUSTRY DATA

The market and industry data contained in this Annual Information Form is based upon information set out in independent industry and other publications (including publications of 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 change and cannot be verified with precision 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 and other limitations and uncertainties inherent in any statistical survey. Accordingly, while Call Genie believes these sources to be generally 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 presenting 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

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 January 2008 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 January 2008 merger transaction, all of the issued and outstanding shares of PhoneSpots Limited became, and continue to be, legally and beneficially owned by Call Genie.

GENERAL DEVELOPMENT OF THE BUSINESS

General

Prior to 2007, Call Genie focused on developing a voice automated, location based category search product that would, in response to caller-provided inputs, search for, identify and provide information concerning relevant local businesses (the "**Category Search Product**"). This product was to be used to provide a category search service ("**Category Search Service**") to consumers. Following 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 five 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 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 Corporation ("**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 channeled through 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. In 2006, Call Genie raised capital to fund product and technology development, and continued with the commercialization of the Category Search Service with YPG. In 2007 the Corporation signed agreements with Verizon Inc., TELUS Communications

Inc., RHD Donnelley Inc./DEX Media Inc., and AT&T thereby diversifying the Corporation's customer portfolio and setting the stage for significant software and application development in the coming years. In addition the Corporation completed significant financing activities, raising \$25,000,000 through equity financing transactions.

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**"), between Call Genie Inc. and New Enterprise East Investments, LLC and Fred F. Korangy, 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 in 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 technologies that identify and distribute to callers relevant mobile content information as well as mobile advertisements sourced from third parties.

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

Three Year History

2008

Following the completion of the acquisitions described above, 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 international customers. 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 Call Genie's relationship with R.H. Donnelley/DEX.

In April 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 business plan (as it then existed), which contemplated that Call Genie would 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 associated with forecasting short-term growth and profitability. During Q3 2008, certain customer projects were scaled back, delayed or cancelled as the credit crisis started to affect a number of the Corporation's customers and their ability to invest in new projects. As a result, the Corporation implemented various measures to reduce the use of cash. These measures included, but were 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.

2009

R.H. Donnelley Inc. and Dex Media, Inc. ("DEX")

In June 2009, the Corporation signed an amending agreement with DEX, which extended the term of its contract with DEX to December 31, 2012. The amending agreement also expanded the scope of the relationship to include new product deployment, custom development and ongoing operational support and maintenance for a comprehensive lead generation and advertising solution. In addition, the amendment provided Call Genie with exclusivity over the extended term of the agreement.

In October 2008, the Corporation announced that DEX had made its award winning 1-800-Call-Dex™ service (enabled by Call Genie) available throughout the 14-state footprint where DEX is the official yellow pages directory for Qwest. The expansion of the service into an additional 35 major metropolitan markets in the United States followed successful trials in Denver, Phoenix, Spokane and Tucson.

The contract amendments included a significant expansion of the capabilities of the system, enhancements to the customer experience and possible extensions of the geographical reach of the 1-800-Call-Dex service. The amended agreement provided that 1-800-Call-Dex would utilize virtually all of Call Genie's product solutions, including the following additional services: Open Location, Open Listing, Open Agent, Open Search, ADvantage, and Business Name Automation.

Under the amended agreement with RHD, upfront fees and payments for product deployment and custom development work were paid to the Corporation in 2009. The amended agreement also provided that Call Genie would be entitled to further revenues over the balance of the term of the contract from: (i) reoccurring maintenance and hosting fees; and (ii) transaction fees based on call volume upon commercial deployment of the applications.

NBC/Endemol

In July 2009, the Corporation entered into a three-year agreement with Endemol USA Inc. ("Endemol") and NBC Universal ("NBC") for a consumer-oriented local search sweepstakes platform for the hit syndicated game show "Deal or No Deal."

Under the terms of the agreement, the Corporation was to develop, manage and promote "Deal Mania," a consumer-oriented sweepstakes contest in the syndicated episodes of "Deal or No Deal" and would apply its technology components to leverage the brand and campaign across a multi-platform strategy.

Financing Activities

In 2009, the Corporation completed two convertible debenture offerings. The first closed in July for aggregate gross proceeds of approximately \$2.5 million. Members of management and directors of the Corporation purchased approximately 13% of the debentures. The principal amount of the debentures bears interest at a rate of 10% per annum, payable semi-annually, and the debentures are scheduled to mature on May 30, 2012. Principal and accrued interest under the debentures is convertible into common shares of the Corporation, at the option of the holder, based on a conversion price of \$0.50 per share (subject to anti-dilution adjustments). Further, the debenture holders each received 240 common share purchase warrants per \$1,000 principal amount of debentures. Each warrant entitles the holder to purchase one common share of the Corporation, at an exercise price of \$0.225 (subject to anti-dilution adjustments), at any time and from time to time until June 26, 2011. The proceeds of the July 2009 private placement were used for working capital and general corporate purposes and to establish a 10% reserve for future interest obligations under the debentures.

Between November 12, 2009 and January 11, 2010 the Corporation distributed a further \$4.0 million aggregate principal amount of convertible secured debentures. Under the terms of the debentures, outstanding principal bears interest at a rate of 12% per annum, payable semi-annually, and the debentures are scheduled to mature on October 31, 2012. Principal and accrued interest under the debentures may be converted into common shares of the Corporation, at the option of the holders, at a conversion price of \$0.50 per share (subject to anti-dilution adjustments). In addition, each debenture holder received 480 warrants per \$1,000 principal amount of debentures. Each warrant entitles the holder to purchase one common share of the Corporation, at an exercise price of \$0.225 (subject to anti-dilution adjustments), at any time prior to October 31, 2011.

The Corporation has granted a security interest to holders of all debentures distributed in 2009/2010 under a general security agreement covering all of the assets of the Corporation.

2010

During 2010, the Corporation continued to diversify its client base while transitioning some key customer accounts into the operational stage. Some of the key developments included the following:

- (a) TDC Denmark: In late 2009, the Corporation completed a three year agreement to design, deploy and maintain an end-user facing directory assistance

website for TDC Denmark, the leading telecommunications company in Denmark. The project was to be delivered in two phases through 2010, beginning with a design phase, then a development, user acceptance testing and full production deployment phase. The agreement with TDC Denmark provides for development and implementation fees, as well as ongoing maintenance and support fees.

(b) Ad Network Components: 2010 saw the continued development of the Call Genie ad network. Agreements were entered into with a number of content providers and customers for the delivery of and access to ad content. The Corporation continued to develop innovative delivery systems and software relating to the delivery of relevant local mobile advertising to ready-to-transact consumers.

(c) DEX One: During 2010, Call Genie continued to develop applications and solutions for this customer. 2010 also saw the early commercialization of the DEX One relationship, with Call Genie technology being successfully deployed in DEX One regions.

(d) Master Supplier relationships: In 2010, Call Genie entered into two significant Master Vendor agreements with major US corporations in the local mobile advertising industry.

(e) France Telecom: During 2010, Call Genie entered into a contract with France Telecom S.A. to provide its CG AdExchange technologies to its advertising network.

Financing Activities

In 2010, Call Genie completed two financings.

On August 12, 2010, the Corporation distributed an aggregate amount of \$1,625,000 principal amount of convertible secured debentures through a brokered private placement and closed an \$875,000 non-brokered secured debt financing. The principal amount of the debentures bear interest at a rate of 17.5% per annum, payable semi-annually, and the debentures are scheduled to mature on August 12, 2012. At the option of each debenture holder, outstanding principal under the debentures may be converted into common shares of the Corporation based on a conversion price of \$0.10 per share. In addition, each debenture holder received 2,000 warrants per \$1,000 principal amount of debentures. Each warrant entitles the holder to purchase one common share of the Corporation, at an exercise price of \$0.12 (subject to anti-dilution adjustments), at any time until August 12, 2014.

The Corporation granted a security interest to the debenture holders, pursuant to a general security agreement covering all of the assets of the Corporation, as well as a secured interest in certain other assets not owned by the Corporation, which were made available by the Chairman of the Board of the Corporation or companies controlled by him.

On that same date, the Corporation also completed a non-brokered private placement of secured debt for aggregate proceeds of \$875,000. Such debt financing included participation by certain insiders of the Corporation, including the Chairman of the Board, the CEO and the CFO, and bears interest at 15%. At the option of the Corporation, repayment may be made in the form of interest only payments, with the principal being repayable at the end of the two year term for an additional 2.5% interest. The Corporation reserved the right to pre-pay such debt prior to maturity and without penalty. Holders of this indebtedness share in the security provided to the holders of the debentures distributed on August 12, 2010 on a *pari passu* basis.

In November 5, 2010, the Corporation completed a private placement of 1,500 units (each, a "Unit") for aggregate gross proceeds of \$1,500,000 (representing a per Unit price of \$1,000). Each Unit consisted of 1,000 common shares in the capital of the Corporation and \$1,000 principal amount of secured non-convertible debentures. Interest was payable on the principal amount of the debentures at a rate of 10% per annum and the principal amount of the debentures and accrued interest was scheduled to mature on May 5, 2011, provided that the Corporation was able to prepay all or any portion of the debentures and interest prior to the maturity date without any premium or penalty. Performance by the Corporation of its obligations under the November 2010 debentures was secured by a security interest in all of the Corporation's present and after-acquired personal property. In addition, holders of the November 2010 debentures were granted a second security interest in an asset, not owned by the Corporation, which was made available by a company controlled by the Chairman of the Board of Directors of Call Genie. In conjunction with a financing completed by the Corporation on March 2, 2011, these debentures were repaid in full.

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 persons who call a specified 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's goal is to be a leading global provider of mobile local search and mobile digital interactive advertising solutions, by enabling traditional industries to move to new business models that support the connection of mobile consumers and local merchants. The Corporation seeks to provide technology, services and solutions that utilize advanced wireless networks as well as the mobile web internet to enable a "mobile ecosystem" that encompasses advertisers, advertising publications (*e.g.* internet yellow pages) and mobile users. To advertisers and

advertising publications, Call Genie provides a range of tools and marketing solutions designed to support the connection of mobile consumers to local merchants through mobile devices and the mobile web, using both voice commands and data services. This information or advertising is presented to users in voice or data format (or both) and may be sent to advanced mobile devices such as the Blackberry and the iPhone.

Call Genie offers its mobile local search and advertising solutions to users through a network of third party organizations that have direct consumer and advertising relationships, and through the development of the Corporation's own ad network. Those third party entities can be wireless carriers, Directory Assistance Providers or other companies that have significant wireless or wireline customer bases. The third party organizations that have advertising relationships can be search engine companies, YPP 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.

Call Genie's products and services are available internationally in more than 12 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 set out summary information concerning key elements of Call Genie's business strategy.

Expanded Product Offering

In 2010, the Corporation continued the expansion of its bundled solution (that constitutes Call Genie's suite of products and services) through the development and expansion of the Call Genie ad network. Solution specific development projects such as the DEX One agreement, the relationship with France Telecom and its affiliates, and the NBC/Endemol agreement have led to the development of innovative solutions that are being marketed by the Corporation.

International Expansion

Call Genie continues to pursue international opportunities by leveraging its global customer base and contacts established through the acquisition of BTSLogic and PhoneSpots in 2008. The breakdown of revenues for 2010 was as follows: 10% earned from Canadian contracts, 27% from US contracts and 63% from Europe and Rest of World.

Revenues by Product Type

The following table sets out additional information concerning revenue by product line for the years indicated.

In thousands	12 months ended December 31, 2008	12 months ended December 31, 2009	12 months ended December 31, 2010	% of total 2010
Voice	1,977	893	1,291	31%
SMS Data	804	1,195	382	9%
Workstation	1,486	1,399	2,533	60%
Total	4,267	3,487	4,206	100%

For 2010, Call Genie's overall increase in revenues, as compared to fiscal 2009, was primarily attributed to the increased revenues from the Corporation's workstation projects from Europe and Rest of World.

Customer Retention and Acquisition

Call Genie has entered into, and is reliant to a large degree, on a number of key contracts, as described above in this Annual Information Form (see "General Development of the Business – Three Year History"). Call Genie continues to seek out opportunities to expand existing relationships and to enter into additional similar agreements with other industry participants.

The Usage-Provider/Content Provider Eco-system

Management of the Corporation believes that the more often a consumer uses Call Genie-enabled mobile local search and advertising services (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 three key ways to drive traffic. First, by supporting a "free-to-consumer" arrangement (voice or mobile handset data (or both)) 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 directory assistance service offering, including call intercept services. Third, the development of the Corporation's ad network as a source of traffic. All of these methods drive usage volume, which has the potential to be monetized.

YPPs, 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 rate of which 411 callers have opted for the Category Search Service in the context of TELUS' 411 DA service has varied widely (between 3% and 13%) and may be a function of the 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 increasingly turning to data oriented search services through their mobile handsets 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 three user interfaces and technologies, which optimize the consumer's search based on the particular kind of search 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 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 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 platform provides a mobile local search capability that is accessible to consumers through various means (landline, mobile phone, internet, etc.) using the most appropriate technology (voice, data, and or human).

Call Genie as a Broker

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

Arrangements between content providers and usage providers are typically not exclusive. Content providers generally accept consumer usage from any source. Usage providers require content from a variety of sources and geographies in order to provide a compelling 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.

Solutions Model

A key component to Call Genie's business strategy is to leverage the efficiencies that arise from the use of 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 componentized 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 fast 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 now made and received in North America and elsewhere on mobile networks than on land line networks.

Local Search

Call Genie's business plan is premised on the belief 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.

As major search engines such as Google and Yahoo continue to aggressively expand their reach 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 development. 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 the formation of relationships with entities that operate websites offering online and localized services. 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.

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 use vanity numbers to attract consumers. The service is generally 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 some industry observers to increase the overall size of the market as it attracts new customers who have historically been unwilling or unable to pay traditional 411 fees. In addition, there are examples of major incumbent carriers investing in their own free DA service, which theoretically would compete with their traditional fee based 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 Blackberry and the iPhone). This, in turn, is expected by industry observers, to make the usability of online or mobile searching as efficient as accessing print directories.

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 Overview

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 established presence in such markets as a competitive advantage.

In September 2010, eMarketer, an independent market research company focusing on Internet, online marketing, media and emerging technologies, estimated worldwide mobile advertising at US\$2,036 million by 2013. According to JP Morgan, revenue per 1,000 ad impressions is around \$1.92 while revenue per 1,000 searches is around \$70.14; in general, advertisers can be expected to pay far more to reach consumers who are actively searching.

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. From the same survey The Kelsey Group and ConStat concluded that 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, Opus Research and 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 Call Genie has not independently verified the accuracy of the information provided by the Kelsey Group, eMarketer, JP Morgan, Nielsen, comScore, and Opus Research, nor is certain of that information is empirically verifiable as it involves expectations of future developments.

Selling and Marketing Plans and Strategy

Call Genie's goal is to be a leading global provider of mobile local search and mobile digital interactive advertising solutions, by enabling traditional industries to move to new business models that support the connection of mobile consumers and local merchants. The Corporation seeks to provide technology, services and solutions that utilize advanced wireless networks as well as the mobile web internet to enable a "mobile ecosystem" that encompasses advertisers, advertising publications (*e.g.* internet yellow pages) and mobile users.

Call Genie does not sell direct to end-users, rather it delivers its solutions through service providers who use their own resources, brands, and installed base to offer and commercialize the solution. To advertising aggregators, Call Genie provides a range of tools and multi-modal advertising solutions designed to enable them to target and reach ready to transact consumers using mobile devices and the mobile web. To service providers who support or have access to mobile consumers, Call Genie provides solutions which enable such providers to offer users mobile local search or opt-in ("know me") that enables consumers to access relevant local merchants/content. This content or advertising may be presented to users in voice or data format (or both) and may be sent to advanced mobile devices, such as the Blackberry or the iPhone, as well as any conventional mobile or wired handset.

Call Genie offers its mobile local search and advertising solutions to users through a network of service providers that have direct consumer and or advertising relationships, and through the development of the Corporation's own ad network. Entities that provide search or opt-in solutions to consumers include wireless carriers, Directory Assistance providers, national search engines, etc. Organizations that have advertising relationships can be online service providers, Yellow Pages publishers or media companies that have developed significant advertising publications in traditional or digital media.

The Corporation's products and services may be offered by its customers through a 'for fee' service or via a 'for free' advertiser supported service. Call Genie generates revenue from the delivery of professional services in the form of implementation, maintenance and support fees, and from usage fees in the form of revenue share, transaction fees, and hosting fees.

Call Genie's products and services have been implemented internationally in more than 12 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. Further, the Corporation has significant initiatives currently underway in Southeast Asia and Latin America.

Call Genie currently employs direct sales personnel in Canada, the United States, Australia 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, 2010, the Corporation had 8 staff dedicated to the sale and marketing of its products and services.

Call Genie generates sales leads through existing business relationships, marketing partners, industry conferences, targeted advertisements, 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 technologies, products and services as well as the development of an appropriate business case.

Call Genie also relies on a series of alliances with leading companies in the mobile local search market. These alliances are intended to provide an international extension of Call Genie's direct sales force as well as 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; 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 key contacts 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 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 to callers searching for directory and other information through its 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.

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 associating 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 November 2008, a United States patent was granted in relation to the "Method and System of Providing Personal and Business Information". In 2009, the Australian Patent Office also granted a patent in relation to this same application. Call Genie continues to pursue three patent applications. In addition, PhoneSpots has two patents granted.

Call Genie's future success will be 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 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 its intellectual property. Call Genie also enters into non-disclosure or confidentiality 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 December 31, 2010, Call Genie employed 33 full-time employees and two full-time contractors and as at March 24, 2011, Call Genie employed 34 full-time employees and two full-time contractors. In addition, approximately eight part-time employees and contractors are used primarily to perform transcription and production support services. At March 24, 2011, the Corporation had 32 full-time and part-time employees and contractors located in Canada - predominantly located in Calgary, Alberta and Toronto, Ontario. Of the remaining 12 people, three are located in the United States, eight are in Europe, and one is based in Australia. Of the Corporation's 44 full-time and part-time employees and contractors, eight are allocated to sales activities (including account management, business development and marketing); 17 are allocated to research and development activities; 10 are allocated to client services; and nine 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. feet 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.

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 Corporation's annual MD&A for the year ended December 31, 2010, 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 Call Genie 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 \$8.5 million for the year ended December 31, 2010, \$12.4 million for the year ended December 31, 2009, \$20.5 million for the year ended December 31, 2008, \$12.6 million for the year ended December 31, 2007, and \$6.5 million 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 its 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.

Economic Dependence on One Customer

Revenues for the second quarter of 2011, and for the balance of 2011 and for a time thereafter, will depend, to a significant degree, on the results achieved by one customer in the United States of America who is in the process of implementing a service that utilizes the Corporation's technologies. Any disruption of the relationship with this customer (through nonperformance or termination of the applicable commercial agreements or otherwise) or any interruption of the business of this customer (such as any disruption in its labour relations with its unionized general sales force) may have a material adverse effect on Call Genie's business, results of operations 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 (at all or 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.

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.

Current Enterprise Value assigned by the Market; Liquidity

The actions 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 its relatively low market capitalization, and any perception of higher risks may have a material adverse effect on Call Genie's business, results and financial condition.

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, 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. 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 will 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 effect 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 the Call Genie technology. Many factors may limit Call Genie's ability to develop and refine required technologies 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, 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 be required 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.

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.

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 company 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 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 Changes to the Corporation's accounting policies

Changes to the Corporation's accounting policies, including the anticipated implementation of IFRS, may result in significant adjustments to its financial results, which could negatively affect the Corporation's business, and may increase the risk of breaching covenants contained in agreements to which the Corporation is a party.

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 months indicated:

2010	High (\$)	Low (\$)	Close (\$)	Volume (Common Shares)
January	0.22	0.17	0.21	931,600
February	0.20	0.15	0.18	649,100
March	0.19	0.14	0.17	916,700
April	0.16	0.12	0.13	1,668,200
May	0.13	0.07	0.08	826,900
June	0.08	0.06	0.06	441,700
July	0.10	0.05	0.09	1,639,000
August	0.15	0.09	0.10	1,119,300
September.....	0.14	0.09	0.12	761,400

2010	High (\$)	Low (\$)	Close (\$)	Volume (Common Shares)
October.....	0.13	0.10	0.12	1,241,800
November.....	0.20	0.11	0.14	2,842,900
December.....	0.16	0.13	0.14	2,410,600

Share Capitalization

As at the date of this Annual Information Form there were 89,700,241 common shares outstanding (88,232,247 as at December 31, 2010) and the Corporation and has distributed options, warrants and debentures that entitle the holders of such instruments to acquire common shares from the treasury of the Corporation.

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.

Description of Options

Under the Corporation's current Stock Option Plan ("**Plan**"), the Corporation's directors may approve the issuance of stock options to directors, officers, employees and agents of the Corporation and its affiliates. The aggregate number of shares reserved for issuance under the Plan may not exceed 15% of the number of outstanding Common Shares. Since the inception of the Plan, the Corporation has granted 30,592,250 stock options to persons eligible to participate in the Plan. As at March 24, 2010, 13,181,250 stock options were outstanding at prices ranging from \$0.07 to \$0.83 per share. Options granted under the Plan may vest immediately or may be subject to vesting over a period of time determined by the directors of the Corporation – for example, options granted under the Plan may vest, as to one third thereof, on each of the first, second and third anniversaries of the date of grant. All outstanding options have been granted with an exercise period of five years and have expiry dates ranging from March 19, 2013 to February 4, 2016.

Description of Warrants

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

Founders' Warrants

The Corporation issued founders' warrants to individuals and corporations as part of its initial capital structure. At December 31, 2009, there were 3,910,406 of such founders' warrants outstanding. The founders' warrants were non-transferable (except in limited circumstances).

Each founders' warrant entitled the holder thereof to acquire one Common Share at a price of \$0.225, subject to adjustment. As the founders' warrants were set to expire on August 16, 2010, the Corporation entered into an agreement with certain non-insider founders whereby each non-insider founder was granted an 18 month extension of those founders' warrants in exchange for the payment of C\$0.015676 per Warrant as an extension fee.

There were a total of 3,910,406 founder warrants set to expire on August 16, 2010. Insider founders held 749,381 founder warrants. Of the remaining founder warrants, non-insider founders agreed to extend 2,888,523 founder warrants. The extended warrants expire on February 16, 2012 (being 18 months after August 16, 2010). The extended founder warrants entitle the holder to one common share of Call Genie with an exercise price of C\$0.225 per warrant.

Offering Warrants

In conjunction with a private placement completed 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. Of those 600,000 warrants, 450,000 were exercised prior to expiry and the balance expired unexercised in March 2008.

In conjunction with a private placement completed 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. Of those 600,000 warrants, 270,000 were exercised prior to expiry and the remainder expired unexercised in April 2008.

In conjunction with the private placements completed in 2009, the Corporation issued an aggregate of 2,511,600 warrants, each of which entitles the holder to purchase one Common Share at an exercise price of \$0.225 (subject to anti-dilution adjustments). Additionally, in conjunction with the private placement financing completed in December 2009, 90 broker's warrants (each consisting of \$1,000 principal amount of secured convertible debentures and 480 common share purchase warrants, at a subscription price of \$1,000) were issued to Dundee Securities Limited. Once exercised, each warrant included in the unit will entitle the holder to purchase 480 Common Shares of the Corporation at an exercise price of \$0.225 per Common Share (subject to anti-dilution adjustments).

In conjunction with the private placements completed in 2010, the Corporation issued an aggregate of 3,350,000 warrants, each of which entitles the holder to purchase one Common Share at an exercise price of \$0.12 (subject to anti-dilution adjustments).

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. Call Genie is subject to certain restrictions on the declaration and payment of dividends set out in the *Business Corporations Act* (Alberta). In particular, the *Business Corporations Act* (Alberta) provides that a corporation shall not declare or pay a dividend if there are reasonable grounds for believing that: (a) the corporation is, or would after the payment

of the dividend be, unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and the stated capital of all classes of its shares.

Escrowed Securities

There are no escrowed securities in relation to Call Genie.

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, 2010 are set out in the following table and the notes thereto.

<u>Name</u>	<u>Address (municipality)</u>	<u>Office or Position with Corporation as at December 31, 2010</u>	<u>Number of Common Shares held and % of outstanding Common Shares as at December 31, 2010 ⁽¹³⁾</u>		<u>Director Since</u>
Richard W. DeVries ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Freeport, GBI, Bahamas	Director	5,561,543	(6.30%)	August, 2004
S. Graeme Ross ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	Wainfleet, Ontario Canada	Director	177,900	(<1%)	August, 2004
Nancy Shemwell ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾	Dallas, Texas United States of America	Director	82,000	(<1%)	October, 2006
Daniel Gatti ⁽⁷⁾	Carlsbad, California United States of America	Director	Nil	Nil	April, 2007
Nicholas P. Fader ⁽⁸⁾	Calgary, Alberta Canada	Director	22,000	(<1%)	March, 2008
Michael Durance ⁽⁹⁾	Toronto, Ontario Canada	Director, Chief Executive Officer	3,288,738	(3.73%)	June, 2005
Christopher Shelton ⁽¹⁰⁾	Markham, Ontario Canada	Chief Financial Officer	391,649	(<1%)	N/A
Chet Chan ⁽¹¹⁾	Calgary, Alberta Canada	General Manager – North America and Senior Vice President – Client Services	30,000	(<1%)	N/A
Erin D. Oor ⁽¹²⁾	Uxbridge, Ontario Canada	Vice President, General Counsel, Corporate Secretary	2,155	(<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. Since September, 2009, Mr. Ross has been a financial advisor with Dundee Wealth in St. Catherines, Ontario.
- (6) Between May of 2009 and February of 2011, Ms. Shemwell served as President and CEO of Multi-Link, Inc., a manufacturer of linesharing and remote power rebooting equipment. 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 President and CEO of Data Center Rebates Inc (a private services company) since January 2010. From January 2008 to January 2010, Senior Vice President of Worldwide Market Operations for Verari Inc.(a private technology company) ; 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 held that position since March 1998.
- (9) Mr. Durance has served as Chief Executive Officer of the Corporation since June 2005; Vice President and General Manager at Toshiba America Information Systems in Irvine, California from December 2001 to May 2005.
- (10) Mr. Shelton has served as Chief Financial Officer of Call Genie since March 2006; 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. Chan has served as General Manager - North America since July, 2010 and as Sr. Vice President - Client Services Senior Vice President, Client Services of Call Genie since February 28, 2008; Vice President, Client Services of Call Genie from July 1, 2007 to February 28, 2008; Independent Management Consultant from 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.
- (12) Mr. Oor has served as General Counsel for Call Genie since June 2007; Self employed as a 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.
- (13) Does not include shares issuable upon the exercise of outstanding options or other convertible securities.

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

As at December 31, 2010, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, 9,555,985 Common Shares representing approximately 10.83% of the issued and outstanding Common Shares and held options, convertible debentures and share purchase warrants entitling them to acquire up to a further 7,881,200 Common Shares. Assuming the exercise or conversion of all options, convertible debentures and share purchase warrants, the directors and executive officers of the Corporation, as a group, would beneficially own, or exercise control or direction over, directly and indirectly, 17,437,185 Common Shares representing approximately 12.43% of the then issued and outstanding Common Shares. The information as to shares beneficially owned by officers and directors set out above in this section, 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. 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

To the knowledge of Call Genie, other than as described below, no director or executive officer of the Corporation is, as at the date of this AIF, or has been, within the past 10 years before the date hereof, a director, chief executive officer, or chief financial officer any issuer that:

- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Call Genie, no director or executive officer of the Corporation or shareholder holding a sufficient number of securities of Call Genie to affect materially the control of Call Genie:

- (i) is, as of the date of this AIF, or has been within ten years before the date hereof, a director or executive officer of any company (including Call Genie) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of Call Genie, no director, executive officer or shareholder holding a sufficient number of securities of Call Genie to affect materially the control of Call Genie has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Richard W. DeVries

On July 6, 2001, the ASC issued an interim cease trade order against Advanced Vision Systems Corp. for failure to file required financial information, and a similar order was issued by the British Columbia Securities Commission (the "**BCSC**") shortly thereafter (the "**Financial Statement Orders**"). The TSX Venture 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, following the filing of the relevant information. Revocation of the Financial Statement Orders was confirmed on March 5, 2002 by the TSX Venture Exchange, at which time the TSX Venture Exchange advised that the Trading Suspension would not be revoked by the TSX Venture Exchange until Advanced Vision Systems Corp. met its requirements for securities trading. On March 10, 2004, Advanced Vision Systems Corp. was transferred to the NEX board of the TSX Venture Exchange. Mr. DeVries is a Director of Vision Systems Corp.

In May 2007 CPI Crown Properties International Corporation ("**Crown Properties**"), a corporation in respect of which Mr. DeVries served as a director, became subject to a cease trade order due to its deficiency in publishing and distributing its audited financial statements for 2006 in accordance with applicable securities laws. The Corporation has been advised that this deficiency occurred due to internal accounting issues and that Crown Properties subsequently rectified the deficiency and completed all ancillary matters and has complied with all securities and regulatory requirements. Subsequent to the above rectification, Mr. DeVries resigned as a director of Crown Properties.

While Mr. DeVries was a director, a temporary cease trade order was issued by the BCSC, being the Principal Regulator, on July 22, 2010, respecting Kinetex Resources Corporation ("Kinetex") for failure to file comparative audited annual financial statements for the year ended December 31, 2009 and interim financial statements for the period ended March 31, 2010 within the prescribed timeframe. As a result, trading in the common shares of Kinetex on the TSX Venture Exchange was temporarily halted effective July 23, 2010. On November 3, 2010 the Alberta Securities Commission issued a cease trade order respecting securities of Kinetex. Mr. DeVries resigned as a director of Kinetex on December 7, 2010.

While Mr. DeVries was a director of Pacific Lottery Corporation ("PLC"), the trading of the shares of PLC on the TSX Venture Exchange was halted on August 24, 2010. Mr. DeVries resigned as a director of PLC on February 17, 2011.

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.

Under the provisions of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), all of the members of the Audit Committee are, subject to certain exceptions, required to be independent and financially literate. As well, the Audit Committee is required to have a written charter that sets out its duties and responsibilities. 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 is also a financial adviser with Dundee Wealth in St. Catharines, Ontario and has acted in that capacity since September 2009.

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 – Ms. Shemwell was the President and CEO of Multi-link Inc. between May 2009 and February 2011. Until September 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 any 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. This is achieved through a meeting between the Audit Committee and the Corporation's auditor in advance of the commencement of the audit year. During this meeting, the terms of the audit and the fees to be charged by the auditor are agreed to and approved by the Audit Committee.

External Auditor Service Fees (By Category)

The Corporation's auditor is Ernst & Young LLP. Information concerning the aggregate fees billed to the Corporation by its external auditor in each of the last two fiscal years is set out in the following table:

Financial Year Ending	Audit Fees	Audit Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	All Other Fees ⁽³⁾
2009	\$153,220	\$4,080	\$12,305	\$nil
2010	\$110,000	\$nil	\$9,714	\$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.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As noted above, YPG, a customer of Call Genie has disputed the obligation of YPG to pay certain amounts owing to Call Genie by YPG. Discussions with the customer concerning this dispute have not led to a resolution of the matter and the Corporation has commenced legal proceedings through the filing of a Statement of Claim at the Ontario Superior Court of Justice on September 21, 2010 (claiming amounts owing pursuant to the agreement with the customer of \$1.9 million plus damages of \$1.0 million) and the customer has counter-claimed (claiming damages of \$5.0 million). Management of the Corporation has consulted with legal counsel concerning this matter and believes that the counter claim filed by YPG is without merit. Except as set out above, 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 2010, 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 2010 financial year. In addition, during 2010 Call Genie did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In 2010 and 2009 directors and officers of the Corporation purchased \$905,000 aggregate principal amount of non-convertible debt and \$380,000 aggregate principle amount of convertible debt, respectively. During the year ended December 31, 2010, these directors and officers received \$66,000 of interest in accordance with the terms of the applicable debt instruments. In addition, certain debentures issued by the Corporation in 2010 have been secured with assets made available by the Chairman of the Board of Directors. Other than the foregoing, 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 Company of Canada at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

On August 4, 2010, Call Genie signed an agreement in the normal course of its business with France Telecom S.A. ("**France Telecom**"). Pursuant to that agreement, Call Genie's technology components have been deployed in conjunction with the Orange advertising network (a key brand of France Telecom). Other than the foregoing, 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 were 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.

INTERESTS OF EXPERTS

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2010, have been audited by Ernst & Young LLP. 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 June 2010. Call Genie anticipates that an information circular for the meeting of shareholders scheduled for June 2011 will be disseminated in advance 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, 2010 and related MD&A.

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 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 Officer; 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.