

Filing Statement Regarding the Acquisition of

CALL GENIE INC.

by

GRD ENTERPRISES INC.



June 22, 2004

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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GLOSSARY

Unless otherwise indicated, whenever used in this Filing Statement the following words and terms have the indicated meanings or, if not defined herein, have the meanings set out in TSX Venture Exchange Policy 1.1 - *Interpretations*.

"\$" means Canadian Dollars.

"**310-GENI™**" is the name under which Call Genie's EVD Service™ is proposed to be marketed and is a trademark of Call Genie.

"**Acquisition Agreement**" means the letter agreement, dated February 24, 2004, (as amended) between GRD and Call Genie respecting the Transaction.

"**Agency Agreement**" means the agency agreement between GRD, First Associates Investments Inc., Leede Financial Markets Inc. and Jennings Capital Inc., respecting the terms of the Offering and the obligations of the parties in relation thereto;

"**Amalgamation**" means the vertical, short-form amalgamation (to be undertaken pursuant to section 184 of the *Business Corporations Act* (Alberta)) between Call Genie and GRD, which is anticipated to occur following closing of the Transaction and the Offering.

"**CG**" means Call Genie Inc., the corporation that will result from the Amalgamation.

"**CG Board**" means the board of directors of CG.

"**CG Option Plan**" means the stock option plan of CG, pursuant to which options to purchase CG Shares may be granted to directors, officers and employees of and consultants to CG and its affiliates.

"**CG Options**" means options to purchase CG Shares.

"**CG Securities**" means CG Shares, CG Options and CG Warrants, collectively.

"**CG Shares**" means common shares in the capital of CG.

"**CG Shareholders**" means holders of CG Shares.

"**CG Warrants**" means any warrants entitling the holder thereof to acquire CG Shares upon payment to CG of the applicable exercise price.

"**CPC**" means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

- (c) in regard to which the completion of the Qualifying Transaction has not yet occurred.

"Call Genie" means Call Genie Inc., a body corporate continued under the laws of the Province of Alberta, the corporation that exists before the Amalgamation.

"Call Genie (Barbados)" means a body corporate proposed to be incorporated and organized by Call Genie under the laws of Barbados and which is proposed to be a wholly-owned subsidiary of Call Genie.

"Call Genie (Ontario)" means Call Genie (Ontario) Inc., a body corporate, incorporated under the laws of the Province of Ontario and a wholly-owned subsidiary of Call Genie.

"Call Genie (USA)" means Call Genie USA, Inc., a body corporate incorporated under the laws of the state of Delaware and a wholly-owned subsidiary of Call Genie.

"Call Genie Board" means the board of directors of Call Genie.

"Call Genie Convertible Debenture" means the convertible debenture, dated September 25, 2003, issued by Call Genie to Oceanic Greystone Securities Inc., pursuant to which Call Genie was entitled to borrow up to \$1 million from Oceanic Greystone Securities Inc. at an interest rate of 12% per annum. This debenture entitled its holder to convert outstanding principal and accrued interest into Call Genie Shares at the conversion rate of one share for each \$0.30 of converted principal and interest, which conversion occurred on May 28, 2004.

"Call Genie Securities" means the Call Genie Shares and the Call Genie Warrants, collectively.

"Call Genie Shareholders" means the holders of the Call Genie Shares.

"Call Genie Shares" means common shares in the capital of Call Genie.

"Call Genie Subsidiaries" means all of the existing (and proposed) subsidiaries of Call Genie, being Call Genie (Ontario), Call Genie (USA) and Call Genie (Barbados).

"Call Genie Warrants" means the 1.6 million share purchase warrants issued by Call Genie effective September 30, 2003 (and to be exchanged for replacement GRD warrants as part of the Transaction), each of which entitles the holder thereof to acquire one Call Genie Share upon payment to Call Genie of \$0.50 per Call Genie Share (\$0.225 per GRD Share following the exchange for replacement GRD warrants) until March 1, 2010 (July 30, 2010 for the replacement GRD warrants).

"company" means a company, corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Completion of the Qualifying Transaction" means the date a Final Exchange Bulletin is issued by the Exchange in respect of a Qualifying Transaction.

"**CPC Escrow Shares**" means CG Shares to be held in escrow pursuant to Section 4 of Exchange Policy 5.4 (*Escrow, Vendor Consideration and Resale Restrictions*) and, for a Tier 2 issuer, released in accordance with the following timeline:

% of CG Shares Released from Escrow	Release Date
10%	March 3, 2004
15%	September 3, 2004
15%	March 3, 2005
15%	September 3, 2005
15%	March 3, 2004
15%	September 3, 2004
15%	March 3, 2005

"**Directory Service Provider**" means a publisher of telephone directories.

"**EVD Service**TM" means the Enhanced Voice DirectoryTM service developed by Call Genie, utilizing the EVD Technology.

"**EVD Technology**" means all tangible and intangible technology, information, materials, software, systems, databases and know how relating to and including the Enhanced Voice DirectoriesTM.

"**Enhanced Voice Directories**TM" means the directories, databases and compilations developed by or for Call Genie in order to provide information services to users of landline telephones, cellular telephones and similar devices and other users of voice activated interactive directory information services.

"**Escrow Shares**" means the CPC Escrow Shares, Value Escrow Shares and the Surplus Escrow Securities, collectively.

"**Exchange**" means the TSX Venture Exchange Inc.

"**Final Exchange Bulletin**" means the Exchange Bulletin issued following closing of a Qualifying Transaction and the submission of all required documentation and that evidences a final Exchange acceptance of a Qualifying Transaction.

"**Financing Engagement Letter**" means the letter of intent, dated May 19, 2004, between GRD and First Associates Investments Inc., respecting the Offering.

"**GRD**" means GRD Enterprises Inc., a body corporate incorporated under the laws of the Province of Alberta.

"**GRD IPO Agents' Option**" means the non-transferable option granted by GRD to First Associates Investments Inc., Jennings Capital Inc. and Leede Financial Markets Inc. in connection with GRD's initial public offering, entitling such holders to acquire up to 583,000 GRD Shares (in the aggregate) at any time until September 4, 2005, at an exercise price of \$0.30 per GRD Share.

"GRD Board" means the board of directors of GRD.

"GRD Option Plan" means the stock option plan, established by resolution of the GRD Board on June 6, 2003, pursuant to which options to purchase GRD Shares may and have been granted.

"GRD Offering Agents' Option" means the non-transferable option to be granted by GRD to First Associates Investments Inc., Leede Financial Markets Inc., and Jennings Capital Inc., upon completion of the Offering, entitling such holders to acquire up to 444,440 GRD Units (in the aggregate) at any time until 18 months following the date of issuance of the GRD Units.

"GRD Options" means options to purchase GRD Shares granted under the GRD Option Plan.

"GRD Purchase Warrants" means the share purchase warrants of GRD to be distributed as part of the Offering, the holders of which will be entitled, for each full warrant held, to acquire one GRD Share at an exercise price of \$0.90 per GRD Share until the date that is 18 months after the date of issuance of the GRD Purchase Warrants.

"GRD Securities" means GRD Shares and GRD Options, collectively.

"GRD Shareholders" means holders of the GRD Shares.

"GRD Shares" means common shares in the capital of GRD.

"GRD Units" means the GRD units to be sold in connection with the Offering, each such unit to consist of one GRD Share and one-half of one GRD Purchase Warrant.

"Insider" when used in relation to a company, means:

- (a) a director or senior officer of the company;
- (b) a director or senior officer of a company that is an Insider or subsidiary of the company;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the company; or
- (d) the company itself if it holds any of its own securities.

"Offering" means the proposed offering of 4,444,400 GRD Units for gross proceeds of \$1,999,980, pursuant to Exchange Policy 4.6 - *Public Offering by Short Form Offering Document*, which is expected to close contemporaneously with the closing of the Transaction.

"Person" means a company or individual.

"promoter" has the meaning specified in Section 1(rr) of the *Securities Act* (Alberta).

"Qualifying Transaction" means a transaction in which a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"Resulting Issuer" means the company (formerly a CPC) that exists upon issuance of a Final Exchange Bulletin.

"Significant Assets" means one or more assets or businesses that, if purchased, optioned or otherwise acquired by a CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

"Sponsor" means First Associates Investments Inc.

"Sponsorship Engagement Letter" means the letter agreement, dated January 26, 2004 and agreed to February 25, 2004, between the Sponsor and GRD, pursuant to which the Sponsor agreed to prepare a sponsorship report on behalf of GRD.

"Surplus Escrow Securities" means CG Shares or CG Warrants, as the case may be, to be held in escrow pursuant to section 5 of Exchange Policy 5.4 (*Escrow, Vendor Consideration and Resale Restrictions*) and, for a Tier 2 issuer, released in accordance with the following timeline:

<u>% of CG Shares Released from Escrow</u>	<u>Release Date</u>
5%	6 months from Final Exchange Bulletin in respect of the Transaction
5%	12 months from Final Exchange Bulletin in respect of the Transaction
5%	18 months from Final Exchange Bulletin in respect of the Transaction
5%	24 months from Final Exchange Bulletin in respect of the Transaction
10%	30 months from Final Exchange Bulletin in respect of the Transaction
10%	36 months from Final Exchange Bulletin in respect of the Transaction
10%	42 months from Final Exchange Bulletin in respect of the Transaction
10%	48 months from Final Exchange Bulletin in respect of the Transaction
10%	54 months from Final Exchange Bulletin in respect of the Transaction
10%	60 months from Final Exchange Bulletin in respect of the Transaction
10%	66 months from Final Exchange Bulletin in respect of the Transaction
10%	72 months from Final Exchange Bulletin in respect of the Transaction

"Transaction" means all of the transactions contemplated by the Acquisition Agreement, including the acquisition of the Call Genie Shares by GRD.

"Value Escrow Shares" means CG Shares to be held in escrow pursuant to section 4 of Exchange Policy 5.4 (*Escrow, Vendor Consideration and Resale Restrictions*) and, for a Tier 2 issuer, released in accordance with the following timeline:

<u>% of CG Shares Released from Escrow</u>	<u>Release Date</u>
10%	at the time of Final Exchange Bulletin in respect of the Transaction
15%	6 months from Final Exchange Bulletin in respect of the Transaction
15%	12 months from Final Exchange Bulletin in respect of the Transaction
15%	18 months from Final Exchange Bulletin in respect of the Transaction
15%	24 months from Final Exchange Bulletin in respect of the Transaction
15%	30 months from Final Exchange Bulletin in respect of the Transaction
15%	36 months from Final Exchange Bulletin in respect of the Transaction

"YPG Agreements" means the series of agreements between Call Genie (Ontario) and Yellow Pages Group Co., dated December 23, 2003, providing for, among other things, the development and commercialization of the EVD Service™.

"Yellow Pages Group Co." means Yellow Pages Group Co., a company formed pursuant to the laws of the Province of Nova Scotia, and a Directory Service Provider.

SUMMARY

The following is a summary of information relating to GRD, Call Genie and CG (assuming the completion of the Transaction) and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this Filing Statement.

The Companies

GRD

At present, GRD does not own any assets, other than cash. To date, GRD has not conducted any active business operations except as described herein. Since its incorporation, the principal business activities of GRD have consisted of the financing of GRD through its initial public offering, the initial listing of the GRD Shares on the Exchange and, subsequently, the negotiation of the Acquisition Agreement and the Financing Engagement Letter and efforts to implement the Transaction and undertake the Offering. See "Information Concerning GRD - General Development of the Business".

The GRD Shares have traded on the Exchange (under the symbol "GRI") since March 19, 2004. The price per GRD Share was \$0.445 as of June 22, 2004. See "Information Concerning GRD - Trading History".

Call Genie

Call Genie is a Calgary-based service provider that is developing a location-based, voice-activated business referral directory service. The service is intended to operate as a value-added component or new service line for Directory Service Providers. Call Genie refers to this service as an EVD ServiceTM.

Call Genie's business vision is to bring about significant advances to the businesses of Directory Service Providers (traditionally, publication and distribution of print business directories), by making the services and information of Directory Service Providers readily accessible to consumers, thereby accommodating their busy lifestyle demands. Accessing directory information through the EVD ServiceTM is intended to enable ready-to-spend consumers to use their telephone to investigate and locate services and suppliers by way of simple voice commands. Further, it will enable consumers to connect through to merchants in real time.

The EVD ServiceTM is intended to be accessible by both landline and wireless telephones. Call Genie has developed its technology to an operating Alpha version and is presently undertaking a pilot project of the Beta version. Call Genie has filed a patent application covering components of its process and technology. Call Genie has entered into a series of commercial agreements with Yellow Pages Group Co., to develop a voice recognition-based service allowing access to the most popular consumer categories presented in the Yellow PagesTM directories.

The EVD ServiceTM being developed by Call Genie will be targeted at the global directory services market, a US\$25 billion industry that has traditionally been associated with print directories.¹ Call Genie expects to offer an enhanced service that will allow individual Directory Service Providers to augment their product offering to the merchants that advertise in their print

¹ The Kelsey Group, May 2003.

directories. For more information regarding the business of Call Genie, see "Information Concerning Call Genie - Narrative Description of the Business".

Call Genie is a closely-held company and none of the Call Genie Securities have traded on any stock exchange. See "Information Concerning Call Genie - Prior Sales".

The Transaction

GRD and Call Genie entered into the Acquisition Agreement on February 24, 2004. The Acquisition Agreement provides that GRD will purchase all of the issued and outstanding Call Genie Shares pursuant to purchase and sale agreements with the Call Genie Shareholders and that GRD will issue replacement GRD warrants to the holders of the Call Genie Warrants. Such GRD warrants will become CG Warrants following the Amalgamation. The purchase price payable by GRD is based on an ascribed value of Call Genie of approximately \$8.7 million (\$0.30 per Call Genie Share).

The Acquisition Agreement provides that GRD will issue, or reserve for issuance, 29,069,174 GRD Shares upon closing the Transaction, on the following basis:

- (i) 19,456,686 GRD Shares will be issued from treasury in exchange for the Call Genie Shares outstanding prior to the conversion of the Call Genie Convertible Debenture;
- (ii) 5,252,453 GRD Shares will be issued from treasury in exchange for the Call Genie Shares issued on conversion of the principal amount borrowed under the Call Genie Convertible Debenture (and accrued interest), being \$578,247 on the date of the conversion (May 28, 2004); and
- (iii) 4,360,035 GRD Shares will be reserved for issuance upon the exercise of the replacement GRD warrants issued in exchange for the Call Genie Warrants.

This equates to an exchange ratio of approximately 2.73 GRD Shares for each Call Genie Share.

Following closing of the Transaction, it is expected that GRD and Call Genie will complete the Amalgamation to form CG. The aggregate number of CG Shares outstanding and reserved for issuance following completion of the Transaction and the Amalgamation (but prior to completion of the Offering) will be 37,752,174 CG Shares (being 32,209,139 CG Shares outstanding and 5,543,035 CG Shares reserved for issuance for CG Warrants and CG Options). Before giving effect to the Offering, the former Call Genie Shareholders and holders of Call Genie Warrants will own (or have the right to own, in the case of the holders of the former Call Genie Warrants) approximately 77% of the CG Shares and the GRD Shareholders and holders of GRD Options will hold (or have the right to own, in the case of holders of GRD Options) approximately 23% of the CG Shares. Accordingly, the Transaction will constitute a reverse takeover of GRD.

The Acquisition Agreement required GRD to pay a non-refundable deposit in the amount of \$25,000 and a refundable deposit of \$225,000 to Call Genie. Payment of those deposits was subject to prior approval of the Exchange.

The Acquisition Agreement also required GRD to engage the Sponsor to provide a report to the Exchange with respect to the Transaction, as contemplated by the policies of the Exchange.

Neither GRD nor Call Genie has any relationship with the Sponsor, other than the engagement of the Sponsor by GRD to act as the sponsor of the Transaction and the appointment of the Sponsor as lead agent in connection with the Offering. See "General Matters - Sponsorship".

The Transaction was negotiated on an arm's-length basis and involves arm's-length parties and therefore is not a Non-Arm's Length Qualifying Transaction under the Policies of the Exchange. As a result, no meeting of GRD Shareholders is required as a condition to the completion of the Transaction. See "Information Concerning CG - The Transaction".

It is anticipated that the closing of the Transaction will not occur unless GRD can complete the Offering.

The Offering

GRD entered into the Financing Engagement Letter on May 19, 2004, which letter was acknowledged by Call Genie. Pursuant to the terms of the Financing Engagement Letter, GRD will offer 4,444,400 GRD Units, at \$0.45 per unit, for gross proceeds of \$1,999,980. Each GRD Unit will consist of one GRD Share and one-half of one GRD Purchase Warrant. Each full GRD Purchase Warrant will entitle the holder thereof to acquire one GRD Share, at an exercise price of \$0.90 per share, until the date that is 18 months following the issuance of the GRD Purchase Warrants. The Offering is to be conducted on a best efforts basis and is led by First Associates Investments Inc. and includes Leede Financial Markets Inc. and Jennings Capital Inc. GRD will pay a commission of 10% of the gross proceeds raised pursuant to the Offering. In addition, a 3% solicitation fee will be payable upon the exercise of each GRD Purchase Warrant (except any warrants issued to any of the Agents). GRD will also issue the GRD Offering Agents' Option upon completion of the Offering.

GRD will undertake the Offering pursuant to Exchange Policy 4.6 – *Public Offering by Short Form Offering Document*. The Offering is conditional upon GRD receiving from the Securities Commissions in Alberta and British Columbia exemptive relief from the prospectus requirements of the *Securities Act* (Alberta) and the *Securities Act* (British Columbia), which relief GRD applied for on May 6, 2004. The granting of such relief is conditional upon acceptance by the Exchange of this filing statement.

On a fully diluted basis, the aggregate number of CG Shares outstanding and reserved for issuance following the Transaction, the Amalgamation and the Offering will be 45,085,434 (being 36,653,539 CG Shares outstanding and 8,431,895 CG Shares reserved for issuance for CG Options and CG Warrants).

CG

The CG Board is expected to be comprised of the following five directors: Richard DeVries, Neil Frizzell, Ron Johnston, Graeme Ross and Michael Sharp. The management team of CG is expected to be composed of the following individuals: Neil Frizzell (Chief Executive Officer), Alex Blodgett (President), Ian Hill (Chief Financial Officer), Michael Sharp (Chief Operating Officer), Garry Bunkowsky (Vice President, Sales and Marketing), Chris Lugg (Vice President, Product Development) and Todd Simpson (Director, Technology). See "Information Concerning CG - Directors, Officers and Promoters".

The following table sets out certain financial information (as at March 31, 2004) for each of GRD and Call Genie, as well as unaudited pro forma financial information for CG, after giving effect to the Transaction, the Amalgamation and the Offering. The following information should be read in conjunction with the unaudited Pro Forma Financial Statements of CG. See Appendix "E" - Financial Statements of CG.

	<u>GRD</u>	<u>Call Genie</u>	<u>Pro Forma CG</u>
Three Month Period Ended March 31, 2004			
Net sales/total revenue.....	-	-	-
Income from continuing operations.....	-	-	-
Net earnings (loss).....	1,487	(436,749)	(435,262)
As At March 31, 2004			
Total assets	1,717,068	125,153	3,461,015
Total long-term financial liabilities	-	550,000	-
Cash dividends declared	-	-	-

The following table sets out information respecting CG's sources of cash and intended uses of cash, in each case from May 31, 2004 through May 31, 2005. The amounts presented are estimates only and are based on the best information available to GRD as of the date hereof. The intended uses of such cash and/or CG's developmental capital needs may vary based on a number of factors, including the ability of CG to meet the development schedule for the EVD Technology, merchant acceptance of the EVD ServiceTM and changes in technology or strategy. See "Information concerning CG - Available Funds and Principal Purposes".

<u>Sources</u>	<u>Amount (\$)</u>
Cash and cash equivalents at May 31, 2004.....	1,418,000
Funds raised by the Offering	1,999,980
Interest income	25,000
Total Sources	3,442,980
<u>Uses</u>	<u>Amount (\$)</u>
Operating losses ⁽¹⁾	1,480,000
Financing expenses related to the Offering ⁽²⁾	300,000
Costs associated with the Transaction ⁽³⁾	125,000
Capital expenditures	60,000
Working capital	1,477,980
Total Uses	3,442,980

Notes:

1. The difference between the \$1.48 million operating losses above and the \$1.75 million in the development milestone costs (page 20), being \$0.27 million, is explained as follows:

	\$Million
Development Milestone Costs:	1.75
Less:	
1. Exclusion of the revenue in the fourth quarter	(0.10)
2. Expenses already incurred in April and May 2004	(0.27)
Add:	
1. Estimated business development costs not related to the development milestones	0.10
Operating losses:	1.48

2. Financing expenses consist of agent commission of \$199,998, listing fees of \$10,500, due diligence fees of \$15,000, professional fees of \$67,500 and printing and miscellaneous costs of \$7,002.
3. Excludes \$37,500 paid prior to May 31, 2004.

GRD, Call Genie and CG are or will be subject to certain risks that should be carefully considered. These risks include a possible need for additional capital in the future, no history of revenue for Call Genie, no developed market for CG's primary service and a reliance by CG on certain business relationships generally and Yellow Pages Group Co. in particular. See "Risk Factors".

RISK FACTORS

The business of CG will be subject to numerous risk factors, as more particularly described below. CG's Shares should be considered highly speculative due to the proposed nature of CG's business and the current stage of Call Genie's development. Certain of the information set out in this Filing Statement includes or is based upon expectations, estimates, projections or other "forward looking information". Such forward-looking information includes projections or estimates made by Call Genie and its management as to CG's future business operations. While statements concerning forward looking information, and any assumptions upon which they are based, are made in good faith and reflect Call Genie's current judgment regarding the direction of its business, actual results will almost certainly vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

Substantial Capital Requirements; Liquidity

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

No Record of Profit

Call Genie has incurred significant losses to date, and there can be no assurance that the future business activities of CG will be profitable. Since its organization, Call Genie has incurred costs to develop and enhance its technology, to establish strategic relationships and to build an administrative organization. Call Genie has incurred negative operational cash flow to date. Call Genie incurred losses from operations of \$436,739 for the three months ended March 31, 2004, \$925,024 for the year ended December 31, 2003 and \$145,948 for the year ended December 31, 2002. CG'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 the EVD Technology on schedule and on budget, the pace of its entry into its target markets, the time and expense required for the roll-out of the EVD Service™, its success in marketing such service to consumers and merchants, the intensity of the competition experienced by CG and the availability of additional capital to pursue its business plans, including development of new services). An inability to generate sufficient funds from operations will have a materially adverse affect on CG'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 has not yet developed or been precisely defined. As is typical in the case of a new evolving industry segment, the demand for services to be released in the future is subject to a high level of uncertainty. If the markets for the EVD Service™ fail to develop,

develop more slowly than expected or become saturated with competitors, or if the EVD Service™ does not achieve and maintain market acceptance, CG's business, results of operations and financial condition will be materially adversely affected.

Stage of Development

CG's prospects are subject to all of the risks inherent in a new business.

Call Genie commenced limited operations in 2000, but was essentially dormant until 2003. Call Genie has yet to commercialize any services. To date, Call Genie has completed two rounds of consumer usability testing on the EVD Service™ and has conducted multiple interviews with merchants to gauge the potential for the EVD Service™. Call Genie is working towards two broader pilot programs of the EVD Service™. These pilot programs will test various components of the EVD Service™ (including the voice application, voice platform, and other key elements of the consumer and merchant interface). There can be no assurance that such initiatives will yield the desired or required results. Further, as the roll-out of the EVD Service™ is dependent upon a successful series of pilot programs, any failure to achieve the desired results during the pilot programs may have a material adverse effect on CG's business, results of operations and financial condition.

There can be no assurance that CG will be successful in addressing the challenges to which it will be exposed. If CG is not successful in addressing such challenges, CG's business, results of operations and financial condition could be materially adversely affected.

Reliance on Others Generally and Yellow Pages Group Co. in Particular

CG's principal business (the provision of the EVD Service™) and its business model will be dependant on CG's ability to secure contracts with Directory Service Providers and to obtain access to databases owned and maintained by such Directory Service Providers. Given the industry concentration and limited number of Directory Services Providers of significant size and scope in North America, CG will be reliant on a small number of business relationships for its future revenue. For instance, there are only two significant Directory Service Providers in Canada.

CG will seek to reduce this risk by entering into long-term contracts, such as the YPG Agreements, with certain Directory Service Providers. However, any disruption in CG's relationships with Directory Service Providers, or an inability to secure new business relationships with Directory Service Providers could materially adversely affect CG's business, results of operations and financial condition.

To date, Call Genie has only entered into a long-term contract with one Directory Service Provider, Yellow Pages Group Co. CG's future success will be dependant upon the YPG Agreements remaining in full force and effect, Yellow Pages Group Co.'s compliance therewith and CG's ability to perform thereunder, including achieving successful pilot programs that would lead to commercial launch of the EVD Service™. Any disruption of the relationship with Yellow Pages Group Co. (through termination of the YPG Agreements or otherwise) or any interruption of the business of Yellow Pages Group Co. (such as any disruption in its labour

relations with its unionized general sales force) may have a material adverse effect on CG's business, results of operations and financial condition.

Third Party Technology

In providing the EVD Service™, CG will be dependent on technologies and infrastructure that are beyond CG'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, CG will be able to correct or compensate for such weaknesses or errors. If CG is unable to address weaknesses or errors and the EVD Service™ is therefore unable to meet consumer or merchant needs or expectations, CG'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 any inability on the part of CG to adapt to such change may have an adverse affect on CG's business, results of operations and financial condition. The effect of new developments and technological changes on the business sector in which CG will compete 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 slow down 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. CG's failure to adapt to any of the above could have a material adverse effect on CG's business, results of operations and financial condition.

Competition

Call Genie expects to face significant competition from other organizations and there can be no assurance that CG will be able to compete effectively in its target markets.

In addition, new technologies may emerge that are competitive with the EVD Technology. Advances in communications technology as well as changes in the marketplace and the regulatory and legislative environment are constantly occurring and any such change could have a material adverse impact on CG. Call Genie expects that competition will intensify in the future, as the EVD Service™ and the opportunities presented thereby become better known.

Need for Research and Development

To achieve its business objectives and obtain market share and profitability, CG will need to continually research, develop and refine the EVD Technology and EVD Service™ and create new technologies and offer new services. Many factors may limit CG's ability to develop and refine the EVD Technology or to create or negotiate access to new technologies. CG may also be exposed to marketplace resistance to new technology and services. Any failure of CG to develop or refine the EVD Technology and EVD Service™, or create new technologies or offer new

services could have a material adverse effect on CG's business, results of operations and financial condition.

Defects and Liability

The hardware and software utilized to deliver the EVD Service™ 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 EVD Technology will be free from errors or defects, or, if discovered, that CG will be able to successfully correct such errors in a timely manner or at all. In addition, despite tests to be carried out in respect to the EVD Technology, there is no assurance that such tests will fully simulate the environment in which the EVD Service™ will operate and, as a result, it may not be possible to adequately detect design defects or software errors before the EVD Service™ is made available on a commercial basis. Errors or failures in the EVD Technology could result in loss of or delay in market acceptance of the EVD Service™ 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 will be damaging to CG. The consequences of such errors and failures could have a material adverse effect on CG's businesses, results of operations and financial condition.

Patents and Other Intellectual Property

While Call Genie has applied for a patent for certain elements of the EVD Service™, there can be no assurance that such application 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 Call Genie is developing. Any patents covering elements of the EVD Service™ granted to third parties (or the inability of CG to successfully challenge such patents) may impair CG's ability to do business in a particular area. Others may independently develop similar services or duplicate unpatented elements of the EVD Service™.

CG'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 of CG to protect its intellectual property could have a material adverse effect on CG's business, results of operations and financial condition.

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

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

Responding to consumer and merchant demands, expansion into other geographical markets and targeted growth in CG's business is likely to place significant strains on CG's administrative and operational resources and increased demands on its internal systems, procedures and controls. If CG experiences rapid acceptance of the EVD Service™, the need to manage such growth will

add to the demands on CG's management, resources, systems, procedures and controls. There can be no assurance that CG's administrative infrastructure, systems, procedures and controls will be adequate to support CG's operations or that CG officers and personnel will be able to manage any significant expansion of operations. If CG is unable to manage growth effectively, CG's business, operating results and financial condition will be materially adversely affected.

Personnel Resources

CG will be reliant upon its management 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 CG in the future. The success of the operations and activities of CG 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 CG's business, results of operations and financial condition.

Potential Fluctuations in Quarterly Operating Results

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

Government Regulation

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

Costs Associated with Compliance with Securities Laws

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

Risk of Future Terrorist Attacks or Related Disasters

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

INFORMATION CONCERNING GRD

1. Corporate Structure

Name and Incorporation

GRD Enterprises Inc. was incorporated on February 20, 2003 under the *Business Corporations Act* (Alberta). On November 24, 2003, GRD amended its Articles of Incorporation to remove the share transfer and "private company" restrictions set out therein.

The registered office of GRD is located at Suite 1000, 665 – 8th Street S.W., Calgary, Alberta T2P 3K7. The head office of GRD is Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

2. General Development of the Business

History

Since its incorporation, the principal business activities of GRD have consisted of the financing of GRD through its initial public offering, the initial listing of the GRD Shares on the Exchange and, subsequently, the negotiation of the Acquisition Agreement and the Financing Engagement Letter and efforts to implement the Transaction and undertake the Offering. GRD has no assets other than cash and accrued interest receivable.

3. Selected Consolidated Financial Information and Management's Discussion and Analysis

Annual Financial Information (Period From Inception to December 31, 2003)

The following table sets forth selected historical financial information for GRD for the 314 day period ended December 31, 2003 and selected balance sheet data as at December 31, 2003. Such information is derived from the audited financial statements of GRD and should be read in conjunction with such financial statements (see Appendix "A" – Annual Financial Statements of GRD and the information set out under the heading "GRD's Management's Discussion and Analysis" below).

	314 Days Ended December 31, 2003(\$)
Income Statement Data	
Net sales/total revenue.....	-
Income from continuing operations.....	-
Net earnings ⁽¹⁾	769
Basic and diluted net income per share ..	0.00
Balance Sheet Data	
Total assets	1,706,319
Total long-term financial liabilities	-
Cash dividends declared	-

Notes:

1. Total expenses for GRD for the 314 day period ended December 31, 2003 were \$3,785.
2. GRD did not defer any expenses for the 314 day period ending December 31, 2003. GRD does not anticipate deferring any costs as a result of the Transaction.

The following table sets out certain unaudited financial information of GRD for the five fiscal quarters indicated.

Income Statement	Three Months Ended March 31, 2004 (\$) (Unaudited)
2004	
Net sales/total revenue.....	-
Income from continuing operations.....	-
Net income (loss).....	1,487
Basic and diluted net income per share	(0.00)

Income Statement	Three Months Ended			Thirty- Nine Days Ended
2003	December 31, 2003(\$) (Unaudited)	September 30, 2003(\$) (Unaudited)	June 30, 2003(\$) (Unaudited)	March 31, 2003(\$) (Unaudited)
Net sales/total revenue	-	-	-	-
Income from continuing operations	-	-	-	-
Net income (loss)	(1,703)	1,379	1,093	0.00
Basic and diluted net income per share	(0.00)	0.00	0.00	0.00

GRD's Management's Discussion and Analysis for the Year Ended December 31, 2003

Results of Operations

During the initial 314 day period ended December 31, 2003, GRD incurred professional fees of \$3,720 and bank charges of \$65. Interest income for GRD in 2003 was \$4,554, of which \$1,375 was accrued and \$3,179 was received on cash and term deposits. As a result of the foregoing, net income for GRD for 2003 was \$769.

Liquidity and Solvency

At December 31, 2003, GRD had a positive working capital of \$1,700,167, with cash on hand of \$1,704,944. Such working capital consisted of proceeds from the issuance of GRD Shares for cash of \$1,999,500, less issue costs of \$300,102. The issue costs were comprised of \$174,900 for agents' commissions, a \$21,400 corporate finance fee and legal, audit and other fees in the amount of \$103,802.

Results of Operations

Expenses

The expenses for the first quarter of 2004 increased to \$4,747 from \$nil in the 39 day period ended March 31, 2003. The expenses incurred to March 31, 2004 were related to maintenance of GRD's filing and agency requirements in the amount of \$2,716, bank charges of \$126, and professional fees of \$1,915 related to general legal matters and audit charges.

Interest Income

GRD also earned interest income of \$6,234, of which \$3,467 was accrued and \$2,767 was received on cash and term deposits, in the first quarter of 2004 compared to \$nil for the 39 day period ended March 31, 2003.

Net Earnings

As a result of the foregoing, the net income for GRD for the first quarter of 2004 was \$1,487.

4. Description of the GRD Securities

GRD proposes to issue (or reserve for issuance) 29,069,174 GRD Shares to complete the Transaction (prior to giving effect to the Offering). GRD is authorized to issue an unlimited number of GRD Shares of which, as at the date hereof, 7,500,000 GRD Shares are issued and outstanding, 583,000 GRD Shares are reserved for issuance under the GRD IPO Agents' Option and 600,000 GRD Shares are reserved for issuance under the GRD Option Plan. See "Information Concerning GRD - GRD Option Plan".

The holders of GRD Shares are entitled to dividends, as and when declared by the GRD Board, to one vote per share at meetings of GRD Shareholders and to share equally in such assets of GRD as are distributable to GRD Shareholders upon liquidation. All outstanding GRD Shares are fully paid and non-assessable.

Following the Amalgamation, certificates for GRD Shares will be exchanged for certificates representing CG Shares.

5. GRD Option Plan

Terms of the GRD Option Plan

The GRD Option Plan provides that the GRD Board may, from time to time, in its discretion and in accordance with the policies of the Exchange, grant GRD Options to directors, officers, employees and consultants of GRD. The maximum number of GRD Shares that may be reserved for issuance at any given time is fixed at 10% of the total number of GRD Shares then outstanding.

Under the GRD Option Plan, the GRD Board fixes the exercise price for each GRD Option at the time of grant, provided that such exercise price must comply with the policies of the Exchange. Unless specifically provided by the GRD Board, no GRD Options are exercisable for a period exceeding five years following the date the option is granted, and in any event, no GRD Option may be exercisable for a period exceeding ten years from the date the option is granted. The GRD Board fixes the vesting limitations for each GRD Option.

The number of GRD Shares reserved for issuance to any individual director or officer may not exceed 5% of the total number of issued and outstanding GRD Shares. The number of GRD Shares reserved for issuance to any technical consultants may not exceed 2% of the total number of issued and outstanding GRD Shares. GRD Options granted under the GRD Option Plan may be exercised no later than ninety days following the termination of the optionee's position with the GRD, provided that if termination occurs by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the any earlier expiry of the option.

The GRD Option Plan will become the CG Option plan upon completion of the Amalgamation.

GRD Option Grants

As of June 21, 2004, there were 600,000 GRD Options outstanding. The following table sets out information respecting such GRD Options, including the holders thereof.

<u>Name of Optionee</u>	<u>Number of GRD Shares Reserved Under Option</u>	<u>Exercise Price per GRD Share (\$)</u>	<u>Expiration Date</u>
S. Graeme Ross, Chief Executive Officer and a Director	150,000	0.30	November 27, 2008
David E. Prasow, Chief Financial Officer and a Director	150,000	0.30	November 27, 2008
Ronald D. Johnston, Director.....	150,000	0.30	November 27, 2008
Kevin P. Flaherty, Director.....	150,000	0.30	November 27, 2008
Total GRD Options.....	600,000		

6. Prior Sales

There have been no issuances of GRD Shares since its incorporation, other than as follows.

<u>Sales of GRD Shares since Incorporation</u>	<u>Number of GRD Shares</u>	<u>Issue Price per GRD Share (\$)</u>	<u>Aggregate Issue Price (\$)⁽¹⁾</u>
February 20, 2003.....	500,000	0.15	75,000
April 24, 2003 ⁽²⁾	1,170,000	0.15	175,500
November 27, 2003 ⁽³⁾	5,830,000	0.30	1,749,000
Total GRD Shares.....	7,500,000		1,999,500

Notes:

1. GRD received cash in consideration for such securities.
2. Effective September 15, 2003, two former directors of GRD, including Mr. Richard W. DeVries, an Insider of Call Genie, sold all of their previously issued GRD Shares (being 333,334 GRD Shares and 200,000 GRD Shares respectively) to Mr. Ronald D. Johnston and 653607 Alberta Inc., a company controlled by Mr. Kevin Flaherty, respectively, at the original issue price of \$0.15 per share.
3. GRD's initial public offering.

7. Trading History

The GRD Shares are listed on the Exchange under the symbol "GRI". The following table sets out trading information for the GRD Shares from March 19, 2004, when the Exchange first listed the GRD Shares for trading, to June 18, 2004.

Weeks in 2004	High (\$)	Low (\$)	Volume (Shares)
March 15, 2004 – March 19, 2004 ⁽¹⁾	0.65	0.55	90,000
March 22, 2004 – March 26, 2004	0.50	0.35	275,000
March 29, 2004 – April 2, 2004	0.49	0.35	187,000
April 5, 2004 – April 9, 2004	0.45	0.41	54,500
April 12, 2004 – April 16, 2004	0.49	0.42	162,500
April 19, 2004 – April 23, 2004	0.45	0.42	72,500
April 26, 2004 – April 30, 2004	0.50	0.40	82,000
May 3, 2004 – May 7, 2004.....	0.50	0.45	12,000
May 10, 2004 – May 14, 2004.....	0.41	0.41	25,000
May 17, 2004 – May 21, 2004.....	0.40	0.40	16,000
May 25, 2004 – May 28, 2004.....	0.40	0.39	21,500
May 31, 2004 – June 4, 2004	0.40	0.40	14,000
June 7, 2004 – June 11, 2004.....	0.45	0.40	24,500
June 14, 2004 – June 18, 2004.....	0.40	0.40	40,000
June 21, 2004 – June 22, 2004.....	0.445	0.42	13,500

Note:

1. The GRD Shares were listed for trading on March 19, 2004 and information for this week reflects only one day of trading.

8. Non-Arm's Length Party Transactions/ Arm's Length Transactions

The directors and officers of GRD have acquired an aggregate of 1,133,334 GRD Shares and a total of 600,000 GRD Shares reserved in respect of stock options granted to directors and officers of GRD. See "Information Concerning GRD - GRD Option Grants".

9. Legal Proceedings

GRD is not currently involved in any legal proceedings and GRD's management is not aware of any pending or threatened proceedings.

10. Auditor, Transfer Agent and Registrar

Auditor

The auditor of GRD is BDO Dunwoody LLP, Chartered Accountants, whose address is Suite 1900, 801 - 6th Avenue S.W., Calgary, Alberta T2P 3W2.

Transfer Agent and Registrar

The transfer agent and registrar of GRD is Computershare Trust Company of Canada through its Calgary office.

11. Material Contracts

Since the date of its incorporation, GRD has not entered into (or, to its knowledge, will not enter into, as the case may be) any contracts material to investors in the CG Shares other than the following.

1. The Acquisition Agreement (and the individual purchase or acknowledgement agreements, as applicable, between GRD and each of the holders of Call Genie Securities).
2. The Transfer Agent, Registrar and Dividend Disbursing Agent Agreement, dated as of May 20, 2003, between GRD and Computershare Trust Company of Canada.
3. The agreement, dated as of November 21, 2003, among GRD, First Associates Investments Inc., Jennings Capital Inc., Leede Financial Markets Inc. and Computershare Trust Company of Canada respecting the initial public offering of GRD Shares.
4. The Escrow Agreement, dated as of November 21, 2003, among GRD, Computershare Trust Company of Canada and those shareholders that executed such agreement. See "Information Concerning CG - Escrowed Securities and Resale Restrictions".
5. The Agency Agreement.
6. The warrant indenture, to be entered into on the closing of the Offering, between GRD and Computershare Trust Company of Canada, regarding the administration of the GRD Purchase Warrants.

Copies of these agreements will be available (to the extent that GRD has entered into such agreements) for inspection at no charge at the registered office of GRD located at Suite 1000, 665 - 8th Street S.W., Calgary, Alberta, during ordinary business hours until the date of closing of the Transaction and for a period of thirty days thereafter.

INFORMATION CONCERNING CALL GENIE

1. Corporate Structure

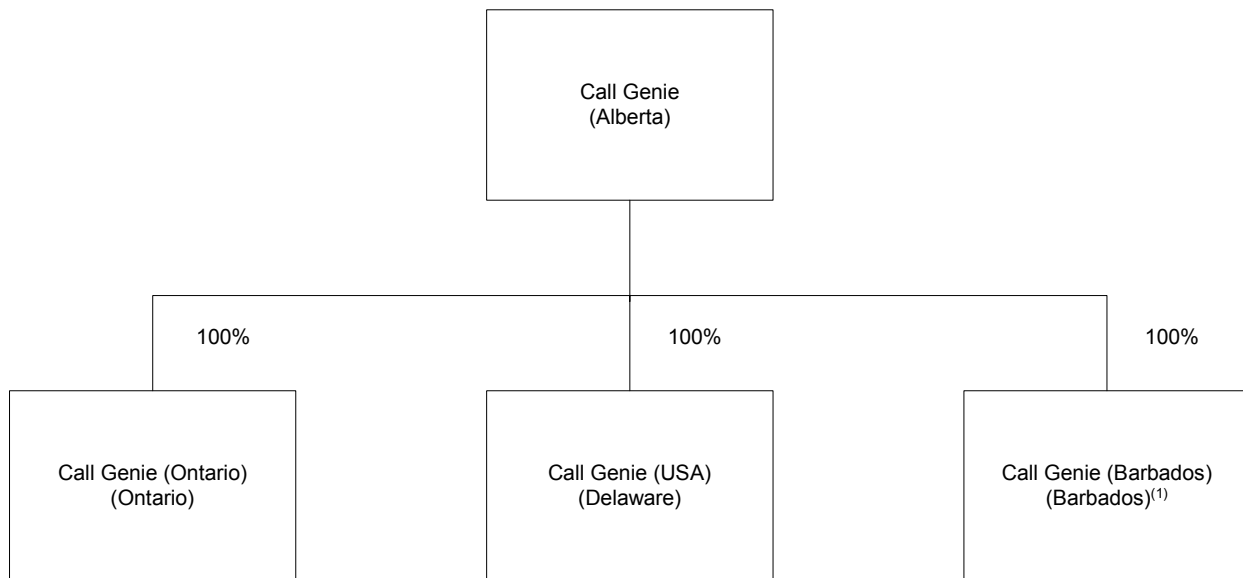
Name and Incorporation

Call Genie Inc. was incorporated under the *Canada Business Corporations Act* on October 17, 2000. On February 5, 2003, Call Genie was continued under the *Business Corporations Act* (Alberta).

The head office of Call Genie is located at 301, 1111 - 11th Avenue S.W., Calgary, Alberta T2R 0G5 and the registered address of Call Genie is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.

Intercorporate Relationships

Call Genie has three subsidiaries currently incorporated or in the process of being incorporated: Call Genie (Ontario), Call Genie (USA) and Call Genie (Barbados).



Note:

1. Call Genie presently intends to incorporate and organize Call Genie (Barbados).

Call Genie (Ontario) was incorporated under the *Business Corporations Act* (Ontario) on September 11, 2003. Call Genie (Ontario) has 100 common shares outstanding, all of which are legally and beneficially owned by Call Genie.

Call Genie (USA) was incorporated pursuant to the laws of the State of Delaware on October 7, 2003. Call Genie (USA) has 100 common shares outstanding, all of which are legally and beneficially owned by Call Genie.

Call Genie presently intends to incorporate and organize Call Genie (Barbados). Call Genie intends to legally and beneficially own all of the outstanding common shares in the capital of Call Genie (Barbados).

2. General Development of the Business

History

Call Genie was organized on October 17, 2000, with the objective of developing a voice activated, location based service that would feature a unique, personalized, interactive directory that would identify the "most popular", "consumer preferred" or "best in class" businesses in major Canadian cities, and direct and connect consumer traffic to those preferred vendors. Call Genie's business model has changed materially since conception, but is based on similar business ideas and technology applications.

A description of significant corporate events follows:

- Call Genie and Sympatico-Lycos Inc. enter into a Memorandum of Understanding dated December 10, 2001 (which is later superseded by a Memorandum of Understanding dated January 8, 2003). At the time, both Sympatico-Lycos Inc. and Bell Mobility Inc. were working together to provide certain of Bell Mobility Inc.'s wireless customers with access to a range of information provided in an audible format and navigated in a rudimentary manner by touch tone commands. The purpose of the Memorandum of Understanding was to establish a framework to allow the parties to collaborate on the development and commercialization of a service supported by advertising and sponsorships, which would provide a fast, convenient, voice activated, interactive business directory that would identify the "most popular" businesses in 100 - 250 business categories in major markets across Canada and direct and connect caller traffic to those businesses. Such agreements have lapsed as the Call Genie business plan evolved and Call Genie pursued a different business strategy.
- Since inception through December 31, 2003, Call Genie has raised a total of \$1,257,994. As at March 31, 2004, aggregate proceeds raised equaled \$1,517,994. Such funds were derived from a series of private financings that have included the sale of common shares of Call Genie and the Call Genie Convertible Debenture.
- Call Genie formalized its relationship with Nuance Communications, Inc. through the Nuance Partner Alliance on September 5, 2003.
- Call Genie filed a regular patent application with the U.S. Patent and Trademark Office (based on earlier filings) in 2003 in relation to the EVD Technology. See "Information Concerning Call Genie - General Development of the Business - Proprietary Protection".
- Throughout 2003, Call Genie continued to work on refining and developing its business plan, business model and technology platform. These developments lead to discussions with Yellow Pages Group Co. that eventually resulted in the YPG Agreements, signed in December, 2003.

3. Narrative Description of the Business

Background and Principal Service

Call Genie is a Calgary, Alberta-based developer of voice technology applications, specializing in building interactive speech recognition solutions for the directory services industry. Specifically, Call Genie is further developing a service, the EVD Service™, that searches and identifies the location of the caller (consumer), provides an array of information on merchants within the immediate or requested geographical area and connects consumers with the requested merchant.

Call Genie's business vision is to bring about significant advances to the businesses of Directory Service Providers (traditionally, publication and distribution of print business directories) by making the most popular directory information readily accessible by way of voice access through a telephone. The directory services industry has traditionally been associated with print business directories, which accounted for approximately 93% of industry revenues globally in 2003 (97.6% in the United States).¹

Accessing directory information through a voice activated service will enable ready-to-spend consumers to use their telephone (including wireless mobile phones) to investigate and locate services and suppliers by way of simple voice commands and voice feedback. The EVD Service™ will enable consumers to search and select merchants using the simplest form of communication, the human voice. Most importantly, it will connect merchants to consumers through the most prevalent and clearly understood medium, the telephone.

From the perspective of a merchant whose products and services are targeted and sold to consumers, the EVD Service™ provides an important new sales and marketing channel to source and connect to consumers who are "ready-to-buy". The EVD Service™ will list the most popular headings from a print directory, as those are the ones most suitable for voice access, but will not list all of the headings that could be identified in a print directory. The EVD Service™ will search and establish the location of the consumer and then present the consumer with merchants in a selected category that are within close proximity to the caller. Alternately, the EVD Service™ will locate businesses in other areas if requested. The service will also enable merchants to market and sell to consumers with dynamic, relevant messaging content.

The EVD Service™ extends the directory service business model beyond print and Internet to include a voice activated, automated local search capability. Call Genie believes that its EVD Service™ represents a significant new channel to market directory services. The EVD Service™ makes it possible for directory services companies that currently generate revenue primarily from the print directories to leverage their existing assets to a new line of business and generate incremental revenue and earnings in an efficient manner.

Call Genie has developed the EVD Technology to an operating Alpha version and is presently undertaking a pilot project of the Beta version. Call Genie has also filed a patent application covering components of the business process and technology.

Consumers will use the EVD Service™, once such service is commercialized, to search for merchants among the most popular consumer categories. The consumer is first prompted for the

merchant category of interest, then the service attempts to find the merchants that best match the request among supported categories.

The consumer navigates the merchant database through a series of verbal interactions that are directed by the system. Instructions are provided in a simple, natural speaking manner. The consumer uses and interacts with the system by speaking to it. Merchants are presented to the consumer through a classification system utilizing a proprietary algorithm based on location and merchant economics. In this respect, the consumer has the option to select a merchant in close proximity to it or select another neighborhood or landmark within the local service territory. In the business model to be used with Yellow Pages Group Co., revenues are sourced through merchant listings/subscriptions and the consumer calls are free. This is the same business model used in both the print and Internet sectors of the directory services industry.

The merchant database is expected to consist of the majority of local merchants, a significant portion of which are existing advertising clients in the print and Internet directories. It is anticipated that Directory Service Providers will leverage their existing customer base, sales force and billing systems to support the EVD Service™.

The EVD Service™ will operate from a hosted database, where merchants will be able to work with the Directory Service Provider to create their own personalized directory listings. It is anticipated that the fields of information that will be customized will include business name, address, business description and business hours.

Call Genie anticipates that the EVD Service™ will eventually be sold as part of a bundle with other print and electronic directory product offerings. This will allow directory service companies the opportunity to offer the EVD Service™ as part of a pre-packaged bundle of all services to their client base.

Call Genie currently has eleven full-time personnel and five part-time individuals dedicated to the development, marketing, branding, selling and support of the EVD Service™. All such full-time individuals and certain of such part-time individuals are expected to become employees of CG following the completion of the Transaction and the Amalgamation.

There are no known regulatory approvals required for CG to achieve its stated business objectives (apart from federal, state, provincial and local laws and regulations applicable to businesses in general and respecting the gathering and use of personal information).

Call Genie's plan is to initially introduce the EVD Service™ into the Canadian marketplace through its arrangement with Yellow Pages Group Co. Management of Call Genie believes that the service also has broad market suitability in other countries such as the United States, and upon further proof of concept through consumer and merchant validation, Call Genie plans to evaluate opportunities to market the EVD Service™ outside Canada.

Call Genie was sponsored, and subsequently admitted, as a member of the Yellow Pages Integrated Media Association (www.yellowpagesima.org), the North American industry association representing the business interests of the directory services industry.

Selling and Marketing Plans and Strategy

It is proposed that the initial Canadian EVD Service™ will be branded "310-GENI™".

A 310 service permits consumers to make toll free calls to merchants in designated area codes across Canada, allowing Call Genie to maintain a consistent brand identity.

The business plan targets consumers in major urban centres where the service has the greatest relevance. Demographically, 310-GENI™ will focus on users from late teens to early forties who are mobile and live active, busy lifestyles. The service will source users from both the wireless and landline telephone segments, with anticipated higher penetration and usage among wireless telephone users.

Canadian wireless companies will have an opportunity to promote the 310-GENI™ service to encourage cellular telephone customers to use the service, thereby generating airtime usage.

It is expected that Call Genie will, following successful pilot programs that confirm consumer and merchant acceptance, undertake its first commercial launch of the service into urban markets in Ontario through the arrangement with Yellow Pages Group Co.

As the initial roll out of EVD Service™ will be in conjunction with Yellow Pages Group Co., a specific brand will be utilized that will identify the association with Yellow Pages Group Co., as well as utilizing the proposed "310-GENI" trademark to identify it as a new voice directory service.

It is proposed that the branding will be highlighted and promoted through existing Yellow Pages Group Co. assets including print directories and the Internet based electronic directories, www.canada411.com™, www.yellowpages.ca™, www.CanadaTollFree.ca™ and On-line City Guides such as www.canadaplus.ca™.

Call Genie and Yellow Pages Group Co. are developing a specific sales and marketing strategy that best leverages the assets of both organizations.

Technology Overview

The EVD Service™ is a voice-searchable, customized directory listing of businesses that allows merchants to create their own personalized directory listings. The EVD Service™ uses state of the art established automatic speech recognition engines, text-to-speech engines, and is compliant with current voice technology standards.

The Call Genie application conforms to the industry standard VoiceXML 2.0 and is a component based, multi-tiered application implemented on industry accepted technologies. The Call Genie application incorporates the latest versions of voice recognition and text-to-speech engines to ensure an optimal experience for the system users. The EVD Service™ reduces technological risk by relying upon such proven generally available components.

A VoiceXML platform is the foundation for developing and operating the Call Genie speech application. VoiceXML is the industry's open, standards-based development language for voice-driven solutions. It is endorsed by the W3C, the same organization that defines other key standards such as HTML. A growing number of telecommunication companies around the world use VoiceXML for customer care and enhanced service applications. It executes the commands and logic specified by applications written in VoiceXML, provides the speech processing capabilities, supports system management and administration capabilities and enables rapid application development. Because VoiceXML is based on Web architectures and standards, Call Genie can leverage its investments and expertise in Web infrastructure while minimizing the high costs typically associated with systems built on closed, proprietary technologies.

For consumers, the EVD Service™ is about the power of voice - turning a consumer's spoken word into relevant and timely action. The Call Genie speech application will enable people to simply speak their requests for directory information and get what they are looking for quickly and efficiently. No confusing touch-tone menus, no long hold times, just fast and natural telephone-based interactions with EVD Service™.

Speech recognition applications are conversations. But instead of conversations between people, they are conversations between people and machines. The EVD Service™ will prompt its consumers to speak with the service to get their directory search tasks accomplished. The application looks for the best match to perform the query the consumer has requested.

Call Genie utilizes text-to-speech engines in presenting much of the merchant information to the consumer. Text-to-speech converts the merchant's textual marketing information into speech that closely resembles a natural voice. Text-to-speech platforms now employ a method to produce synthesized voices with more personality than previously thought possible. Text-to-speech engines now allow for voice inflection by extending the technology to model voice quality and the overall rhythm and intonation of the speaker. Utilizing a text-to-speech engine that produces a high degree of synthesized quality speeds up Call Genie application deployment and helps to control costs by minimizing the time and expense of audio studio recording for the vast amount of merchant data Call Genie will make available to ready to spend consumers.

According to Harris Interactive Research, speech scores higher than touch-tone systems in most customer satisfaction categories, including security and reliability, with 80% of consumers indicating they are satisfied with their experiences.²

Proprietary Protection

During 2003, Call Genie personnel filed three U.S. provisional patent applications, addressing aspects of its voice directory system, in the U.S. Patent and Trademark office. Call Genie consolidated two of those applications and has filed a single regular patent application in the U.S. Patent and Trademark office and simultaneously a Patent Cooperation Treaty application. The third application has been supplemented with additional subject matter and is the subject of an additional replacement application that is in the process of being assigned to Call Genie.

Call Genie has filed trade-mark applications in Canada for the following trademarks associated with its voice directory system, #geni, *geni, 310 geni, 310-geni, 310geni, a lamp design mark and a lamp design mark with the words Call Genie.

Certain risks are inherent in all forms of intellectual property assets. See "Risk Factors - Patents and Other Intellectual Property."

The YPG Agreements

The YPG Agreements contain certain sensitive information relating to the business relationships between Call Genie (Ontario) and Yellow Pages Group Co., the disclosure of which may have a material adverse impact on Call Genie's capacity to negotiate future arrangements with Directory Service Providers once the EVD ServiceTM has achieved market adoption. Accordingly, Call Genie has requested confidentiality with respect to the YPG Agreements from the Exchange and the Sponsor and such agreements will not be available for inspection.

A general description of the terms and conditions of such agreements follows:

- Economics are based on a cash recovery and revenue share model.
- The agreements have an initial term of five years that renews automatically for additional two year terms if not earlier terminated by either party.
- Yellow Pages Group Co. and Call Genie are not to offer any similar service or work with any competing party during the term of the agreements in the exclusive territory (Ontario and Québec). Call Genie is free to pursue opportunities with other Directory Service Providers outside of this exclusive territory.
- Call Genie is responsible for developing, testing and operating the technology platform for the Yellow Pages Group Co. application.
- Call Genie, in consultation with Yellow Pages Group Co., is responsible for developing business plans to launch, market and sell the EVD ServiceTM.
- Yellow Pages Group Co. and Call Genie are to launch an EVD ServiceTM, presently proposed to be branded 310-GENI, following successful pilot programs that achieve results acceptable to both parties.
- Yellow Pages Group Co. is to take primary responsibility for marketing the EVD ServiceTM to the target group of consumers and merchants and for selling the EVD ServiceTM to its existing merchant base. Call Genie may set up a supplementary sales initiative.
- Yellow Pages Group Co. is responsible for merchant billing and credit management.
- Call Genie licenses certain of its trademarks to Yellow Pages Group Co. Reciprocal arrangements in place whereby Yellow Pages Group Co. licences certain of its trademarks to Call Genie.

- Yellow Pages Group Co. may bundle the EVD Service™ with its existing product offerings.
- Established protocol for addressing customer and/or merchant questions or problems.
- Yellow Pages Group Co. is responsible for maintaining financial records.
- Established protocol for accounting standards and audit (GAAP), accessibility (for inspection and audit) and format of reports and timelines for delivery.
- Commercial termination provisions for benefit of both parties.

Development Milestones

It is anticipated that the funds currently available to Call Genie, together with the funds available as a result of the Transaction and the Offering will be sufficient to fund general working capital requirements and to achieve the following milestones:

- (i) Beta Version Release/Pilot Program - The Beta version release will be a customized application for Yellow Pages Group Co. and will be available for a pilot project with selected customers and merchants for feedback, evaluation, development and testing. Customer test market will be Alberta consumers and merchants (commenced on the second quarter of 2004; projected expenditures to complete such phase at approximately \$450,000);
- (ii) Extended Pilot Program - Final Beta Version will be tested in a region within Ontario to tune for local spoken language, focusing on local area recognition as well as area dialects and accents (expected initiation in the third quarter of 2004; projected expenditures to complete such phase at approximately \$600,000);
- (iii) Commercial Account Introduction and Commercial Launch - 310-GENI™ will be introduced to major retail chain merchants and service providers to ensure initial merchant commitment prior to engagement of the full sales effort (expected initiation in the third quarter of 2004). Call Genie and Yellow Pages Group Co. will introduce the proposed 310-GENI™ service into selected urban markets in Ontario (expected initiation in the fourth quarter of 2004; projected expenditures to complete such phase at approximately \$700,000).

Market

Canadian Directory Services Market

The total Canadian market for the directory services industry represented approximately US\$750 million in annualized revenue or 3% of an approximately US\$25.4 billion global market in 2002.³ The two dominant players in Canada are Yellow Pages Group Co. and Verizon Information Services - Canada Inc, publishers of SuperPages™.

Yellow Pages Group Co. is the largest telephone directory publisher in Canada. Yellow Pages Group Co. publishes more than 200 telephone directories annually with total circulation of approximately 18 million copies, reaching approximately 70% of the Canadian population.⁴

Yellow Pages Group Co. is the Canadian market leader in the online directory business through a network that includes the YellowPages.ca™, PagesJaunes.ca™, Canada411.ca™ (English and French), CanadaTollFree.ca™, and CanadaSansFrais.ca™ web sites.⁴ In addition, Yellow Pages Group Co. owns the CanadaPlus.ca™ network of city sites: MontrealPlus.ca™, QuebecPlus.ca™, CalgaryPlus.ca™, EdmontonPlus.ca™, and VancouverPlus.ca™. These sites generated 3.5 million unique visitors monthly in the month of December 2003.⁵

Yellow Pages Group Co. currently offers advertisers a package containing both print and electronic directories.

Today, Yellow Pages Group Co. has over 248,000 advertisers and a business database of more than 2.4 million listings.

Yellow Pages Group Co.'s revenues are primarily derived from the sale of yellow pages residential and business telephone directories advertising to approximately 248,000 advertisers, most of which are small and medium-sized enterprises. Directory advertising is the marketing strategy used most by Canadian small and medium-sized enterprises, due to its comparatively high return on investment.

SuperPages™ is Canada's second largest directory information provider. SuperPages™ is the Telus directory, published by Verizon Information Services - Canada Inc., part of the world's leading print and online directory publisher. SuperPages™ was formed following the integration of the provincial publishers of the Telus directories with British Columbia based Dominion Information Services Inc., and distributes more than 12 million copies of its 118 print directories. The online product, superpages.ca™, contains more than 1.1 million business listings and over 12 million residential listings across Canada, available in both French and English.⁶

United States Directory Services Market

The directory services industry in the United States represents a large potential business opportunity for Call Genie. The industry in the United States market accounted for approximately US\$14 billion or 55% of the approximately US\$25.9 billion global market in 2002.³

The industry revenue and profit in the United States comes predominantly from the printed directory sector. It is estimated that the printed directory business accounted for 97.7% of revenues in the United States, while the balance was derived primarily from digital directories.¹

The United States directory services industry can be characterized as having stable growth, strong cash flow and predictable profitability. Over the long term, the industry revenue has grown at an annualized rate of 7.3% since 1980, and a more moderate 3.7% since 1997, reflecting the more recent broad cyclical advertising slowdown.⁷

EBITDA (earnings before interest, taxes, depreciation and amortization) for "incumbent" Directory Service Providers (defined as those companies that are either owned or associated with a local or regional telephone company) have consistently equaled or exceeded 50% of revenues, while "independent" Directory Service Providers (defined as those companies that have no such telco ownership or association) have been in the range of 15% to 25% of revenues. The global industry average EBITDA in 2002 was approximately 38% of revenues.⁸

Traditionally, Directory Service Providers have provided the steadiest growth of advertising mediums, even in down economies. For the majority of small and medium-sized businesses, advertising in the yellow pages has been viewed as a non-discretionary expense, and given the industry's periodic renewal billing approach, such revenue has been generally viewed as very predictable for the industry. While such advertising generally outperforms other media heading into an economic slowdown and each trough during such recession is less severe, the recovery of lost advertising revenue does typically lag other advertising media during periods of economic recovery.

According to a 2002 research report, The Kelsey Group, a leading provider of strategic research and analysis, data and competitive metrics on the directory service industry since 1986, noted that "no other medium has demonstrated the consistent year-to-year growth of Yellow Pages going back almost two decades."⁹

The top four yellow pages publishers in the United States control approximately 90% of the market, as measured by revenues, while the top ten yellow pages publishers control approximately 97%.⁷

Those Directory Service Providers owned by a local or regional telephone company, controlled 76% of the yellow pages market in 2002 (primarily SBC, Verizon and BellSouth), while the remaining 24% was controlled by non-telcos (e.g., Dex Media, Yell Group, RH Donnelley and TransWestern Publishing).⁷

Independent publishers or those not owned by or associated with a local or regional telephone company (the largest is Yellow Book, owned by the UK company Yell Group), represented less than 10% of the revenue base in 2002, while the incumbents represented in excess of 90%. Nonetheless, the independent directories are experiencing significant revenue growth, while the incumbents have experienced year-over-year declines of approximately 4% in 2002 and 1% in 2003.⁷

The growth of the independents at the expense of the incumbents has happened because the United States Telecommunications Act of 1996 effectively deregulated the directory services industry, by forcing the traditional telcos to provide subscriber list information at reasonable rates to other companies that had a desire to publish competitive directories.

The United States industry players and the respective revenues derived from the directory service business in the U.S. market is as follows (Yellow Pages Group Co. included for comparison purposes).¹⁰

	<u>2002 Revenue (US\$ Million)</u>
1. SBC Communications Inc.....	4,451
2. Verizon Communications Inc.....	3,815
3. BellSouth Corporation.....	2,108
4. Dex Media, Inc. (formerly Qwest).....	1,636
5. Yellow Book USA	693
6. R H Donnelley Corporation	571
7. Yellow Pages Group Co.....	443
8. TransWestern Publishing	335

Industry Trends

A dominant trend within the print directories industry in the past several years has been the dramatic transfer of ownership of major participants. The stability of revenues and earnings, and consistently high profitability has caught the attention of "financial" owners, predominantly private equity and management buyout firms such as Kolberg, Kravis, Roberts & Co., which led the purchase of Yellow Pages Group Co. from BCE Enterprises Inc. in November 2002 for US\$1.9 billion. The identification of directory service companies as opportune investments occurred at a period in time when the major owners of directory service providers, largely telecommunications companies, had a need to dispose of non-core businesses to raise capital. In 2002 alone, Sprint Publishing, QwestDex, Cincinnati Bell, BCE Enterprises and McLeod USA disposed of their directory publishing units for an aggregate consideration in excess of US\$12 billion.⁷

A major effect of the change in ownership to new investment consortiums will be the increased pace of competition as the new private equity owners seek additional growth and consistent cash flow performance in an environment in which the print directories business is declining.¹¹

Call Genie believes that this more aggressive, entrepreneurial approach will result in an emphasis on the introduction of new and enhanced directory products and services. There is also a trend within the industry for Directory Service Providers to partner with outside organizations that bring expertise and know-how to this changing product and service marketplace.

Another change that is expected in the next several years (resulting from the fundamental change in ownership structure from traditional utility owned companies to private equity firms), is increased awareness of the directory services industry among investors. Management of Call Genie believes that the majority of the private equity firms maintain a three to five year investment cycle, and will be monetizing such investments through sales and public offerings, as evidenced by Kohlberg Kravis Roberts & Company's sale of part of Yellow Pages Group Co. through an Income Trust IPO and a series of secondary offerings in 2003 and 2004.

The industry in North America is still very much dominated by a small group of large participants. The ten largest publishers control over 97% of the U.S. market by revenue, while the top four control approximately 90% of the U.S. market by revenue.⁷

Notwithstanding such domination, competition for the incumbent directory services companies is expected to continue to intensify. Competition within the once monopoly United States directory services market began with the reduction in the cost of database acquisition dictated by the United States Telecommunications Act of 1996. Competition in the United States print directory

markets has increased since deregulation of the industry. Roughly 70% of the print directory markets and sub-markets have at least two major print directories and 10% have three or more print directories operating within a market. Among markets with incumbent Directory Service Providers with a distribution over 500,000 print directories, at least 20% have three books.⁷

A further significant trend in the directory services industry will be the increased importance of digital directional media. According to a forecast by The Kelsey Group, strong growth in this sector will drive industry revenue of US\$25.4 billion (2002) to \$36 billion by 2008. It is projected that 23% of such revenue in 2008, or US\$8.2 billion, will be represented by digital directional media.¹²

By way of comparison, electronic products, such as Internet related online web sites, search engines and Internet retail portals and voice driven initiatives currently represent approximately 3% of the directory services revenue in the United States market.¹²

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 will be fierce among directory services companies and online search companies such as Google™.

It is expected that the shift in directory usage from print to online will occur rapidly as market penetration of broadband in United States homes grows from approximately 40% currently to approximately 71% of all homes by 2008. This will in turn, make the usability of online searching as efficient as accessing the print directories. It is expected that print directory usage will migrate online at approximately 5% per year, implying that online usage will overtake print usage by 2008 or 2009.⁷

The challenge for the Directory Service Providers will be to both capture and maintain the same market share of online directory searches that they currently experience in the print domain, as well as maintain the same stable growth, and operating and profit margins they currently experience.

A further trend currently within the United States directory services industry is the partnering of companies with entities that operate websites that offer online and localized services. Examples would include Verizon and www.findwhat.com, Bell South and www.looksmart.com, as well as SBC and www.askjeeves.com. This trend suggests that the directory services industry is searching for smaller entrepreneurial companies to develop enhanced technology with a primary emphasis on local searches.

"Local" searches are expected to be a primary driver in any online directory services strategy. Local paid-search advertising is expected to drive the growth of the digital directories segment of the US\$22 billion North American directional media market from 2.4% in 2002 to 24% in 2008.¹²

Recent research conducted by The Kelsey Group and ConStat Inc., indicates that 60% of the small businesses surveyed reported that at least 75% of their customers came from within a 50-mile radius, and 80% of small and medium-sized businesses indicated that at least 75% of their buying and/or selling of products and services occurred within a 50-mile radius.¹³

As major search engines such as Google™ and Yahoo!™ aggressively move to expand their dominance from general search to the local search market, partnering of search engines with local incumbent directory services companies appears to be a logical move that marries the local customer base, content and sales force of the traditional directory service providers with the technology and enhanced user experience afforded through a search engine.

Subject to clearance of the applicable regulatory and other legal requirements, management of Call Genie believes that Call Genie is positioned to enter the American market and that the EVD Service™ will add a new dimension to this traditionally highly profitable industry. The introduction of a "voice solution" will be a logical compliment to the traditional print, and now online directory search product offerings.

References:

1. Source: The Kelsey Group Global Forecast – 2003 Year-end Update
2. Source: Nuance Communications Inc. – see corporate website: www.nuance.com/learn/customersatisfaction.html
3. Source: Individual company reports; total global market size by the Kelsey Group report issued May 2003
4. Source: Yellow Pages Group Co. website – www.ypg.com
5. Source: www.canadaplus.ca
6. Source: www.superpages.ca
7. Source: Deutsche Bank report issued February 2004 – Yellow Pages Publishers
8. Source: The Kelsey Group report issued May 2003
9. Source: The Kelsey Group press release dated January 3, 2003; quote by Charles Laughlin, Vice President and Director of The Kelsey Report®
10. Represent U.S. business only. Source: Individual company reports; Deutsche Bank report issued February 2004 – Yellow Pages Publishers
11. Source: The Kelsey Group press release dated January 3, 2003
12. Source: The Kelsey Group report issued November 2003
13. Source: The Kelsey Group report issued December 2003

4. Selected Consolidated Financial Information and Management's Discussion and Analysis

Annual Financial Information

The following table sets out selected historical financial information for Call Genie for each of the years in the three year period ended December 31, 2003 and selected balance sheet data as at December 31, 2003, 2002 and 2001. Such data has been derived from the financial statements of Call Genie and should be read in conjunction with Call Genie's historical financial statements (see Appendix "C" – Annual Financial Statements of Call Genie) and with the information under the heading "Call Genie's Management Discussion and Analysis for the Year-Ended December 31, 2003" below.

Income Statement Data

	Year's Ended December 31		
	2003(\$) (Audited)	2002(\$) (Unaudited)	2001(\$) (Unaudited)
Net sales/total revenue.....	-	-	-
Income from continuing operations.....	-	-	-
Net earnings (loss).....	(925,024)	(145,948)	(217,652)
Basic and diluted net loss per share.....	(0.15)	(0.03)	(0.05)

Balance Sheet Data

	As at December 31		
	2003(\$) (Audited)	2002(\$) (Unaudited)	2001(\$) (Unaudited)
Total assets.....	123,449	41,059	1,822
Total long-term financial liabilities.....	290,000	-	-
Cash dividends declared.....	-	-	-

Quarterly Financial Information

The following table sets out certain unaudited financial information for Call Genie for the nine fiscal quarters indicated. Data for the quarterly periods shown below has been derived from the financial statements of Call Genie and should be read in conjunction with such statements (see Appendix "D" - Interim Financial Statements of Call Genie") and with the information under the heading "Call Genie's Management and Discussion Analysis" for such quarters below.

	Three Months Ended March 31 (\$)(Unaudited)
2004	
Net sales or total revenue.....	-
Income from continuing operations.....	-
Net loss.....	(436,749)
Basic and diluted net loss per share.....	(0.06)

	Three Months Ended			
	December 31 (\$)(Unaudited)	September 30 (\$)(Unaudited)	June 30 (\$)(Unaudited)	March 31 (\$)(Unaudited)
2003				
Net sales or total revenue.....	-	-	-	-
Income from continuing operations.....	-	-	-	-
Net loss.....	(532,149)	(173,590)	(157,992)	(61,293)
Basic and diluted net loss per share.....	(0.09)	(0.03)	(0.02)	(0.01)

	Three Months Ended			
	December 31 (\$)(Unaudited)	September 30 (\$)(Unaudited)	June 30 (\$)(Unaudited)	March 31 (\$)(Unaudited)
2002				
Net sales or total revenue.....	-	-	-	-
Income from continuing operations.....	-	-	-	-
Net loss.....	(57,413)	(51,417)	(26,975)	(10,143)
Basic and diluted net loss per share.....	(0.01)	(0.01)	(0.01)	(0.00)

Dividend Policy

Call Genie has not paid any dividends on the Call Genie Shares since its inception.

Call Genie's Management's Discussion and Analysis for the Year-Ended December 31, 2003

Results of Operations

During the year ended December 31, 2003, Call Genie increased spending on consulting fees for technology and product development to \$268,239 from \$9,991 for the year ended December 31, 2002. Costs for technical product software training increased to \$11,290 during the year ended December 31, 2003 from \$nil during the prior year. Increases in general and administrative expenses in 2003 over 2002 were caused by changes in the following: consulting (\$254,360 versus \$109,569), office and miscellaneous (\$15,032 versus \$11,859), professional fees (\$238,556 versus \$nil), entertainment (\$9,055 versus \$428), rent (\$24,000 versus \$13,439) and travel (\$40,334 versus \$662).

Stock based compensation expense in 2003 in the amount of \$55,593 was a result of stock based compensation that vested over the year ended December 31, 2003.

Amortization of office furniture and computer equipment for 2003 was \$2,698 compared to \$nil in 2002.

Interest expense of \$5,867 was incurred on the Call Genie Convertible Debenture and other short term debt financings in 2003 as compared to \$nil in 2002.

As a result of the foregoing, the total loss for Call Genie for 2003 was \$925,024 compared to a loss of \$145,948 for 2002.

Liquidity and Solvency

At December 31, 2003, Call Genie had a working capital deficiency of \$197,683, with cash on hand of \$72,869, compared to a working capital deficiency of \$91,770 and cash on hand of \$1,327 at December 31, 2002. The increase in the working capital deficiency in 2001 was primarily as a result of the loss of \$925,024 incurred from operations, which was funded primarily by an increase in accounts payable and accrued liabilities and amounts due to related parties.

Cash flow has not satisfied Call Genie's operational requirements in the past. Call Genie has been relying on the sales of equity securities and the issuance of convertible debentures to meet its cash requirements. The future development of Call Genie's business will depend on access to additional financing. See "Risk Factors".

The ability to finance expenditures required to further develop the EVD Service™, in excess of funds on hand, will depend on the Call Genie's ability to obtain additional capital through debt financing, equity financing or other means. There can be no assurance that Call Genie will be successful in obtaining any such financing.

Call Genie's Management's Discussion and Analysis for the First Quarter Ended March 31, 2004

Results of Operations

During the quarter ended March 31, 2004, Call Genie increased spending for consulting fees in technology and product development to \$155,744 from \$37,000 for the quarter ended March 31, 2003. Costs for product development and website development increased to \$8,709 from \$nil during the prior years quarter-end. Increases in general and administrative expenses in the first quarter of 2004 over the first quarter of 2003 were caused by changes in the following: in consulting (\$125,196 versus \$(3,444)), education and training (\$8,575 versus \$nil), professional fees (\$5,074 versus \$12,538), entertainment (\$2,862 versus \$1,309), rent (\$15,000 versus \$3,000), other general administration costs (\$7,653 versus \$2,524) and travel (\$23,377 versus \$8,366). Call Genie also incurred costs for consumer research in the amount of \$12,200 in 2004.

Stock-based compensation in the first quarter of 2004 in the amount of \$56,457 was a result of stock based compensation that vested in the quarter ended March 31, 2004.

Amortization of office furniture and computer equipment for the first quarter of 2004 was \$2,711 compared to \$nil in the first quarter of 2003.

Interest expense of \$13,191 was incurred on the Call Genie Convertible Debenture in the first quarter of 2004 as compared to \$nil in 2003.

As a result of the foregoing, the total loss for Call Genie for the first quarter of 2004 was \$436,749 compared to a loss of \$61,293 for the first quarter 2003.

Call Genie's Management's Discussion and Analysis for the Fourth Quarter Ended December 31, 2003

Results of Operations

During the quarter ended December 31, 2003, Call Genie increased spending on consulting fees for technology and product development to \$137,489 from \$9,991 for the quarter ended December 31, 2002. Education and training in technology and product development increased in the fourth quarter of 2003 to \$6,194 from \$nil in the fourth quarter of 2002. Increases in general and administrative expenses in the fourth quarter of 2003 over the fourth quarter of 2002 were caused by changes in the following: consulting (\$69,127 versus \$39,646), office and miscellaneous (\$4,475 versus \$4,686), professional fees (\$224,593 versus \$nil), entertainment (\$3,421 versus \$428), rent (\$15,000 versus \$2,000) and travel (\$9,256 versus \$662).

Stock-based compensation in the fourth quarter of 2003 in the amount of \$55,593 was a result of stock based compensation that vested in the year ended December 31, 2003.

Amortization of office furniture and computer equipment for the fourth quarter of 2003 was \$1,134 compared to \$nil in the fourth quarter of 2002.

Interest expense of \$4,595 was incurred on the Call Genie Convertible Debenture in the fourth quarter of 2003 as compared to \$nil in 2002.

As a result of the foregoing, the total loss for Call Genie for the fourth quarter of 2003 was \$532,149 compared to a loss of \$57,413 for the fourth quarter 2002.

Call Genie's Management's Discussion and Analysis for the Third Quarter Ended September 30, 2003

Results of Operations

During the quarter ended September 30, 2003, Call Genie increased spending on consulting fees for technology and product development to \$61,371 from \$nil for the quarter ended September 30, 2002. Increases in general and administrative expenses in the third quarter of 2003 over the third quarter of 2002 were caused by changes in the following: consulting (\$89,996 versus \$46,656), office and miscellaneous (\$4,891 versus \$691), professional fees (\$1,445 versus \$nil), entertainment (\$2,141 versus \$nil), rent (\$3,000 versus \$4,070) and travel (\$9,182 versus \$nil).

Amortization of office furniture and computer equipment for the third quarter of 2003 was \$1,564 compared to \$nil in the third quarter of 2002.

As a result of the foregoing, the total loss for Call Genie for the third quarter of 2003 was \$173,590 compared to a loss of \$51,417 the third quarter of 2002.

Call Genie's Management's Discussion and Analysis for the Second Quarter Ended June 30, 2003

Results of Operations

During the quarter ended June 30, 2003, Call Genie increased spending for consulting fees in technology and product development to \$37,476 from \$nil for the quarter ended June 30, 2002. Increases in general and administrative expenses in the second quarter of 2003 over the second quarter of 2002 were caused by changes in the following: consulting (\$97,622 versus \$19,127), office and miscellaneous (\$2,476 versus \$nil), entertainment (\$2,221 versus \$nil), rent (\$3,000 versus \$7,848) and travel (\$13,925 versus \$nil).

Interest expense of \$1,272 was incurred on the outstanding principal under the Call Genie Convertible Debenture in the second quarter of 2003 as compared to \$nil in 2002.

As a result of the foregoing, the total loss for Call Genie for the second quarter of 2003 was \$157,992 compared to a loss of \$26,975 for the second quarter 2002.

Call Genie's Management's Discussion and Analysis for the First Quarter Ended March 31, 2003

Results of Operations

During the quarter ended March 31, 2003, Call Genie increased spending for consulting fees in technology and product development to \$37,000 from \$nil for the quarter ended March 31, 2002. Increases in general and administrative expenses in the first quarter of 2003 over the first quarter of 2002 were incurred in consulting, office and miscellaneous (\$ (489) versus \$10,143), professional fees (\$12,538 versus \$nil), entertainment (\$1,272 versus \$nil), rent (\$3,000 versus \$nil) and travel (\$7,972 versus \$nil).

As a result of the foregoing, the total loss for Call Genie for the first quarter of 2003 was \$61,293 compared to a loss of \$10,143 for the first quarter 2002.

5. Description of the Call Genie Securities

Call Genie Shares

Call Genie is authorized to issue an unlimited number of Call Genie Shares and an unlimited number of preferred shares, issuable in series. As of May 27, 2004, the date prior to the conversion of the Call Genie Convertible Debenture, 7,140,010 Call Genie Shares were issued and outstanding as fully paid and non-assessable and no preferred shares were issued and outstanding. As of the date hereof and including the conversion of the Call Genie Convertible Debenture, 9,067,500 Call Genie Shares are issued and outstanding as fully-paid and non-assessable and no preferred shares are issued and outstanding.

The holders of Call Genie Shares are entitled to dividends, as and when declared by the Call Genie Board, to one vote per share at meetings of Call Genie Shareholders and to share equally in such assets of Call Genie as are distributed to Call Genie Shareholders upon liquidation. The Call Genie Board may, by resolution, fix the rights, privileges, restrictions and conditions of any series of preferred shares, prior to the issuance of such shares.

Call Genie Convertible Debenture

Call Genie entered into the Call Genie Convertible Debenture on September 25, 2003 with Oceanic Greystone Securities Inc., a corporation controlled by Mr. Richard W. DeVries, an Insider of Call Genie. The Call Genie Convertible Debenture allowed Call Genie to borrow up to \$1 million from Oceanic Greystone Securities Inc. and entitled Oceanic Greystone Securities Inc. to convert outstanding principal and accrued interest into Call Genie Shares at the conversion rate of one Call Genie Share for each \$0.30 of converted principal and interest, a right Oceanic Greystone Securities Inc. exercised on May 28, 2004. The Call Genie Convertible Debenture bore interest at the rate of 12% per annum. As of May 28, 2004, the date of conversion, the outstanding principal and interest on the Call Genie Convertible Debenture was \$578,247, which was converted into 1,927,490 Call Genie Shares.

Call Genie Warrants

As of the date hereof, there are 1,600,000 Call Genie Warrants outstanding. The Call Genie Warrants are non-transferable (except in limited circumstances).

Each Call Genie Warrant entitles the holder thereof to acquire one Call Genie Share at a price of \$0.50, subject to anti-dilution protection. Under the Acquisition Agreement, any unexercised Call Genie Warrants were to be exchanged for replacement GRD warrants at closing of the Transaction on a basis that would preserve parity between the two sets of warrants. However, the Exchange advised Call Genie that revisions to certain of the terms of the warrants to be exchanged for CG Warrants would be required before the Exchange could accept the Transaction. Among other things, the holders of Call Genie Warrants would be required to agree that the replacement GRD warrants would be exercisable at a price of \$0.225 per GRD Share as opposed to the \$0.18 per GRD Share that would otherwise result from the exchange of the Call Genie Warrants.

Upon completion of the Transaction, the Call Genie Warrants will be exchanged for replacement GRD warrants, which will become CG Warrants upon completion of the Amalgamation. See "Information Concerning CG - Description of Securities - CG Warrants". The CG Warrants issued as part of the Transaction and Amalgamation will be Surplus Escrow Securities and any CG Shares issued upon their exercise will also be Surplus Escrow Securities. See "Information concerning CG Escrow Securities and Resale Restrictions". The CG Warrants will expire on July 30, 2010, after all of the CG Securities that are Surplus Escrow Securities have been released from escrow.

6. Share Capital

The following table sets out information relating to the Share Capital of Call Genie as at the dates indicated.

	Number of Call Genie Shares ⁽¹⁾	Amount (\$)
Balance, December 31, 2000 and December 31, 2001 ⁽²⁾	4,520,000	4,520
Issued for debt ⁽³⁾	681,692	469,500
Balance, December 31, 2002	5,201,692	474,020
Issued for conversion of the debenture ⁽⁴⁾	375,141	56,271
Private placement ⁽⁵⁾	666,667	100,000
Private placement ⁽⁶⁾	634,010	190,203
Private placement ⁽⁷⁾	150,000	45,000
Issued for services ⁽⁸⁾	112,500	112,500
Share issue costs on private placement	-	(10,000)
Balance, December 31, 2003 ⁽⁹⁾	7,140,010	967,994
Issued for conversion of the Call Genie Convertible Debenture ⁽¹⁰⁾	1,927,490	578,247
Balance, June 21, 2004	9,067,500	1,546,241

Notes:

1. Call Genie is authorized to issue an unlimited number of Call Genie Shares.
2. During 2000, Call Genie issued 4,520,000 Call Genie Shares to various directors, officers and consultants of Call Genie at a price of \$0.001 per share for proceeds of \$4,520.
3. Effective October 31, 2002, Call Genie issued 409,015 Call Genie Shares at a price of \$0.73 and 272,677 Call Genie Shares at a price of \$0.62 per share for net proceeds of \$469,500 in settlement Call Genie's outstanding indebtedness.
4. Effective April 30, 2003, Call Genie issued 375,141 Call Genie Shares at a price of \$0.15 per share upon the conversion of a debenture for \$55,000 plus accrued interest of \$1,271.
5. Effective June 30, 2003, Call Genie completed a private placement of 666,667 Call Genie Shares at a price of \$0.15 per share for proceeds of \$100,000. Share issuance costs amounted to \$10,000.
6. Effective June 30, 2003 and September 30, 2003, Call Genie completed a private placement of 634,010 Call Genie Shares at a price of \$0.30 per share for proceeds of \$190,203.
7. Effective December 15, 2003, Call Genie completed a private placement of 150,000 Call Genie Shares at a price of \$0.30 per share for proceeds of \$45,000.
8. Effective December 31, 2003, Call Genie issued 112,500 Call Genie Shares, at a price of \$1.00 per share, to Bennett Jones LLP for legal services rendered in respect of the YPG Agreements.
9. As of December 31, 2003, Call Genie had a deficit of \$1,490,385.
10. Effective May 28, 2004, Call Genie issued 1,927,490 Call Genie Shares, at a price of \$0.30 per share, upon the conversion of the Call Genie Convertible Debenture (\$550,000 of principal, plus accrued interest of \$28,247).

7. Prior Sales

Prior Sales

There have been no issuances of Call Genie Securities during the twelve months preceding the date of the filing of this Filing Statement except as set out in the following table.

Call Genie Shares

Date	Number of Call Genie Shares	Issue Price per Call Genie Share (\$/Share)	Aggregate Issue Proceeds (\$)	Consideration Received
June 30, 2003	666,667	0.15	100,000	Cash
June 30, 2003	316,673	0.30	95,000	Cash
September 30, 2003	317,337	0.30	95,200	Cash
December 15, 2003	150,000	0.30	45,000	Cash
December 31, 2003	112,500	1.00	112,500	_(1)
May 28, 2004	1,927,490	0.30	578,247	_(2)
Total Issuances within last 12 months	3,490,667	0.15 - 1.00	1,025,947	

Notes:

1. 112,500 Call Genie Shares were issued to Bennett Jones LLP at a price of \$1.00 per Call Genie Share as payment for legal services rendered to Call Genie in respect of the YPG Agreements.
2. Issued upon the exercise of the Call Genie Convertible Debenture. See "Information Concerning Call Genie - Description of the Call Genie Securities - Call Genie Convertible Debenture".

Call Genie Warrants

<u>Date</u>	<u>Number of Call Genie Warrants</u>	<u>Exercise Price (\$/Share)</u>	<u>Number of Call Genie Shares Issuable on Exercise</u>
September 30, 2003 ⁽¹⁾	1,600,000	0.50 ⁽²⁾	1,600,000

Notes:

1. The Call Genie Warrants were issued to certain officers of Call Genie or persons performing officer level duties for Call Genie pending formal appointment as officers of Call Genie. See "Information Concerning Call Genie - Description of the Call Genie Securities - Call Genie Warrants".
2. The exercise price of the replacement GRD warrants to be issued to the holders of the former Call Genie Warrants as part of the Transaction will be \$0.225 per GRD Share. See "Information Concerning Call Genie – Description of the Call Genie Securities – Call Genie Warrants".

8. Trading History

None of the Call Genie Securities are, or have been, posted for trading on any stock exchange.

9. Executive Compensation

Compensation

The following table sets out information concerning the total compensation paid, during each of the last three financial years (as applicable), to Call Genie's Chief Executive Officer and its next four highest compensated executive officers (each a "Named Executive Officer").

Name and Principal Position ⁽¹⁾	Year	Annual Compensation			Long-Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Issuable Under Call Genie Warrants Granted (#)	All Other Long-Term Compensation (\$)
Neil D. Frizzell Chief Executive Officer ⁽²⁾	2003	37,500	-	-	600,000	-
	2002	-	-	-	-	-
	2001	-	-	-	-	-
Alex W. Blodgett..... President	2003	20,000	-	-	275,000	-
	2002	-	-	-	-	-
	2001	-	-	-	-	-
Michael A. Sharp..... Chief Operating Officer ⁽³⁾	2003	70,000	-	3,853	-	-
	2002	-	-	-	-	-
	2001	-	-	-	-	-
Garry D. Bunkowsky..... Vice President, Sales and Marketing ⁽⁴⁾	2003	87,900	-	6,743	25,000	-
	2002	90,100	-	8,305	-	-
	2001	100,000	-	-	-	-
Christopher E. Lugg..... Vice President, Product Development ⁽⁵⁾	2003	90,000	-	2,851	100,000	-
	2002	9,000	-	2,328	-	-
	2001	-	-	-	-	-

Notes:

1. All such individuals are subject to consulting arrangements with Call Genie, either directly or through consulting companies. Following the Amalgamation it is anticipated that all full-time personnel and some part-time personnel will become employees of CG. It is anticipated that all consultants and employees will be a party to non-disclosure agreements with appropriate restrictive covenants. See "Information Concerning CG - Directors, Officers and Promoters".
2. Mr. Frizzell was appointed as Chief Executive Officer by the Call Genie Board in March 2004 and provided certain advisory services to, and undertook a senior officer role with, Call Genie prior thereto.
3. Mr. Sharp previously held the position of Chief Executive Officer of Call Genie from February 2003 to March 2004.
4. Mr. Bunkowsky previously held the position of Vice President, Sales of Call Genie until March 2004.
5. Mr. Lugg previously held the position of Vice President, Business Development of Call Genie until March 2004.

Effective September 30, 2003, Call Genie granted an aggregate of 1,600,000 Call Genie Warrants to Named Executive Officers and other officers of Call Genie (or persons performing officer roles pending formal appointment). The following table sets out information respecting such Call Genie Warrants.

Name of Grantee and Position	Number of Call Genie Shares That may be Acquired Under Warrants	Exercise Price Per Call Genie Share (\$) ⁽⁸⁾
Neil D. Frizzell Chief Executive Officer ⁽²⁾	600,000	0.50
Alex W. Blodgett President ⁽³⁾	275,000	0.50
Garry D. Bunkowsky Vice President, Sales and Marketing ⁽⁴⁾	25,000	0.50
Christopher E. Lugg Vice President, Product Development ⁽⁵⁾	100,000	0.50
Ian S. Hill Chief Financial Officer ⁽⁶⁾	375,000	0.50
Todd G. Simpson Director, Technology ⁽⁷⁾	225,000	0.50
Total Call Genie Warrants	1,600,000	

Notes:

1. After giving effect to both the Transaction and the Amalgamation, the exercise price for the CG Warrants will be \$0.225 per CG Share. See "Information Concerning CG - Description of Securities - CG Warrants".
2. After giving effect to both the Transaction and the Amalgamation, Mr. Frizzell will hold CG Warrants exercisable into 1,635,013 CG Shares.
3. After giving effect to both the Transaction and the Amalgamation, Mr. Blodgett will hold CG Warrants exercisable into 749,381 CG Shares.
4. After giving effect to both the Transaction and the Amalgamation, Mr. Bunkowsky will hold CG Warrants exercisable into 68,126 CG Shares.
5. After giving effect to both the Transaction and the Amalgamation, Mr. Lugg will hold CG Warrants exercisable into 272,502 CG Shares.
6. After giving effect to both the Transaction and the Amalgamation, Mr. Hill will hold CG Warrants exercisable into 1,021,883 CG Shares.
7. After giving effect to both the Transaction and the Amalgamation, Dr. Simpson will hold CG Warrants exercisable into 613,130 CG Shares.
8. The exercise price of the replacement GRD warrants to be issued to the holders of former Call Genie Warrants as part of Transaction will be \$0.225 per GRD Share. These warrants will be Surplus Escrow Securities and will expire on July 30, 2010, when all of the CG Securities will have been released from escrow. See "Information Concerning Call Genie – Description of the Call Genie Securities – Call Genie Warrants".

There were no other forms of long-term compensation paid to any of the officers of Call Genie. For the expected compensation to be paid to officers of CG, see "Information Concerning CG - Proposed Executive Compensation".

Call Genie has not paid cash compensation to any of its directors.

10. Non-Arm's Length Party Transactions

Other than as follows, from the date of its incorporation to the date hereof, neither Call Genie nor any of its subsidiaries has acquired any assets or been provided any services from any director,

officer, Insider or Promoter of Call Genie, other than in the ordinary course of such director's, officer's, Insider's or Promoter's consulting arrangements with Call Genie.

1. From incorporation to June 21, 2004, the directors, officers, founders and consultants of Call Genie have purchased an aggregate of 8,152,687 Call Genie Shares (at prices ranging from \$0.001 to \$0.73 per Call Genie Share) and 1,600,000 Call Genie Shares have been reserved for issuance upon exercise of the Call Genie Warrants granted to certain personnel of Call Genie. See "Information Concerning Call Genie - Prior Sales".
2. Call Genie entered into the Call Genie Convertible Debenture with Oceanic Greystone Securities Inc., a corporation controlled by Mr. Richard W. DeVries, an Insider of Call Genie, which was subsequently converted on May 28, 2004. (The Call Genie Shares issued as a result of this conversion are included in paragraph 1 above.)
3. Call Genie subleases office space (and pays for the use of certain office equipment and administrative support) from a corporation controlled by Mr. Richard W. DeVries, an Insider of Call Genie. Call Genie expects to seek new office space following completion of the Transaction.

11. Legal Proceedings

Call Genie is not currently involved in any legal proceedings and Call Genie's management is not aware of any pending or threatened proceedings.

12. Material Contracts

Since the date of its incorporation, Call Genie has not entered into any contracts material to investors in the CG Shares other than the following.

1. Acquisition Agreement.
2. The YPG Agreements.
3. The Call Genie Convertible Debenture.

Copies of these agreements, other than the YPG Agreements, will be available for inspection at no charge at the registered office of Call Genie, located at Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta, during ordinary business hours until the date of closing of the Transaction and for a period of thirty days thereafter. The YPG Agreements contain certain sensitive information relating to the business relationships between Call Genie (Ontario) and Yellow Pages Group Co., the disclosure of which may have a material adverse impact on Call Genie's capacity to negotiate future arrangements with Directory Service Providers once the EVD ServiceTM has achieved market acceptance. Accordingly, Call Genie has requested confidentiality with respect to the YPG Agreements from the Exchange and the Sponsor and such agreements will not be available for inspection.

INFORMATION CONCERNING CG

1. The Transaction

GRD and Call Genie entered into the Acquisition Agreement on February 24, 2004. The Acquisition Agreement provides that GRD will purchase all of the issued and outstanding Call Genie Shares pursuant to purchase and sale agreements with the Call Genie Shareholders and that GRD will issue replacement GRD warrants to the holders of Call Genie Warrants. Such GRD warrants will become CG Warrants following the Amalgamation. The purchase price payable by GRD is based on an ascribed value of Call Genie of approximately \$8.7 million (\$0.30 per Call Genie Share).

The Acquisition Agreement provides that GRD will issue, or reserve for issuance, 29,069,174 GRD Shares upon Closing the Transaction, on the following basis:

- (i) 19,456,686 GRD Shares will be issued from treasury in exchange for the Call Genie Shares outstanding prior to the conversion of the Call Genie Convertible Debenture;
- (ii) 5,252,453 GRD Shares will be issued from treasury in exchange for the Call Genie Shares issued on conversion of the principal amount borrowed under the Call Genie Convertible Debenture (and accrued interest), being \$578,247 on the date of conversion (May 28, 2004); and
- (iii) 4,360,035 GRD Shares will be reserved for issuance upon the exercise of the replacement GRD warrants issued in exchange for the Call Genie Warrants.

This equates to an exchange ratio of approximately 2.73 GRD Shares for each Call Genie Share.

Following closing of the Transaction, it is expected that GRD and Call Genie will complete the Amalgamation to form CG. The aggregate number of CG Shares outstanding and reserved for issuance following completion of the Transaction and the Amalgamation (but prior to completion of the Offering) will be 37,752,174 CG Shares (being 32,209,139 CG Shares outstanding and 5,543,035 CG Shares reserved for issuance for CG Warrants and CG Options). Before giving effect to the Offering, the former Call Genie Shareholders and holders of Call Genie Warrants will own (or have the right to own, in the case of the holders of the former Call Genie Warrants) approximately 77% of the CG Shares and the GRD Shareholders and holders of the GRD Options will hold (or have the right to own, in the case of holders of the GRD Options) approximately 23% of the CG Shares. Accordingly, the Transaction will constitute a reverse takeover of GRD.

The Acquisition Agreement required GRD to pay a nonrefundable deposit in the amount of \$25,000 and a refundable deposit of \$225,000 to Call Genie. Payment of those deposits was subject to prior approval of the Exchange.

The Acquisition Agreement also required GRD to engage the Sponsor to provide a report to the Exchange with respect to the Transaction, as contemplated by the policies of the Exchange. Neither GRD nor Call Genie has any relationship with the Sponsor, other than the engagement of

the Sponsor by GRD to act as the sponsor of the Transaction and the appointment of the Sponsor as lead agent in connection with the Offering.

The Transaction was negotiated on an arm's-length basis and involves arm's-length parties and therefore is not a Non-Arm's Length Qualifying Transaction under the Policies of the Exchange. As a result no meeting of GRD Shareholders is required as a condition to the completion of the Transaction.

It is anticipated that the closing of the Transaction will not occur unless GRD can complete the Offering.

2. The Offering

GRD entered into the Financing Engagement Letter on May 19, 2004, which letter was acknowledged by Call Genie. Pursuant to the terms of the Financing Engagement Letter, GRD will offer 4,444,400 GRD Units at \$0.45 per unit, for gross proceeds of \$1,999,980. Each GRD Unit will consist of one GRD Share and one-half of one GRD Purchase Warrant. Each full GRD Purchase Warrant will entitle the holder thereof to acquire one GRD Share, at an exercise price of \$0.90 per share, until the date that is 18 months following the issuance of the GRD Purchase Warrants. The Offering is to be conducted on a best efforts basis and is led by First Associates Investments Inc. and includes Leede Financial Markets Inc. and Jennings Capital Inc. GRD will pay a commission of 10% of the gross proceeds raised pursuant to the Offering. In addition, a 3% solicitation fee will be payable upon the exercise of each GRD Purchase Warrant (except any warrants issued to any of the Agents). GRD will also issue the GRD Offering Agents' Option upon completion of the Offering.

GRD will undertake the Offering pursuant to Exchange Policy 4.6 – *Public Offering by Short Form Offering Document*. The Offering is conditional upon GRD receiving from the Securities Commissions in Alberta and British Columbia exemptive relief from the prospectus requirements of the *Securities Act* (Alberta) and *Securities Act* (British Columbia), which relief GRD applied for on May 6, 2004. The granting of such relief is conditional upon acceptance by the Exchange of this filing statement.

On a fully diluted basis, the aggregate number of CG Shares outstanding and reserved for issuance following the Transaction, the Amalgamation and the Offering will be 45,085,434 (being 36,653,539 CG Shares outstanding and 8,431,895 CG Shares reserved for issuance for CG Options and CG Warrants).

3. Corporate Structure

Name and Incorporation

GRD and Call Genie currently expect that, as soon as practicable following completion of the Transaction, both corporations will complete the Amalgamation, pursuant to section 184 of the *Business Corporations Act* (Alberta). "Call Genie Inc." is the expected name of the corporation that will result from the Amalgamation.

Intercorporate Relationships

CG will have these subsidiaries following the Amalgamation: Call Genie (Ontario), Call Genie (USA) and Call Genie (Barbados) (provided CG decides it is in its interest to incorporate and organize Call Genie (Barbados)). See "Information Concerning Call Genie - Corporate Structure".

4. Narrative Description of the Business

For the narrative of the business of CG, including development milestones of the business, see "Information Concerning Call Genie – Narrative of the Business".

5. Description of the Securities

CG Shares

The share structure of CG will be the same as the share structure of GRD and the rights associated with each class of shares of CG will be the same as the rights associated with each class of shares of GRD. See "Information Concerning GRD - Description of Securities".

The aggregate number of CG Shares outstanding and reserved for issuance following completion of the Transaction and the Amalgamation (but prior to completion of the Offering) will be 37,752,174 CG Shares (being 32,209,139 CG Shares outstanding and 5,543,035 CG Shares reserved for issuance). Presuming the completion of the Offering, the aggregate number of CG Shares outstanding and reserved for issuance will be 45,085,434 CG Shares (being 36,653,539 CG Shares outstanding and 8,431,895 CG Shares reserved for issuance).

CG Warrants

Upon completion of the Transaction, the Call Genie Warrants will be exchanged for replacement GRD warrants, which will become CG Warrants upon completion of the Amalgamation. The aggregate number of CG Warrants ultimately issued in exchange for the Call Genie Warrants as part of the Transaction and Amalgamation will be 4,360,035, all of which will have an exercise price of \$0.225 per CG Share and will expire on July 30, 2010. Such CG Warrants will also include typical anti-dilutive protections. The CG Warrants will be Surplus Escrow Securities. See "Information Concerning CG – Escrow Securities and Resale Restrictions".

In addition, upon the completion of the Transaction, the Amalgamation and the Offering, the GRD Purchase Warrants will become CG Warrants. Each of these CG Warrants will entitle the holder thereof to acquire one CG Share at an exercise price of \$0.90 per share until the date that is 18 months following the issuance of the GRD Purchase Warrants. Such CG Warrants will also include typical anti-dilutive protections.

The total number of CG Warrants, comprised of the former Call Genie Warrants and the GRD Purchase Warrants, outstanding following the Transaction, the Amalgamation and the Offering will be 6,582,235.

CG Options

The CG Option Plan will be the same as the GRD Option Plan and the rights associated with the CG Options will be the same as the rights associated with the GRD Options. See "Information Concerning GRD - GRD Option Plan".

The aggregate number of CG Options outstanding following completion of the Transaction and the Amalgamation (but prior to the Offering) will be 1,183,000 CG Options (including the GRD IPO Agents' Option), of which 300,000 CG Options, if not exercised, will terminate on the 90th day following the closing of the Transaction.

The aggregate number of CG Options outstanding following completion of the Transaction, the Amalgamation and the Offering will be 1,849,660 CG Options (including the GRD Options, the GRD IPO Agents' Option and the GRD Offering Agents' Option), of which 300,000 CG Options, if not exercised, will terminate on the 90th day following the closing of the Transaction.

6. Pro Forma Consolidated Capitalization

Pro Forma Consolidated Capitalization

The following table sets out information concerning the pro forma share and loan capital of CG, on a consolidated basis, and giving effect to the Transaction, the Amalgamation and the Offering. Such data has been derived from the pro forma consolidated financial statements of CG and should be read in conjunction with the pro forma financial statements set forth in Appendix "E" - Financial Statements - Financial Statements of CG.

Security	Amount Authorized	Amount Outstanding After Giving Effect to the Transaction	Amounts Outstanding After Giving Effect to the Transaction, the Amalgamation and the Offering⁽¹⁾
CG Shares	Unlimited	32,209,139	36,653,539
Preferred Shares	Unlimited	-	-
CG Warrants issued to the holders of former Call Genie Warrants	N/A	4,360,035	4,360,035
CG Warrants issued to the holder s of former GRD Purchase Warrants	N/A	N/A	2,222,200
GRD Options	10% of issued shares	600,000	600,000 ⁽²⁾
GRD IPO Agents' Option	N/A	583,000	583,000
GRD Offering Agents' Option	N/A	N/A	666,660

Notes:

1. For additional information concerning the Offering, see "Information Concerning GRD – The Offering".
2. 300,000 Options are scheduled to expire 90 days after the closing of the Transaction. For more information concerning the GRD Options, see "Information Concerning GRD – Description of Securities – GRD Option Plan".

- For more information concerning the GRD Options, see "Information Concerning GRD - Description of Securities - GRD Option Plan".
- As at December 31, 2003, GRD had retained earnings of \$769, and Call Genie had a deficit of \$1,490,389.

Fully Diluted Share Capital

The following table sets out information relating to the share capital of CG as of the date of the Final Exchange Bulletin (assuming the completion of the Transaction, the Amalgamation and the Offering).

Designation of Security	Amount Authorized	GRD⁽¹⁾	Call Genie⁽¹⁾		Pro Forma Adjustments	Pro Forma CG
Number						
Common shares	Unlimited	7,500,000		(4)	24,709,139	36,653,539
				(2)	4,444,400	
Common shares	Unlimited		7,140,010	(4)	(7,140,010)	-
Convertible debenture				(5)	1,927,490	-
				(4)	(1,927,490)	
Options ⁽³⁾		1,183,000		(9)	666,660	1,849,660
Warrants			1,600,000	(6)	(1,600,000)	6,582,235
				(6)	4,360,035	
				(8)	2,222,200	
Total		8,683,000	8,740,010			45,085,434
Amount						
Common shares		\$ 1,699,398	\$ -	(7)	\$ (1,699,398)	\$ -
Common shares			\$ 967,994	(7)	\$ 1,663,212	\$ 4,909,453
				(5)	\$ 578,247	
				(2)	\$ 1,700,000	
Convertible debenture			\$ 290,000	(5)	\$ 260,000	-
				(5)	\$ 28,247	
				(5)	\$ (578,247)	
Options		-				-
Warrants			-			-
Total		\$ 1,699,398	\$ 1,257,994			\$ 4,909,453

Notes:

- As at March 31, 2004, GRD had retained earnings of \$2,256, and Call Genie had a deficit of \$1,927,134.
- In conjunction with the Transaction, GRD will use reasonable efforts to undertake the Offering to raise proceeds, net of finance costs, of approximately \$1.7 million.
- GRD has reserved an aggregate of 583,000 GRD Shares at \$0.30 per share pursuant to the GRD Agents' IPO Option. GRD has also reserved an aggregate of 600,000 GRD Shares at \$0.30 per share pursuant to GRD Options granted to directors and officers of GRD.
- Under the Transaction, after reserving CG Shares for issuance to holders of CG Warrants, 24,709,139 CG Shares will be issued to Call Genie Shareholders and the holder of the Call Genie Convertible Debenture.
- Subsequent to December 31, 2003, Call Genie borrowed an additional \$260,000 under the Call Genie Convertible Debenture. Accrued interest to May 28, 2004 was \$28,247. The principal amount of \$550,000 and accrued interest of

\$28,247, totaling \$578,247 has been converted to Call Genie Shares at a rate of one common share for \$0.30 of debt, resulting in 1,927,490 Call Genie Shares.

6. The Call Genie Warrants will be converted first to replacement GRD warrants (following the closing of the Transaction) then to CG Warrants (following the Amalgamation), with 4,360,035 CG Warrants to be issued to the holders of Call Genie Warrants. These warrants will be exercisable at a price of \$0.225 per share.
7. GRD will become the parent of Call Genie. However, as a result of the share exchange pursuant to the Transaction, control of the combined companies will pass to the former Call Genie Shareholders. This type of share exchange, referred to as a "reverse takeover", deems Call Genie to be the acquirer for accounting purposes. Accordingly, the net assets of Call Genie are included in the balance sheet at book values and the deemed acquisition of GRD is accounted for by the purchase method with the net assets of GRD recorded at fair value at the date of acquisition.

The cost of an acquisition should be based on the fair value of the consideration given, except where the fair value of the consideration given is not clearly evident. In such case, the fair value of the net assets acquired is used.

Since the 29,069,714 GRD Shares issued (or reserved for issuance) pursuant to the Acquisition Agreement represent approximately 77% of GRD's issued and outstanding capital stock and GRD Shares were yet to be traded at the time the Transaction was negotiated, it was impossible to estimate the actual market value of the 29,069,174 GRD Shares. Therefore, the value of the shares issued on acquisition is based on the fair value of the net assets acquired. The fair value of GRD's net assets was \$1,663,212.

The total purchase price of \$1,663,212 has been allocated as follows:

Cash	\$1,672,426
Receivables	6,200
Accrued liabilities	<u>(15,414)</u>
	<u>\$1,663,212</u>

8. GRD will reserve for issuance up to an aggregate of 2,222,200 GRD Shares pursuant to the GRD Purchase Warrants to be distributed as part of the Offering, the terms of which entitle the holder, for each full warrant held, to acquire one GRD Share at an exercise price of \$0.90 per GRD Share until the date that is 18 months after the date of issuance of such warrants.
9. GRD will reserve for issuance up to an aggregate up to 444,440 GRD Shares at an exercise price of \$0.45 per GRD Share and up to 222,220 GRD Shares at an exercise price of \$0.90 per share pursuant to the GRD Offering Agents' Option.

7. Available Funds and Principal Purposes of Funds

Funds Available and Principal Purposes of Funds

The following table sets out information respecting CG's sources of cash and intended uses of such cash, in each case from May 31, 2004 through May 31, 2005. The amounts shown in the table are estimates only and are based on the best information available to GRD and Call Genie as of the date hereof. The intended uses of such cash and/or CG's developmental capital needs may vary based on a number of factors, including the ability of CG to meet its development schedule, the number of merchants and the services for which they subscribe and changes in technology or strategy.

<u>Sources</u>	<u>Amount (\$)</u>
Cash and cash equivalents at May 31, 2004	1,418,000
Funds raised by the Offering	1,999,980
Interest income	<u>25,000</u>
Total Sources	<u>3,442,980</u>

<u>Uses</u>	<u>Amount (\$)</u>
Operating losses	1,480,000
Financing expenses related to the Offering	300,000
Qualifying Transaction costs ⁽¹⁾	125,000
Capital expenditures	60,000
Working capital	1,477,980
Total Users	3,442,980

Notes:

- The difference between the \$1.48 million operating losses above and the \$1.75 million in the development milestone costs (page 20), being \$0.27 million, is explained as follows:

<u>Development Milestone Costs:</u>	<u>\$Million</u>
	1.75
Less:	
1. Exclusion of the revenue in the fourth quarter	(0.10)
2. Expenses already incurred in April and May 2004	(0.27)
Add:	
1. Estimated business development costs not related to the development milestones	0.10
 Operating losses:	 1.48

- Financing expenses consist of agent commission of \$199,998, listing fees of \$10,500, due diligence fees of \$15,000, professional fees of \$67,500 and printing and miscellaneous costs of \$7,002.
- Excludes \$37,500 paid prior to May 31, 2004.

Dividends

Historically, neither Call Genie nor GRD has paid dividends on its capital stock and there are no present plans for CG to pay dividends in the immediate future. The payment of any future dividends on CG Shares will depend, among other things, upon the current and retained earnings and financial condition of CG, and a determination by the CG Board that the payment of dividends would be appropriate.

It is anticipated that any net income from future operations will be used to further develop the EVD Technology and EVD ServiceTM.

8. Principal Securityholders

To the knowledge of the directors and senior officers of each of Call Genie and GRD, as of the date hereof, no Person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of CG after giving effect to the Transaction and the Amalgamation, except as follows.

Name and Municipality of Residence	Number of Call Genie Shares	Number of CG Shares	Approximate Percentage of CG Shares Owned Prior to the Offering (Undiluted)	Approximate Percentage of CG Shares Owned Following the Offering (Undiluted)
Richard W. DeVries Freeport, GBI, Bahamas	2,564,691	6,988,838 ⁽¹⁾	21.7% ⁽²⁾	19.1 ⁽³⁾

Notes:

1. Mr. DeVries will control 930,464 CG Shares personally, 5,717,772 CG Shares through Oceanic Greystone Securities Inc. and 340,602 CG Shares that are beneficially owned through International Benefits Management Corporation.
2. On a fully diluted basis, Mr. DeVries will control 18.5% of the CG Securities prior to completion of the Offering.
3. This value presumes that Mr. DeVries will not participate in the Offering. On a fully diluted basis, Mr. DeVries will control 15.5% of the CG Securities following the Offering.

9. Directors, Officers and Promoters

The following table sets out information concerning the proposed directors, officers and Promoters of CG and sets out the number of CG Shares to be beneficially owned, directly or indirectly, or over which control or discretion is to be exercised by each person.

Name and Municipality of Residence of Proposed Director and Officer	Principal Occupations within the Five Preceding Years	Period served as a Director of GRD or Call Genie	Approximate Number of CG Securities	Percentage of CG Securities Following the Transaction but before the Offering (fully diluted)	Percentage of CG Securities Following the Transaction and the Offering (fully diluted)
Neil D. Frizzell	Chief Executive Officer of Hope Springs Management Inc. from 2003 to present; Vice President of TOM Capital Associates Inc. from 2002-2003; Vice President, General Counsel of Zi Corporation from 2001-2002; General Counsel of Netpulse E-Zone Media Networks from 1999-2001; General Counsel and Senior Finance Associate of Tamarack Group Inc. from 1998-1999	Mr. Frizzell was not a director of either GRD or Call Genie	2,996,461 ⁽²⁾	7.9%	6.6%

Name and Municipality of Residence of Proposed Director and Officer	Principal Occupations within the Five Preceding Years	Period served as a Director of GRD or Call Genie	Approximate Number of CG Securities	Percentage of CG Securities Following the Transaction but before the Offering (fully diluted)	Percentage of CG Securities Following the Transaction and the Offering (fully diluted)
Alex W. Blodgett..... Lions Bay, BC President	President of Call Genie Inc. from 2003 – present; self-employed consultant from 2002-2003; Vice President of Oxford Bancorp Inc. from 1999-2001; President of WaterSave Logic Corp. from 1997-1999	Mr. Blodgett was not a director of either GRD or Call Genie	1,480,512 ⁽³⁾	3.9%	3.3%
Richard W. DeVries ⁽¹⁾ ... Freeport, GBI, Bahamas Director	President of Richard W. DeVries Professional Corporation from 1985	Mr. DeVries was not a director of Call Genie; Mr. DeVries was a director of GRD for a short period in early 2003	6,988,838 ⁽⁴⁾	18.5%	15.5%
Ronald D. Johnston ⁽¹⁾ Calgary, Alberta Director	Vice President Corporate Development of Rally Energy Corp. since 2002; Director of CanBaikal Resources Inc. from 2001 – 2002; Vice President & Registered Representative of Leede Financial Markets Inc. from 1999 – 2002; Vice President & Registered Representative of C.M. Oliver & Company Limited from 1994-1999	Director of GRD since incorporation	533,334	1.4%	1.2%
S. Graeme Ross ⁽¹⁾ Wainfleet, Ontario Director	President and Director of Bovinia Inc., a consulting company, since 1993	Director of GRD since incorporation	200,000	0.5%	0.4%
Michael A. Sharp..... West Vancouver, British Columbia Director, Chief Operating Officer	Chief Executive Officer of Call Genie Inc. from 2003-2004; self-employed consultant from 2002-2003; Senior Vice President of Terasen Inc. (BC Gas) from 2000-2001; Senior Vice President of Sprint Canada/Call Net Inc. from 1994-1999	Mr. Sharp was not a director of either GRD or Call Genie	2,725,022	7.2%	6.0%
Garry D. Bunkowsky Calgary, Alberta Vice President – Sales	Vice President Sales of Call Genie Inc. from 2000-present; Director of Sales	Mr. Bunkowsky was not a director of either GRD or	1,812,748	4.8%	4.0%

Name and Municipality of Residence of Proposed Director and Officer	Principal Occupations within the Five Preceding Years	Period served as a Director of GRD or Call Genie	Approximate Number of CG Securities	Percentage of CG Securities Following the Transaction but before the Offering (fully diluted)	Percentage of CG Securities Following the Transaction and the Offering (fully diluted)
& Marketing	of Vicom Multimedia Inc. from 1997-2000	Call Genie			
Ian S. Hill..... Calgary, Alberta Chief Financial Officer	Self-employed consultant from 2001 – present; Vice President Finance of Quick Link Communications from 2000-2001; Vice President Finance of E-Zone Networks Inc. from 1998-2000	Mr. Hill was not a director of either GRD or Call Genie	1,158,135	3.1%	2.6%
Christopher E. Lugg Calgary, Alberta Vice President – Product Development	Vice President, Business Development/Product Development of Call Genie Inc. from 2002 – present; Vice President Sales and General Manager of TeraGo Networks Inc. from 2000-2001; National Operations Manager of Clearnet Inc. (Telus) from 1992-1999	Mr. Lugg was not a director of either GRD or Call Genie	1,435,583 ⁽⁹⁾	3.8%	3.7%
Dr. Todd G. Simpson..... Calgary, Alberta Director, Technology	Chief Technology Officer of Jasomi Networks Inc. from 2004 to present; Chief Technology Officer, Zi Corporation from 2001 – 2003; Vice President, Engineering from 1995 – 2001	Dr. Simpson was not a director of either GRD or Call Genie	885,632 ⁽¹⁰⁾	2.4%	2.0%
Nicholas P. Fader..... Corporate Secretary	Partner with the law firm of Bennett Jones LLP since March 1998	Mr. Fader was not a director of either GRD or Call Genie	N/A	N/A	N/A ⁽¹¹⁾

Notes:

- Messrs. DeVries, Johnston and Ross are proposed as members of both the Audit Committee and the Compensation Committee of the CG Board.
- CG Securities include 1,635,013 CG Warrants held by Mr. Frizzell (such warrants will be exercisable at a price of \$0.225 per CG Share) and 1,361,448 CG Shares held by Mr. Frizzell's spouse (3.7% following the Transaction, Offering and Amalgamation, on an undiluted basis).
- CG Securities include 186,127 CG Shares held by Ferocious Fish Financial Ltd., a holding company controlled by Mr. Blodgett (0.5% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis) and 749,381 CG Warrants held by Mr. Blodgett (such warrants will be exercisable at a price of \$0.225 per CG Share) and 545,004 CG Shares held by Jeyer Holdings Ltd., a company in which Mr. Blodgett holds no legal or beneficial interest but which it is intended that such shares will be held for the beneficial interest of Mr. Blodgett's children (1.5% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis).

4. CG Securities include 5,717,772 CG Shares held by Oceanic Greystone Securities Inc., a company controlled by Mr. DeVries (15.6% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis), 340,620 CG Shares held by International Benefits Management Corporation, a company controlled by Mr. DeVries and 930,464 CG Shares held by Mr. DeVries (2.5% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis).
5. Includes 133,334 CG Shares will be held by an RRSP account, the sole beneficiary of which is Mr. Ross (0.4% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis).
6. CG Securities are 2,725,022 CG Shares, all of which are personally held by Mr. Sharp (7.4% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis).
7. CG Securities include 1,744,622 CG Shares held by Mr. Bunkowsky (4.8% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis) and 68,126 CG Warrants held by Mr. Bunkowsky (such warrants will be exercisable at a price of \$0.225 per CG Share).
8. CG Securities include 136,252 CG Shares held by Mr. Hill (0.4% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis) and 1,021,883 CG Warrants held by Mr. Hill (such warrants will be exercisable at a price of \$0.225 per CG Share).
9. CG Securities include 1,163,081 CG Shares held by Mr. Lugg (3.2% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis) and 272,502 CG Warrants held by Mr. Lugg (such warrants will be exercisable at a price of \$0.225 per CG Share).
10. CG Securities include 272,502 CG Shares held by Dr. Simpson (0.7% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis) and 613,130 CG Warrants held by Dr. Simpson (such warrants will be exercisable at a price of \$0.225 per CG Share).
11. Mr. Fader is a partner of Bennett Jones LLP, which will hold 306,565 CG Shares (0.8% of all CG Shares following the Transaction, Offering and Amalgamation, on an undiluted basis). It is anticipated that Mr. Fader will personally subscribe for GRD Shares in connection with the Offering.

Management and Directors

Call Genie is a start-up company, focused on developing the EVD Technology and EVD ServiceTM. Call Genie has not yet achieved revenue and is therefore conscience of its expenses. Call Genie has made arrangements with certain members of its management to have such personnel devote those efforts necessary to advance CG's objectives while minimizing its costs. As progress of the business of CG merits, certain of such individuals may move to positions exclusively with CG or, if in the best interest of CG, will participate in finding appropriate replacements.

Specifically, Call Genie expects Messrs. Frizzell, Blodgett and Hill will continue to advise other ventures in addition to their duties as senior officers of CG. Call Genie expects Dr. Simpson to devote the time required to direct CG's technology and ensure that CG's intellectual property is prudently managed. It is contemplated that all other members of the management of CG will work exclusively for CG as employees. It is anticipated that all full-time personnel and some part-time personnel will be parties to non-disclosure agreements with CG with appropriate restrictive covenants.

Richard W. DeVries - Director

Mr. DeVries, 52, a Barrister and Solicitor (Alberta), has been providing 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. In addition to his legal practice, Mr. DeVries has numerous business interests, including serving as director and officer of various public and private

companies. Mr. DeVries resides in Freeport, GBI, Bahamas. Mr. DeVries holds a Bachelor of Commerce Degree (1974) as well as a Bachelor of Law Degree (1977), both from the University of Alberta. In addition to being an active member in good standing of the Law Society of Alberta, Mr. DeVries is also a member of the Calgary Bar Association and the Canadian Bar Association.

S. Graeme Ross - Director

Mr. Ross, 52, is President and a Director of Bovinia Inc., a consulting company engaged in activities relating to corporate management, technology, telecommunications and information systems, from May 1993 to present. He was 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, from January 1998 to June 2001. Mr. Ross was also a Director of Glenbriar Technologies Inc. and of Smartcardesolutions.com Ltd., both Exchange listed companies, the first from February 2000 to April 2003 and the second from 1995 to 2001.

Ronald D. Johnston - Director

Mr. Johnston, 50, has been Vice President Corporate Development of Rally Energy Corp., a junior oil and gas issuer listed on the Exchange, from June 2002 to the present. Prior thereto, Mr. Johnston was a Director of CanBaikal Resources Inc. from April 2001 to January 2002. Prior thereto, he was Vice President and a registered representative of Leede Financial Markets Inc. (formerly Rogers & Partners Securities Inc.) during the period of October 1999 to June 2002; and prior thereto was the Vice President and a registered representative of C.M. Oliver & Company Limited (and its successor Canaccord Capital Corporation) during the period of January 1994 to October 1999.

Neil D. Frizzell – Chief Executive Officer and Director

Mr. Frizzell, 42, has been providing strategic growth, structure, financing and management advice to Call Genie, as well as undertaking a senior officer role, since April 2003 and has been Chief Executive Officer since March 2004. Mr. Frizzell brings expertise in strategic guidance and business development, coupled with a background in commercial law. His career includes senior executive and legal positions in both public and private consumer technology companies and in merchant banking firms. Prior to his business initiatives, Mr. Frizzell practiced law with Blake, Cassels & Graydon. He holds a B. Comm., MBA (Distinction) and an LL.B (Distinction) and is a member of the Law Society of Alberta, Canadian Bar Association and the Calgary Bar Association. Currently, Mr. Frizzell provides advice and management to new ventures.

Alex W. Blodgett – President

Mr. Blodgett, 46, has been President of Call Genie Inc. since 2003. His primary background is in providing investment banking and advisory services. Previously, he was responsible for the sourcing and management of merchant banking investments for a full-service Canadian merchant bank. For the period of 1994 - 1999, Mr. Blodgett was the President of two manufacturing businesses based in the United States that manufactured vitreous china sanitary ware and assembly components for robotic equipment.

Mr. Blodgett has an extensive background in corporate finance in Canada, the U.S. and Asia. Mr. Blodgett was formerly a partner with Gordon Capital Corporation in Toronto and Vancouver, a Canadian investment and merchant banking company. In addition, Mr. Blodgett was the President of Gordon Capital's real estate research and consulting firm, which provided services to North American and Asian companies. Prior to his position with Gordon Capital, Mr. Blodgett was Vice President of Corporate Finance with Bankers Trust Company in New York, Dallas and Los Angeles, with an emphasis on large-scale project financing and management leveraged buyouts (during the time, Mr. Blodgett was a lead lender through Bankers Trust Company to Kohlberg, Kravis Roberts & Co., a principal shareholders in Yellow Pages Group Co.). Mr. Blodgett is currently a director of a number of publicly traded companies.

Michael A. Sharp – Chief Operating Officer and Director

Michael Sharp, 51, has been Chief Operating Officer of Call Genie since March 2004. He has experience in marketing, sales and customer service in both the telecommunications residential and small business sectors.

Mr. Sharp's career includes extensive packaged goods/advertising background with multi-national organizations such as Bristol Myers, General Mills, J Walter Thompson and Grey Advertising. Mr. Sharp was closely involved with the start-up of Sprint Canada's entry into the long distance, Internet and local access markets all across Canada. Mr. Sharp was Chief Executive Officer of Call Genie from February 2003 until March 2004 and is presently Chief Operating Officer.

Mr. Sharp's background includes experience at the Senior Vice President level at two large TSX traded organizations: Call-Net (Sprint Canada) and BC Gas. At Call-Net, he was Senior Vice President, Marketing and Sales & Service. At BC Gas, he was Senior Vice President, Residential Customers. Mr. Sharp is a graduate of the Ivey School of Business at the University of Western Ontario.

Ian S. Hill – Chief Financial Officer

Mr. Hill, 42, has been providing accounting, finance and control advice to Call Genie since October 2003, as well as undertaking a senior officer role with Call Genie. He has over 20 years experience in executive financial management in both public and private companies, including those focused on telecommunications, satellite communication and consumer media technologies. Most recently as Vice President, Finance at E-Zone Networks Inc., an interactive media network, providing content and advertising to targeted captive audiences, Mr. Hill was involved in designing procedures for a start-up operating company, financings, and taxation. At MetroNet Communications Corp., the first national Competitive Local Exchange Carrier in Canada, Mr. Hill was Corporate Controller and was involved in setting financial policies and procedures for the start-up operations. From 1990 to 1997, Mr. Hill held senior tax and financial positions with the Northridge Group of Companies, a group of oil and gas marketing companies that operated in both Canada and the USA that were subsequently purchased by TransCanada PipeLines Ltd.

Mr. Hill obtained his Chartered Accountant designation in 1987 and is a member of the Chartered Accountants Association of Alberta. Mr. Hill obtained a Bachelor of Commerce Degree from the University of Alberta.

Dr. Todd G. Simpson – Director, Technology

Dr. Simpson, 39, has been providing leadership in developing the technology and intellectual property for Call Genie since inception and has undertaken an officer role with Call Genie. He earned a Ph.D. in Computer Science in 1991 from the University of Calgary and has co-developed and co-founded a number of technologies and companies. He co-developed the software programs and technologies that underlie the EVD Technology and that integrate the EVD Service™ with internal voice recognition applications within the telecommunications industry. Dr. Simpson was a co-founder of E-Zone Networks Inc. where, in his capacity as Chief Technology Officer, he developed many aspects of the technology, business and intellectual properties. Prior to E-Zone, Dr. Simpson led an international team at QSound Labs, Inc. in developing one of the world's first wavetable sound cards. Dr. Simpson is a member of the Board of Directors of Calgary Technologies Inc. and has taught numerous courses at the University of Calgary. He currently has ten patents issued and/or pending and has published many articles and presented at numerous scientific conferences.

Garry D. Bunkowsky – Vice President Sales & Marketing

Mr. Bunkowsky, 54, has an extensive background in the marketing and sales of leading edge, computer-based programs, interactive training technology and packaged consumer products. He has been responsible for marketing, product introduction and sales force management for several high profile brands. Prior to joining Call Genie, Mr. Bunkowsky served as Director of Business Development at Vicom Multimedia Inc., where he introduced an interactive computer-based safety-training program into the North American construction industry. From 1979 to 1994, Mr. Bunkowsky managed sales and marketing at Procter & Gamble Inc.

Christopher E. Lugg – Vice President Product Development

Mr. Lugg, 39, has spent the last ten years in rapidly growing technology-based ventures. He has management experience in sales, marketing and corporate operations. Most recently he was Vice President and General Manager of TeraGo Networks Inc., a Canadian facilities-based data communications carrier and Internet Service Provider. As the first employee of TeraGo, Mr. Lugg was instrumental in business plan development, fund raising activities, technology evaluation, and market launch execution. Prior to joining TeraGo, Mr. Lugg had seven successful years at Clearnet (becoming Telus Mobility) Inc. in several management capacities including National Operations Manager and General Manager, Western Canada. Mr. Lugg holds a Bachelor of Commerce Degree from the University of Calgary and from 1990 to 1999 was a member of the Certified Management Accountants of Alberta.

Nicholas P. Fader - Corporate Secretary

Mr. Fader, 40, is a partner with the law firm of Bennett Jones LLP and is a member of the firm's Public Markets Group. Mr. Fader's practice involves private and public debt and equity

offerings, domestic and international acquisitions, license and distributorship arrangements, debt restructurings and shareholder disputes for both public and private companies.

Mr. Fader is a member of the Securities Advisory Committee to the Alberta Securities Commission and also served as a member of the Advisory Committee on Proportionate Regulation established by the Alberta Securities Commission to assist in the examination of the securities regulatory system as it affects small and emerging issuers.

Mr. Fader obtained an LL.B from Dalhousie University in 1989 and a B.A., summa cum laude, in 1986 from Saint Mary's University. Mr. Fader is a member of the Law Society of Alberta. Mr. Fader also serves as a director or officer of several public and private corporations.

Corporate Cease Trade Orders or Bankruptcies

Alex W. Blodgett

Mr. Blodgett is an officer and Director of Rhona Online.com Inc. A cease trade order was issued against Rhona Online.com Inc. by both the British Columbia Securities Commission ("BCSC") and the Alberta Securities Commission ("ASC") in 2003 for failure to file financial statements. Both such orders were revoked in September 2003 upon filing of financial statements.

Mr. Blodgett was a Director of Galaxy Sports Inc., which was subject to a cease trade order dated January 8, 2003 by the BCSC for failure to file interim financial statements for the nine month period ended September 30, 2002, as required under section 144(1) of the Securities Rules, and a quarterly report for the period ended September 30, 2002, as required under section 152 of the Securities Rules. Further, Galaxy Sports Inc. submitted a proposal pursuant to the *Bankruptcy and Insolvency Act*, dated October, 2002, and is currently working with a trustee to manage the assets of the issuer.

Mr. Blodgett was a Director of Black Tusk Energy Inc. A cease trade order was issued against Black Tusk Inc. by both the BCSC and the ASC in 2001 for failure to file financial statements. In July 2002, Black Tusk's common shares were delisted from the TSX Venture Exchange, due to that company's failure to pay its sustaining fees and file annual financial statements within the prescribed period of time.

Mr. Blodgett joined the Board of Directors of Black Tusk Energy Inc. in June 2000 with the objective of trying to rationalize the business and turn it around.

Richard W. DeVries

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

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

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

Neil D. Frizzell

Mr. Frizzell was an officer of E-Zone Networks Inc. (a Delaware corporation) and its Canadian subsidiary E-Zone Networks Canada Inc. (an Alberta corporation), and then of the resulting company following a three way merger of unrelated companies, Netpulse Media Networks Inc. (a California corporation) until January, 2001. After Mr. Frizzell left the employ of the company, Netpulse E-Zone Media Networks Inc. and E-Zone Networks Inc. filed a voluntary petition under Chapter 7 of the Bankruptcy Code on February 6, 2001 in California and E-Zone Networks Canada Inc. filed an assignment in bankruptcy in Alberta on February 2, 2001. Mr. Frizzell, however, provided services to the U.S. and Canadian trustee in bankruptcy.

Ian S. Hill

Mr. Hill was an officer of E-Zone Networks Inc. (a Delaware corporation) and its Canadian subsidiary E-Zone Networks Canada Inc. (an Alberta corporation) until he resigned October 19, 2000. Subsequently, E-Zone Networks Inc. filed a voluntary petition under Chapter 7 of the Bankruptcy Code on February 6, 2001 in California and E-Zone Networks Canada Inc. filed an assignment in bankruptcy in Alberta on February 2, 2001.

Dr. Todd G. Simpson

Dr. Simpson was an officer of E-Zone Networks Inc. and its Canadian subsidiary E-Zone Networks Canada Inc., and then of the resulting company following a three way merger of unrelated companies, Netpulse Media Networks Inc. until January, 2001. After Dr. Simpson left the employ of the company, Netpulse E-Zone Media Networks Inc. and E-Zone Networks Inc. filed a voluntary petition under Chapter 7 of the Bankruptcy Code on February 6, 2001 in California and E-Zone Networks Canada Inc. filed an assignment in bankruptcy in Alberta on February 2, 2001.

Penalties or Sanctions

Richard W. DeVries

In 1999, Mr. DeVries was subject to an administrative action of the ASC wherein the ASC found that Mr. DeVries had failed to act in the best interests of an issuer and further acknowledged that by acting as a director of an issuer, he was not in a position to provide independent legal advice to the issuer. On October 21, 1998, CPI Crown Properties International Corporation ("Crown Properties") caused a loan to be made to Syndico Capital Inc. ("Syndico") (the "Loan") contrary to Section 6.1 of Rule 46-501 (for the purposes of this paragraph, the "Rule") of the ASC Rules. The Loan was made by Crown Properties relying upon the advice of Mr. DeVries, who

incorrectly advised Crown Properties that the Loan would not contravene the Rules. Upon Crown Properties being notified that it had breached the Rule, it caused Syndico to immediately repay the Loan, which was done on March 3, 1999. Mr. DeVries acknowledged to the ASC that in providing his advice, he failed to act in the best interests of Crown Properties and further acknowledged that by acting as a director of Crown Properties, he was not in a position to provide independent legal advice to Crown Properties. Mr. DeVries paid an administrative penalty to the ASC as well as all costs of the investigation. Crown Properties paid no costs nor was it subject to any penalty. Mr. DeVries was also required to complete the success workshop operated by the Exchange, which he successfully completed.

Ronald D. Johnston

In 2002, Mr. Johnston was subject to an administrative action of the Exchange wherein the Exchange found that Mr. Johnston, while an Approved Person employed in the Calgary, Alberta office of Canaccord Capital Corporation ("Canaccord"), a Member of the Exchange, participated during the period April, 1999 to May, 1999, in certain private placement distributions to five of his clients of securities of the then Alberta Stock Exchange listed Applied Gaming Solutions of Canada Inc. in non-compliance with the *Securities Act* (Alberta), thereby contravening Section 8.27 of the Alberta Stock Exchange By-laws.

Pursuant to a Settlement Agreement dated September 12, 2002, Mr. Johnston paid a \$12,000 fine to the Exchange as well as the cost of the investigation.

S. Graeme Ross

In 1989, Mr. Ross was subject to an administrative action by the Toronto Stock Exchange (the "TSE"). The TSE found that Mr. Ross, while an Approved Person employed as a Registered Representative and Registered Options Representative in the Toronto, Ontario office of Moss, Lawson & Company Limited ("Moss"), a Member of the TSE, had exercised discretionary power with respect to the account of a client when the client had not given prior written authorization and the account had not been accepted as discretionary in writing by the Registered Options principal of Moss designated pursuant to section 21.07 of the TSE General By-law and thereby contravened Section 21.08(a), and section 17.14(a) of the General By-law of the TSE. Between November, 1986 and August, 1987, Mr. Ross had initiated 31 put/call combination orders for the client, making the decisions as to specific orders.

Conflicts of Interest

Certain of the proposed officers and directors of CG are also officers, directors or consultants of other companies engaged in the technology industry generally. As a result, situations may arise where the interests of such directors, officers and consultants conflict with their interests as directors and officers of CG. 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 CG and, in the case of the *Business Corporations Act* (Alberta), CG's governing statute, that directors declare, and refrain from voting on, any matter in which a director may have a conflict of interest.

If any other conflicts arise whereby the proposed directors or senior officers have interests in companies or in business activities that are in competition with CG, such conflicts will be subject to and governed by laws applicable to directors and officers in conflicts of interest, including the procedures described in the *Business Corporations Act* (Alberta).

Other Reporting Issuer Experience

The following table sets out information concerning the involvement of the proposed directors, officers and Promoters of CG (within the last five years) as directors, officers or Promoters of other reporting issuers.

Position	Name of Reporting Issuer	Position	From	To
Alex W. Blodgett.....	Aventine Ventures Inc. Vancouver, British Columbia	Director	Nov., 2003	Present
	North Group Limited Vancouver, British Columbia	Director	June, 2001	Present
	Calypso Developments Ltd. ⁽¹⁾ Vancouver, British Columbia	Director	March, 2001	June, 2002
	Black Tusk Energy Inc. ⁽²⁾ Calgary, Alberta	Director	June, 2000	March, 2003
	Far West Industries Inc. ⁽³⁾ Vernon, British Columbia	Director	June, 2000	Feb., 2001
	Galaxy Sports Inc. ⁽⁴⁾ Vancouver, British Columbia	Director	May, 2000	June, 2003
	Rhona Online.com Inc. Vancouver, British Columbia	Director, Officer	Dec., 1999	Present
	Mercury Partners & Co. Vancouver, British Columbia	Director	Aug., 1998	Present
	Bradstone Equity Partners, Inc. ⁽⁵⁾ Vancouver, British Columbia	Director	May, 1998	Jan., 1999
		Director	Sept., 1997	March, 2000
	GreenPoint Resources Inc. ⁽⁶⁾ Vancouver, British Columbia	Director, Officer	Sept., 1997	Dec., 2000
	WaterSave Logic Corp. Vancouver, British Columbia			

Position	Name of Reporting Issuer	Position	From	To
Richard W. DeVries	CPI Crown Properties Int. Corp. Calgary, Alberta	Officer	Jan., 1998	Present
	Advanced Vision Systems Corp. Calgary, Alberta	Officer	Feb., 1999	Nov., 2002
	FSPI Technologies Corp. Calgary, Alberta	Officer	Aug., 1999	Present
	Cross Border Capital Inc. Calgary, Alberta	Director, Officer	May, 2002	Jan., 2003
	Titan Digital Corp. Calgary, Alberta	Director	Jan., 2003	May, 2004
	Tallagium Corp. Calgary, Alberta	Director, Officer	Jan., 1999	Present
	Pacific Lottery Corp. Calgary, Alberta	Director	July, 2002	Present
	Exceed Capital Holdings Ltd. Calgary	Director, Officer	Nov., 2004	Present
Neil D. Frizzell	Zi Corporation Calgary, Alberta	Officer	July, 2001	Sept., 2002
Ronald D. Johnston.....	Rally Energy Corp. Calgary, Alberta	Officer	June, 2002	Present
	CanBaikal Resources Inc. ⁽⁷⁾ Calgary, Alberta	Director	April, 2001	Jan., 2002
S. Graeme Ross	Glenbriar Technologies Inc. Calgary, Alberta	Director	Feb., 2000	April, 2003
	Smartcardesolutions.com Inc. Markham, Ontario	Director	1995	2001
Michael A. Sharp.....	Terasen Inc. (BC Gas) Vancouver, BC	Officer	Jan., 2000	Dec., 2001
	Call-Net Enterprises North York, Ontario	Officer	June, 1997	Dec., 1999

Position	Name of Reporting Issuer	Position	From	To
Nicholas P. Fader.....	Total Energy Services Calgary, Alberta	Corporate Secretary	July, 2000	Present
	Consolidated Beacon Resources Ltd. Calgary, Alberta	Director	Nov., 1996	Nov., 2001
	Trego International Inc. Calgary, Alberta	Assistant Secretary	Oct., 1996	Present
	Circa Enterprises Calgary, Alberta	Corporate Secretary	Dec., 1997	Present

Notes:

1. Renamed Calypso Acquisition Corp. effective November 18, 2002.
2. Black Tusk Energy Inc. completed an arrangement with Infinity Resources International.
3. Far West Industries Inc. entered into an arrangement to form Digital Dispatch Systems Inc. on November 4, 2002.
4. Formerly Galaxy Energy Corp.
5. Bradstone Equity Partners, Inc. changed its name to Quest Investment Corporation effective July 9, 2002.
6. GreenPoint Resources Inc. acquired Wildcard Communications Canada Inc. and changed its name to Wildcard Wireless Solutions Inc. effective October 9, 2000.
7. CanBaikal Resources Inc. acquired by C.B. Acquisition Ltd. effective February 4, 2004.

10. Proposed Executive Compensation

Executive Compensation

The following table sets out information concerning the compensation proposed to be paid in 2004 to CG's Chief Executive Officer and its next four highest compensated executive officers.

Name and Principal Position	Annualized Compensation Following Amalgamation		
	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)
Neil D. Frizzell Chief Executive Officer.....	60,000	-	-
Alex W. Blodgett President	60,000	-	-
Michael A. Sharp Chief Operating Officer.....	120,000	-	-
Ian S. Hill Chief Financial Officer.....	60,000	-	-
Garry D. Bunkowsky Vice President - Sales & Marketing ...	120,000	-	-
Christopher E. Lugg Vice President - Product Development.....	120,000	-	-

Note:

1. There are no other forms of Long-Term Compensation currently contemplated for such individuals.

11. Indebtedness of Directors and Officers

None of the directors or officers of Call Genie or GRD, and none of the proposed directors or officers of CG have been indebted to either Call Genie or GRD at any time during the most recently completed fiscal year of Call Genie or GRD, as applicable, nor has Call Genie or GRD guaranteed or otherwise supported the indebtedness of any such person during that period.

12. Options to Purchase Securities

As part of the Transaction, the GRD Option Plan, and all GRD Options granted thereunder, will remain in effect and unamended, except that after the Amalgamation shares purchased upon the exercise of GRD Options will be CG Shares. It is not contemplated that any new options will be granted as part of the Transaction although CG options may be granted to CG personnel, at the discretion of the CG Board. See "Information Concerning GRD - GRD Option Plan".

13. Escrowed Securities and Resale Restrictions

Call Genie and GRD expect 28,061,595 CG Shares to be subject to escrow. There are three classes of escrow to which certain of the CG Securities will be subject: (i) CPC Escrow Shares; (ii) Value Escrow Shares; and (iii) Surplus Escrow Securities. The CPC Escrow Shares are subject to an escrow that continues as part of the initial public offering of GRD, while the Value Escrow Shares and the Surplus Escrow Securities are subject to an escrow as a result of the Transaction.

CPC Escrow Shares

The following table sets out, as of the date hereof and to the knowledge of GRD and Call Genie, the name and municipality of residence of the securityholders whose CG Securities will be CPC Escrow Shares.

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction			After Giving Effect to the Transaction (but prior to the Offering)	
	Designation of class	Number of securities held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)	Number of CG Securities to be held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)
David E Prasow	GRD Shares	200,000	2.7/2.3	200,000	0.6/0.5
Calgary, Alberta					
653607 Alberta Inc.	GRD Shares	200,000	2.7/2.3	200,000	0.6/0.5
Calgary, Alberta ⁽¹⁾					
Janice Robertson.....	GRD Shares	166,667	2.2/1.9	166,667	0.5/0.4

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction			After Giving Effect to the Transaction (but prior to the Offering)	
	Designation of class	Number of securities held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)	Number of CG Securities to be held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)
Calgary, Alberta					
Lamont Tolley	GRD Shares	133,334	1.8/1.5	133,334	0.4/0.4
Calgary, Alberta					
D. Douglas Gillies	GRD Shares	100,000	1.3/1.2	100,000	0.3/0.3
San Francisco California, U.S.A.					
Jorge S. Grinman	GRD Shares	86,665	1.1/1.0	86,665	0.3/0.2
Calgary, Alberta					
Fred Ko	GRD Shares	50,000	0.7/0.6	50,000	0.2/0.1
Calgary, Alberta					
Ronald D. Johnston.....	GRD Shares	533,334	7.1/6.1	533,334	1.7/1.4
Calgary, Alberta ⁽²⁾					
NBCN Clearing Services Inc. in trust for Graeme Ross	GRD Shares	133,334	1.8/1.5	133,334	0.4/0.4
Montreal, Quebec ⁽³⁾					
S. Graeme Ross	GRD Shares	66,666	0.9/0.8	66,666	0.2/0.2
Wainfleet, Ontario					

Notes:

1. Shares were acquired from a former director of GRD. See "Information Concerning GRD – Prior Sales". All of the shares of 653607 Alberta Inc. are held by Kevin P. Flaherty, a director of GRD.
2. Includes 333,334 GRD Shares were acquired from a former director of GRD. See "Information Concerning GRD – Prior Sales".
3. These CG Shares will be held in a RRSP account the sole beneficiary of which is S. Graeme Ross, a director of GRD.

Value Escrow Shares

The following table sets out, as of the date hereof and to the knowledge of GRD and Call Genie, the name and municipality of residence of the securityholder whose CG Securities will be Value Escrow Shares.

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction			After Giving Effect to the Transaction (but prior to the Offering)	
	Designation of class	Number of securities held in escrow	Percentage of class (Undiluted /Fully Diluted) (%)	Number of CG Securities to be held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)
Richard Dudelzak Calgary, Alberta	Call Genie Shares	N/A	N/A	930,464	2.9/2.5

Surplus Escrow Securities

The following table sets out, as of the date hereof and to the knowledge of GRD and Call Genie, the name and municipality of residence of the securityholders whose CG Securities will be Surplus Escrow Securities.

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction			After Giving Effect to the Transaction (but prior to the Offering)	
	Designation of Class ⁽¹⁾	Number of securities held in escrow	Percentage of class (Undiluted /Fully Diluted) (%)	Number of CG Securities to be held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)
Richard W. DeVries Freeport, GBI, Bahamas	Call Genie Shares	N/A	N/A	930,464	2.9/2.5
Oceanic Greystone Securities Inc. Freeport, GBI, Bahamas ⁽²⁾	Call Genie Shares	N/A	N/A	5,717,772	17.8/15.2
Neil D. Frizzell Calgary, Alberta	Call Genie Warrants	N/A	N/A	1,635,013	N/A/4.3
Shona Frizzell Calgary, Alberta ⁽³⁾	Call Genie Shares	N/A	N/A	1,361,448	4.2/3.6

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction			After Giving Effect to the Transaction (but prior to the Offering)	
	Designation of Class ⁽¹⁾	Number of securities held in escrow	Percentage of class (Undiluted /Fully Diluted) (%)	Number of CG Securities to be held in escrow	Percentage of class (Undiluted / Fully Diluted) (%)
Alex W. Blodgett..... Vancouver, British Columbia	Call Genie Warrants	N/A	N/A	749,381	2.3/2.0
Ferocious Fish Financial Ltd. Vancouver, British Columbia ⁽⁴⁾	Call Genie Shares	N/A	N/A	186,127	0.6/0.5
Jeyer Holdings Ltd..... Vancouver, British Columbia ⁽⁵⁾	Call Genie Shares	N/A	N/A	1,090,009	3.4/2.9
Ian S. Hill..... Calgary, Alberta	Call Genie Shares and Call Genie Warrants ⁽⁶⁾	N/A	N/A	1,158,135	0.4/3.1
Michael A. Sharp..... Calgary, Alberta	Call Genie Shares	N/A	N/A	2,725,022	8.5/7.2
Garry D. Bunkowsky..... Calgary, Alberta	Call Genie ⁽⁷⁾ Shares and Call Genie Warrants	N/A	N/A	1,812,748	5.4/4.8
Christopher E. Lugg..... Calgary, Alberta	Call Genie ⁽⁸⁾ Shares and Call Genie Warrants	N/A	N/A	1,435,583	3.6/3.8
Dr. Todd G. Simpson..... Calgary, Alberta	Call Genie ⁽⁹⁾ Shares and Call Genie Warrants	N/A	N/A	885,632	0.8/2.4
International Benefits Management Corporation Freeport, GBI, Bahamas ^{(10),(11)}	Call Genie Shares	N/A	N/A	1,021,807	3.2/2.7
Danny D. Lowe..... Calgary, Alberta ⁽¹¹⁾	Call Genie Shares	N/A	N/A	2,076,903	6.5/5.5
Harry Peckham..... Toronto, Ontario	Call Genie Shares	N/A	N/A	1,163,081	3.6/3.1
Ian T. Tweedie..... Calgary, Alberta ⁽¹¹⁾	Call Genie Shares	N/A	N/A	1,512,006	4.7/4.0

Note:

1. In the case of CG Warrants, any CG Shares issued upon exercise of such warrants will also be Surplus Escrow Securities.
2. Oceanic Greystone Securities Inc. is a corporation controlled by Mr. Richard W. DeVries.
3. Ms. Shona Frizzell is the spouse of Mr. Neil D. Frizzell.
4. Ferocious Fish Financial Ltd. is a corporation controlled by Mr. Alex W. Blodgett.

5. Jeyer Holdings Ltd. is a corporation in which the children of Mr. Alex W. Blodgett have a beneficial interest, though Mr. Blodgett himself holds no legal or beneficial interest.
6. Mr. Hill will hold 136,252 CG Shares (0.4 percent of all CG Shares on an undiluted basis and 0.4 percent of CG Shares on a fully diluted basis) and 1,021,883 CG Warrants (2.7 percent of CG Shares on a fully diluted basis).
7. Mr. Bunkowsky will hold 1,744,622 CG Shares (4.8 percent of all CG Shares on an undiluted basis and 4.6 percent of CG Shares on a fully diluted basis) and 68,126 CG Warrants (0.2 percent of CG Shares on a fully diluted basis).
8. Mr. Lugg will hold 1,163,081 CG Shares (3.2 percent of all CG Shares on an undiluted basis and 3.1 percent of CG Shares on a fully diluted basis) and 272,502 CG Warrants (0.7 percent of CG Shares on a fully diluted basis).
9. Dr. Simpson will hold 272,502 CG Shares (0.7 percent of all CG Shares on an undiluted basis and 0.7 percent of CG Shares on a fully diluted basis) and 613,130 CG Warrants (1.6 percent of CG Shares on a fully diluted basis).
10. International Benefits Management Corporation is a corporation controlled by Mr. DeVries. The CG Shares to be held by International Benefits Management Corporation are to be held for the benefit of Messrs. DeVries, Tweedie and Lowe.
11. The CG Shares over which Messrs. Lowe and Tweedie will hold beneficial interest will be Surplus Escrow Securities as a condition of the Sponsor to the sponsorship of the Transaction.

Terms of the Escrow for the Escrow Shares

Where Escrow Shares are to be held by a company, such company will be required to agree not to carry out, while its CG Shares are in escrow, any transaction that would result in the change of control of the company. Any such company will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the company.

If CG meets the Tier 1 minimum listing requirements of the Exchange subsequent to the release of the Final Exchange Bulletin, the release of the Surplus Escrow Securities will be accelerated. An accelerated escrow release will not commence until CG has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of CG Shares on Tier 1 of the Exchange.

All holders of Escrow Shares must obtain Exchange consent to transfer the CG Shares then subject to escrow.

Resale Restrictions

Call Genie and GRD expect 1,137,253 CG Shares to be subject to the resale rules of the Exchange. Such CG Shares will be subject to a four month hold period, beginning on the date of release of the Final Exchange Bulletin for the Transaction and will be released in accordance with the following timetable.

Percentage of CG Shares Freely Tradeable (%)	Release Date
20	Release of Final Exchange Bulletin
40	1 month from release of the Final Exchange Bulletin
60	2 month from release of the Final Exchange Bulletin
80	3 month from release of the Final Exchange Bulletin

<u>Percentage of CG Shares Freely Tradeable (%)</u>	<u>Release Date</u>
100	4 month from release of the Final Exchange Bulletin

14. Auditor, Transfer Agent and Registrar

Auditor

The auditor of CG is expected to be BDO Dunwoody LLP, Chartered Accountants, whose address is Suite 1900, 801 – 6th Avenue S.W., Calgary, Alberta, T2P 3W2.

Transfer Agent and Registrar

The transfer agent and registrar of CG is expected to be Computershare Trust Company of Canada, through its Calgary office.

GENERAL MATTERS

1. Sponsorship

The sponsor of the Transaction is First Associates Investments Inc., whose address is 2200, 440 - 2nd Avenue S.W., Calgary, Alberta, T2P 5E9. The Sponsor does not hold any GRD Shares but does have an interest in the GRD IPO Agents' Option and will have an interest in the GRD Offering Agents' Option. GRD Shares and has an interest in the GRD IPO Agents' Option and GRD Offering Agents' Option. The Sponsor holds no Call Genie Securities. Other than in its role as agent of the Offering and as Sponsor of the Transaction, the Sponsor has no material relationship with either GRD or Call Genie.

GRD and the Sponsor entered into the Sponsorship Agreement on February 25, 2004. Pursuant to the terms of the Sponsorship Agreement, GRD is to pay the Sponsor the sum of \$25,000 plus all legal costs incurred by the Sponsor, for which GRD agreed to deliver to the Sponsor a retainer of \$10,000. In exchange, the Sponsor has agreed to prepare a sponsorship report relating to the Transaction, in accordance with the requirements of the Exchange.

The Sponsor will specifically address in its report the experience and expertise of the proposed management of CG, the compliance of GRD and Call Genie with the rules of the Exchange, the relationships GRD and Call Genie have with their strategic partners and such other due diligence matters as may be appropriate. No timetable as to when the Sponsor must complete its report is included in the Sponsorship Agreement.

The agreement to sponsor the Transaction should not be construed as any assurance on the merits of the Transaction or the likelihood of completion thereof.

2. Board Approval

Each of the GRD Board and the Call Genie Board has approved this Filing Statement.

FINANCIAL STATEMENTS

1. Financial Statements of GRD

See Appendix "A" for the annual financial statements of GRD and Appendix "B" for the interim financial statements of GRD

2. Financial Statements of Call Genie

See Appendix "C" for the annual financial statements of Call Genie and Appendix "D" for the interim financial statements of Call Genie

3. Pro Forma Financial Statements of CG

See Appendix "E" for the pro forma financial statements of CG

CERTIFICATES

Certificate of GRD

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of GRD Enterprises Inc., assuming the Completion of the Qualifying Transaction.

(Signed) *S. Graeme Ross*
S. Graeme Ross
Chief Executive Officer

(Signed) *David E. Prasow*
David E. Prasow
Chief Financial Officer

On Behalf of the Board

(Signed) *Ronald D. Johnston*
Ronald D. Johnston

(Signed) *Kevin P. Flaherty*
Kevin P. Flaherty

Certificate of Call Genie

The foregoing as it relates to Call Genie Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of Call Genie Inc.

(Signed) *Neil D. Frizzell*
Neil D. Frizzell
Chief Executive Officer

(Signed) *Ian Hill*
Ian Hill
Chief Financial Officer

On Behalf of the Board

(Signed) *Danny D. Lowe*
Danny D. Lowe

(Signed) *Richard Dudelzak*
Richard Dudelzak

APPENDIX "A" – ANNUAL FINANCIAL STATEMENTS OF GRD

GRD Enterprises Inc.
Financial Statements
For the initial 314 day period ended
December 31, 2003

Contents

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Statement of Cash Flows	4
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BDO Dunwoody LLP
Chartered Accountants
and Consultants

1900, 801 - 6 Avenue S.W.
Calgary Alberta Canada T2P 3W2
Telephone: (403) 266-5608
Fax: (403) 233-7833
www.bdo.ca

Auditors' Report

To the Shareholders of GRD Enterprises Inc.

We have audited the balance sheet of GRD Enterprises Inc. as at December 31, 2003 and the statements of income and retained earnings and cash flows for the initial 314 day period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the initial 314 day period then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP
Chartered Accountants

Calgary, Alberta
March 5, 2004

**GRD Enterprises Inc.
Balance Sheet**

December 31

2003

Assets

Current

Cash and cash equivalents
Accrued interest

\$ 1,704,944
1,375

\$ 1,706,319

Liabilities and Shareholders' Equity

Current

Accrued liabilities

\$ 6,152

Share capital (Note 3)

1,699,398

Retained earnings

769

1,700,167

\$ 1,706,319

On behalf of the Board:

signed "Ronald D. Johnston" Director
Ronald D. Johnston

signed "David E. Prasow" Director
David E. Prasow

GRD Enterprises Inc.
Statements of Income and Retained Earnings

For the initial 314 day period ended December 31	2003
Expenses	
Bank and interest charges	\$ 65
Professional fees	<u>3,720</u>
	3,785
Other income	
Interest income	<u>4,554</u>
Net income for the period, representing retained earnings, end of period	\$ 769
<hr/>	
Earnings per share – basic and diluted	\$ 0.00
Weighted average number of shares – basic and diluted	2,067,300

GRD Enterprises Inc.
Statement of Cash Flows

For the initial 314 day period ended December 31

2003

Cash flows from operating activities

Net income for the period \$ 769

Changes in non-cash working capital:

Accrued interest (1,375)

Accrued liabilities 6,152

5,546

Cash flows from financing activities

Issue of share capital, net of share issue costs 1,699,398

Increase in cash, representing cash and cash equivalents, end of period **\$ 1,704,944**

December 31, 2003

1. Nature of Business

The Company was incorporated under the Alberta Business Corporations Act on February 20, 2003. The Company is currently active in identifying and evaluating businesses or assets with a view to the potential acquisition of an interest therein.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Cash and cash equivalents

Included in cash and cash equivalents are short term investments with maturity term of less than three months.

(b) Revenue recognition

Revenue on short term investments is recognized on an accrual basis.

(c) Stock-based compensation plan

The Company has adopted the recommendations of CICA Handbook Section 3870, Stock based compensation and other stock-based payments. This section requires that direct awards of stock and liabilities based on the price of common stock be measured at fair value at each reporting date, with the change in fair value reported in the statement of income. The Company uses the fair value method for all other types of stock-based compensation plans. None of the Company's plans qualify as direct awards of stock or as plans that create liabilities based on the price of the company's stock. Any consideration paid by employees on the exercise of the options is credited to capital stock.

(d) Financial instruments

The Company carries various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the Company's financial instruments approximates their carrying values unless otherwise noted.

December 31, 2003

2. Significant Accounting Policies - continued

(e) Future income taxes

Income taxes are accounted for using the liability method of tax allocation. Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in earnings in the year that includes the enactment date. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

(f) Earnings per share

Basic earnings per common share are computed by dividing earnings by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments, in accordance with new standards approved by the Canadian Institute of Chartered Accountants.

3. Share Capital

(a) Authorized

Unlimited number of Common shares, without nominal or par value

(b) Issued and outstanding common shares

	<u>Number of Shares</u>	<u>Amount</u>
Common shares		
Issued for cash	1,670,000	\$ 250,500
Initial public offering	5,830,000	\$ 1,749,000
Share issue costs on initial public offering	-	\$ (300,102)
Balance, December 31, 2003	<u>7,500,000</u>	<u>\$ 1,699,398</u>

(c) Stock options

The Company has reserved 600,000 common shares at \$0.30 each pursuant to stock options to be granted to directors and officers of the Company.

The Company has reserved an additional non-transferable option to acquire 583,000 common shares at a price of \$0.30 per share is to be granted to the Agent's for services rendered. The non-transferable option has an expiry date of 18 months from the date of the initial public listing.

December 31, 2003

4. Related Party Transactions

Of the initial shares issued, 1,133,334 shares were issued to the Company's directors and management team or parties related to them for \$170,000.

These transactions have been recorded at their agreed to exchange amounts, which equal carrying values, which approximates fair value.

5. Future Income Taxes

The difference between the statutory rate of 41% and the actual rate of nil is due to the company utilizing its available share issue cost deductions. No adjustment was made to share capital as this amount was not material.

The Company has incurred non-capital losses of approximately \$50,800, which are available to reduce taxable income in future years. If not utilized, these losses will expire in 2010. In addition the Company has unutilized share issue costs of \$248,467.

The future income tax benefit of these items has not been recognized in these financial statements as it is not considered more likely than not to be realized.

6. Subsequent Event

(a) Business combination

Subsequent to December 31, 2003, the Company entered into a letter agreement with Call Genie Inc. ("Call Genie"), whereby the Company will acquire all of the issued and outstanding shares and warrants of Call Genie outstanding at closing. As consideration to the shareholders and the warrant holders of Call Genie, the Company will issue a combination of common shares and warrants to acquire common shares aggregating 29,069,174 common shares of its capital stock, at a price of \$0.30 per share. The transaction is subject to regulatory approval.

Legally, the Company will be the parent of the Company. However, as a result of the share exchange described above, control of the combined companies will pass to the former shareholders of Call Genie. This type of exchange is referred to as a "reverse take-over" in which Call Genie will be deemed the acquirer for accounting purposes.

APPENDIX "B" – INTERIM FINANCIAL STATEMENTS OF GRD

GRD Enterprises Inc.
Interim Financial Statements
For the three month period ended March 31,
2004
(Unaudited)

Contents

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Notes to Interim Financial Statements	5 - 6

**GRD Enterprises Inc.
Interim Balance Sheet**

As at	March 31, 2004	December 31, 2003
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,672,426	\$ 1,704,944
Prepaid expenses	38,442	-
Accounts receivable	6,200	1,375
	\$ 1,717,068	\$ 1,706,319
Liabilities and Shareholders' Equity		
Current		
Accrued liabilities	\$ 15,414	\$ 6,152
Share capital (Note 3)	1,699,398	1,699,398
Retained earnings	2,256	769
	1,701,654	1,700,167
	\$ 1,717,068	\$ 1,706,319

Approved on behalf of the Board:

signed "Ronald D. Johnston" Director
Ronald D. Johnston

signed "David E. Prasow" Director
David E. Prasow

GRD Enterprises Inc.
Interim Statements of Income and Retained Earnings
(Unaudited)

	For the three month period ended March 31, 2004	For the initial 39 day period ended March 31, 2003
Expenses		
Bank and interest charges	\$ 126	\$ -
Agency and filing fees	2,716	-
Professional fees	1,905	-
	4,747	-
Other income		
Interest income	6,234	-
Net income for the period	1,487	-
Retained earnings, beginning of period	769	-
Retained earnings, end of period	2,256	-
Earnings per share – basic ⁽¹⁾	\$ 0.00	\$ -
Weighted average number of shares – basic ⁽¹⁾	7,500,000	500,000

(1) No diluted earnings per share have been disclosed, as these would be anti dilutive.

**GRD Enterprises Inc.
Interim Statement of Cash Flows
(Unaudited)**

	For the three months ended March 31, 2004	For the initial 39 day period ended March 31, 2003
Cash flows from operating activities		
Net income for the period	\$ 1,487	\$ -
Changes in non-cash working capital		
Accounts receivable	(4,825)	-
Prepaid expenses	(38,442)	-
Accrued liabilities	9,262	-
	(32,518)	-
Financing activities		
Shares issued	-	75,000
	(32,518)	75,000
Decrease in cash and cash equivalents	(32,518)	75,000
Cash and cash equivalents, beginning of period	1,704,944	-
Cash and cash equivalents, end of period	\$ 1,672,426	\$ 75,000

GRD Enterprises Inc.
Notes to Interim Financial Statements
(Unaudited)

March 31, 2004

1. Nature of Business

The Company was incorporated under the Alberta Business Corporations Act on February 20, 2003. The Company is currently active in identifying and evaluating businesses or assets with a view to the potential acquisition of an interest therein.

2. Significant Accounting Policies

The interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of interim financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates. The interim financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim financial statements should be read in conjunction with the most recent annual financial statements. The significant accounting policies follow that of the most recently reported annual financial statements, except for the following:

Stock-based compensation

As a result of the adoption of the Canadian Institute of Chartered Accountants ("CICA") section 3870, "Stock-based Compensation and Other Stock-based Payments" the Company has restated their comparative 2003 results to reflect the adoption effective January 1, 2003. As there were no options issued for the period ended March 31, 2003, there was no impact to these financial statements.

3. Share Capital

a) Authorized

Unlimited number of Common shares, without nominal or par value

b) Issued and outstanding common shares

	Number of Shares	Amount
Balance as at March 31, 2004 and December 31, 2003	7,500,000	\$ 1,699,398

c) Stock options

The Company has reserved 600,000 common shares at \$0.30 each pursuant to stock options granted to directors and officers of the Company.

The Company has reserved an additional non-transferable option to acquire 583,000 common shares at a price of \$0.30 per share is to be granted to the agent for services rendered. The non-transferable option has an expiry date of 18 months from the date of the initial public listing.

GRD Enterprises Inc.
Notes to Interim Financial Statements
(Unaudited)

March 31, 2004

4. Proposed Transaction

On February 24, 2004, the Company entered into a letter agreement with Call Genie Inc. ("Call Genie"), whereby the Company will acquire all of the issued and outstanding shares of Call Genie (and any warrants to purchase Call Genie shares outstanding at closing). As consideration to the shareholders (and the warrant holders, as the case may be) of Call Genie, the Company will issue up to 29,069,174 common shares of its capital stock at a price of \$0.30 per share. The transaction is subject to regulatory approval.

Legally, the Company will be the parent of Call Genie. However, as a result of the share exchange described above, control of the continuing entity will pass to the former shareholders of Call Genie. This type of exchange is referred to as a "reverse take-over" in which Call Genie will be deemed the acquirer for accounting purposes.

As of March 31, 2004, the company was still performing its due diligence on Call Genie and was preparing its filing requirements to obtain regulatory approval.

5. Subsequent Event

In conjunction with the proposed transaction detailed above, the Company and Call Genie have entered into a financing engagement letter with First Associates Investments Inc. dated May 19, 2004 to sell 4,444,400 units of the Company on a best efforts basis. The offering will raise gross proceeds of up to \$1,999,980 through a unit offering with each unit comprised of one common share in the capital of the Company and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one common share of GRD at a price of \$0.90 per share for a period of 18 months from the closing date. The Agents will receive an option to acquire up to 10% of the units placed at the unit offering price for a period of 18 months from the closing date.

The offering is subject to certain conditions including regulatory approval and the completion of the Company's acquisition of Call Genie. The Company expects to complete the offering pursuant to TSX Venture Policy 4.6 *Public Offering by Short Form Offering Document*.

APPENDIX "C" - ANNUAL FINANCIAL STATEMENTS OF CALL GENIE

**Call Genie Inc.
(A Development Stage Enterprise)
Consolidated Financial Statements
For the years ended December 31, 2003,
December 31, 2002 and December 31,
2001**

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Auditors' Report

To the Directors of Call Genie Inc.

We have audited the consolidated balance sheet of Call Genie Inc. as at December 31, 2003, and the consolidated statements of operations and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

The comparative figures were not audited.

Chartered Accountants

signed "BDO Dunwoody LLP"

Calgary, Alberta
February 6, 2004 (except for Note 11 which is dated June 18, 2004)

Call Genie Inc.
(A Development Stage Enterprise)
Consolidated Balance Sheets

As at December 31	2003	2002	2001
		(Unaudited)	(Unaudited)
Assets			
Current			
Cash and cash equivalents	\$ 72,869	\$ 1,327	\$ 1,393
Accounts receivable	28,195	803	-
Advances and deposits	1,500	-	-
	<u>102,564</u>	2,130	1,393
Equipment (Note 3)	12,568	429	429
Other assets (Note 4)	8,317	-	-
	<u>\$ 123,449</u>	<u>\$ 2,559</u>	<u>\$ 1,822</u>
Liabilities and Shareholders' Deficiency			
Current			
Accounts payable and accrued liabilities	\$ 178,107	\$ 22,335	\$ 14,823
Amounts due to a related party (Note 6)	122,140	71,565	232,392
Shareholder advances (Note 6)	-	-	169,500
	<u>300,247</u>	93,900	416,715
Convertible debenture (Note 5)	290,000	-	-
	<u>590,247</u>	93,900	416,715
Shareholders' deficiency			
Share capital (Note 8 (b))	967,994	474,020	4,520
Contributed surplus (Note 8 (c))	55,593	-	-
Deficit	(1,490,385)	(565,361)	(419,413)
	<u>(466,798)</u>	<u>(91,341)</u>	<u>(414,893)</u>
	<u>\$ 123,449</u>	<u>\$ 2,559</u>	<u>\$ 1,822</u>

Approved on behalf of the Board:

signed "Richard Dudelzak" Richard Dudelzak, Director

signed "Danny D. Lowe" Danny D. Lowe, Director

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

Call Genie Inc.
(A Development Stage Enterprise)
Consolidated Statements of Operations and Deficit

For the year ended December 31	2003	2002	2001	Cumulative since inception
		(Unaudited)	(Unaudited)	
Expenses:				
Technology and product Development	\$ 279,529	\$ 9,991	\$ 31,431	\$ 320,951
General and administrative	581,337	135,957	186,221	1,105,276
Interest	5,867	-	-	5,867
Stock based compensation (Note 8 (c))	55,593	-	-	55,593
Amortization	2,698	-	-	2,698
	925,024	145,948	217,652	1,490,385
Net loss for the year	(925,024)	(145,948)	(217,652)	(1,490,385)
Deficit, beginning of the year	(565,361)	(419,413)	(201,761)	-
Deficit, end of year	\$ (1,490,385)	\$ (565,361)	\$ (419,413)	\$ (1,490,385)
Loss per share*	(0.15)	(0.03)	(0.05)	
Weighted average number of shares	5,977,076	4,635,794	4,520,000	

* No diluted earnings per share have been disclosed, as these would be anti dilutive.

Call Genie Inc.
(A Development Stage Enterprise)
Consolidated Statements of Cash Flows

For the year ended December 31	2003	2002	2001	Cumulative since inception
		(Unaudited)	(Unaudited)	
Cash flows from operating Activities				
Net loss for the year	\$ (925,024)	\$ (145,948)	\$ (217,652)	\$ (1,490,385)
Items not involving cash:				
Issued to settle interest on convertible debenture	1,271	-	-	1,271
Issuance of common shares for services	112,500	-	-	112,500
Stock based compensation	55,593	-	-	55,593
Amortization	2,698	-	-	2,698
	(752,962)	(145,948)	(217,652)	(1,318,323)
 Changes in non-cash working capital:				
Accounts receivable	(27,392)	(803)	4,520	(28,195)
Advances receivable	37,000	(38,500)	9,000	(1,500)
Accounts payable and accrued liabilities	117,272	(186,380)	204,065	178,107
Amount due to related parties	50,575	371,565	-	422,140
	(575,507)	(66)	(67)	(747,771)
 Cash flows from financing activities				
Issuance of common shares (net of share issue costs)	325,203	-	-	499,223
Advances under convertible Debentures	345,000	-	-	345,000
	670,203	-	-	844,223
 Cash flows from investing Activities				
Acquisition of equipment	(14,837)	-	-	(15,266)
Acquisition of other assets	(8,317)	-	-	(8,317)
	(23,154)	-	-	(23,583)
 Increase (decrease) in cash and cash equivalents	71,542	(66)	(67)	72,869
Cash and cash equivalents, beginning of year	1,327	1,393	1,460	-
 Cash and cash equivalents, end of year	\$ 72,869	\$ 1,327	\$ 1,393	\$ 72,869

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

Call Genie Inc.
(A Development Stage Enterprise)
Notes to consolidated financial statements

December 31, 2003

1. Nature of Operations and Going Concern

Call Genie Inc. ("the Company") ("CGI") was incorporated under the laws of Canada on October 17, 2000 and was continued into Alberta on February 5, 2003.

The Company is a development stage enterprise, involved in developing enhanced voice directory systems to be used in commercial applications. The Company has not yet determined the ultimate economic viability of the products under development. The Company is currently in the process of developing the enhanced voice directory. All costs incurred to date have been recorded as technology and development expense. No revenue has been generated from the sale of its products to date.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. There are several development stages to be completed before the marketability, if any, of the Company's technology can be determined. While the Company has derived no revenue from the performance of technology and development projects, its ability to continue operations is uncertain and dependent upon the successful completion of technical development of the technology, obtaining additional financing and achieving profitable operations. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not reflect any adjustments that might be necessary should the Company be unable to continue in business. It is management's belief that these issues will be satisfactorily resolved.

2. Significant Accounting Policies

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Consolidation

The consolidated financial statements include its subsidiary Call Genie (Ontario) Inc. since its date of incorporation September 11, 2003.

(b) Technology and product development costs

Technology and product development costs are expensed in the year incurred unless the Company believes a development project meets generally accepted criteria for deferral and amortization. There have been no development costs capitalized to date.

(c) Equipment

Equipment is recorded at cost, less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the assets.

The following is a summary of estimated useful lives of the assets:

Office furniture and equipment	5 years
Computer hardware	3 years

December 31, 2003

2. Significant Accounting Policies (cont'd.)

(d) Cash and cash equivalents

The Company considers bank balances and all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

(e) Other assets

The costs of acquiring and applying for patents, trademarks and licensed technology are capitalized and amortized on a straight-line basis over their estimated useful lives of five years. Amortization will be recorded upon commencement of commercial production.

The costs of acquiring and applying for patents, trademarks and licensed technology costs do not necessarily reflect present or future values and the ultimate amount recoverable will be dependent upon the successful development and commercialization of products based on these intellectual properties. Management reviews the intellectual properties for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. Management recognizes any potential impairment by comparing the carrying value to the undiscounted amounts of expected future cash flows, a loss, if any, is determined for the difference between the fair value and carrying value of the asset.

(f) Future income taxes

Income taxes are accounted for using the liability method of tax allocation. Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in earnings in the year that includes the enactment date. Future income tax assets are recorded in the consolidated financial statements if realization is considered more likely than not.

(g) Earnings per share

Basic earnings per common share are computed by dividing earnings by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments, in accordance with standards approved by the Canadian Institute of Chartered Accountants.

(h) Financial instruments

The Company carries a number of financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Call Genie Inc.
(A Development Stage Enterprise)
Notes to consolidated financial statements

December 31, 2003

2. Significant Accounting Policies (cont'd.)

(i) Stock based compensation

The Company has a stock-based compensation plan as described in Note 8 (c). The Company accounts for its stock-based compensation programs using the fair-value method. Under this method, stock based compensation expense related to these programs is recorded in the statement of earnings and retained earnings with the corresponding amount increasing contributed surplus over the vesting period.

3. Equipment

December 31, 2003			
	Cost	Accumulated Amortization	Net book value
Computer hardware	\$ 14,837	\$ 2,612	\$ 12,225
Office furniture and equipment	429	86	343
	\$ 15,266	\$ 2,698	\$ 12,568

December 31, 2002 and December 31, 2001			
	Cost	Accumulated Amortization	Net book value
Office furniture and equipment	\$ 429	\$ -	\$ 429
	\$ 429	\$ -	\$ 429

4. Other Assets

December 31, 2003			
	Cost	Accumulated Amortization	Net book value
Trademarks	\$ 8,317	\$ -	\$ 8,317
	\$ 8,317	\$ -	\$ 8,317

Call Genie Inc.
(A Development Stage Enterprise)
Notes to consolidated financial statements

December 31, 2003

5. Convertible Debenture

In September 2003, the Company issued a Convertible Debenture ("Debenture") with a principal amount of \$1,000,000 of which \$290,000 was advanced to the Company by December 31, 2003. The principal amount of the Debenture is secured by the assets of the Company. It bears interest at 12% per annum until September 30, 2005 after which the rate increases to 36% per annum. The debenture is due October 15, 2009 and is convertible at the option of the holder into common shares of the Company at \$0.30 per share. The equity component of this debenture has not been segregated as the value attributable to the equity component is not material. Subsequent to year end in January 2004, an additional \$175,000 was advanced and in February 2004 an additional \$85,000 was advanced to the Company. The debenture was converted subsequent to December 31, 2003 (Note 11(b))

6. Due to Related Party

Amounts due to a company, related by virtue of common management, are unsecured, non-interest bearing and have no fixed terms of repayment. The fair value of this debt is not readily determinable.

Shareholder advances in 2001 were also unsecured, non-interest bearing with no specified terms of repayment.

7. Related Party Transactions

In addition to the related party transactions described in other notes to the consolidated financial statements, the Company had the following transactions:

- (a) During 2003, the Company was charged \$24,000 (2002 - \$13,439; 2001 - \$12,000) for rent expense in the normal course of operations by a corporation controlled by a shareholder for shared office premises.
 - (b) During 2003, the Company was advanced \$290,000 of \$1,000,000 on a Convertible Debenture outstanding at year end (Note 5) from a corporate shareholder.
 - (c) During 2003, included in technology and product development, and general and administrative expenses in the normal course of operations are \$345,160 (2002 - \$99,450, 2001 - \$140,680) of consulting services paid to officers and consultants who are either shareholders or warrant holders of the Company.
 - (d) During 2003, the Company issued 716,667 common shares for \$115,000 to certain individuals of the Company (Notes 8 (b) (iii) and (vi)). These individuals provide key management services to the Company.
 - (e) During 2003, the Company issued 375,141 common shares upon the conversion of a debenture at \$0.15 per share. The debenture holders included a shareholder and an individual who provides key management services to the Company (Note 8 (b) (iv)).
 - (f) During 2002, the Company issued 681,692 common shares for \$469,500 in lieu of debt due to a corporate shareholder and a shareholder who is also a director (Note 8 (b) (ii)).
-

Call Genie Inc.
(A Development Stage Enterprise)
Notes to consolidated financial statements

December 31, 2003

7. Related Party Transactions (cont'd.)

(g) Included in accounts payable and accrued liabilities is \$19,126 (2002 - \$12,572) due to various directors, officers and consultants of the Company of which \$14,531 (2002 - \$Nil) for services rendered and accrued interest of \$4,595 (2002 - \$Nil) on the convertible debenture (Note 5).

All the related party transactions have been recorded at the agreed upon exchange amounts. The exchange amounts agreed upon reflect the carrying values and approximate fair values of the services rendered.

8. Share Capital

(a) Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value, non cumulative, redeemable, and non voting

(b) Issued and outstanding common shares

	Number of Shares	Amount
Balance, December 31, 2000 and December 31, 2001 (i)	4,520,000	\$ 4,520
Issued for debt (ii)	681,692	469,500
Balance, December 31, 2002	5,201,692	\$ 474,020
Private placement (iii)	666,667	100,000
Issued for conversion of debenture (iv)	375,141	56,271
Private placement (v)	634,010	190,203
Private placement (vi)	150,000	45,000
Issued for services (Note 10)	112,500	112,500
Share issue costs on private placement	-	(10,000)
Balance, December 31, 2003	7,140,010	\$ 967,994

- (i) During 2000, the Company issued 4,520,000 common shares to various directors, officers and consultants at a price of \$0.001 each for proceeds of \$4,520.
- (ii) On October 31, 2002 the Company issued 409,015 common shares at a price of \$0.73 and 272,677 common shares at a price of \$0.62 for net proceeds of \$469,500 in settlement the Company's outstanding indebtedness.
- (iii) On June 30, 2003 the Company completed a private placement of 666,667 common shares at a price of \$0.15 each for gross proceeds of \$100,000 and share issuance costs of \$10,000.
- (iv) In April 2003, the Company issued 375,141 common shares at a price of \$0.15 each upon the conversion of a debenture for \$55,000 plus accrued interest of \$1,271.
- (v) On June 30, 2003 and September 30, 2003 the Company completed a private placement of 634,010 common shares at a price of \$0.30 each for proceeds of \$190,203.
- (vi) On December 15, 2003 the Company issued an additional 150,000 shares pursuant to the financing underway in September 2003 at a price of \$0.30 each for net proceeds of \$45,000.

Call Genie Inc.
(A Development Stage Enterprise)
Notes to consolidated financial statements

December 31, 2003

8. Share Capital (cont'd.)

(c) Warrants

The Company has issued, with an effective date of September 30, 2003, 1,600,000 warrants, which are priced at \$0.50 each and the warrant holder is entitled to acquire for each warrant, on or after March 1, 2005 and before March 1, 2010, one common share of the Company. The warrants were issued to officers of the company and may terminate upon voluntary resignation or termination for cause of the officer.

The Company measures compensation costs associated with stock-based compensation using the fair value method and the cost is recognized over the vesting period of the underlying security. The fair value of each warrant is determined at the grant date using the Black-Scholes model assuming a risk-free interest rate of 5% and an expected volatility rate of 100%.

As at December 31, 2003, \$55,593 has been recorded as stock based compensation related to the warrants with the corresponding amount to contributed surplus.

9. Income Taxes

As at December 31, 2003, the Company has \$1,429,894 of non-capital losses that are available for carry forward to offset future taxable income, that expire as follows:

	Non-Capital Losses
2008	\$ 199,532
2009	216,958
2010	145,800
2011	867,604
	<u>\$ 1,429,894</u>

The Company also has net temporary tax differences of \$1,613 relating primarily to share issue costs and capital and other assets, which may be used to offset future taxable income.

The ability of the Company to utilize the losses and other tax balances carried forward in the future is not reasonably assured and therefore has not been recognized in the financial statements. The effective tax rate for the Corporation is approximately 37%. The difference between the effective rate and the actual rate of nil% is attributable to the fact that no future tax asset has been recorded for available loss carry forwards as their ultimate utilization is not more likely than not.

Call Genie Inc.
(A Development Stage Enterprise)
Notes to consolidated financial statements

December 31, 2003

10. Non-Cash Transactions

- (a) During 2003, the Company issued 112,500 common shares for legal services rendered in the amount of \$112,500.
 - (b) During 2003, the Company paid interest of \$5,867 (2002 - \$Nil).
 - (c) During 2003, the Company issued 1,600,000 warrants valued at \$319,056. The compensation expense recognized on these warrants for the year was \$55,593 and the remaining balance of \$263,463 will be expensed over the remaining vesting period.
-

11. Subsequent Events

a) Business Combination

On February 24, 2004, the Company entered into a letter agreement with GRD Enterprises Inc. ("GRD Enterprises"), whereby GRD Enterprises will acquire all of the issued and outstanding shares and warrants of the Company outstanding at closing. As consideration to the shareholders and the warrant holders, of the Company, GRD Enterprises will issue up to 29,069,174 common shares of its capital stock, less the portion reserved for issuance upon the exercise of warrants, at a price of \$0.30 per share. The transaction is subject to regulatory approval.

Subsequent to year end, on June 18, 2004, the Exchange advised the Company and GRD Enterprises that the parties would need to revise certain of the terms of the warrants before the Exchange would accept the Transaction. Effective on the closing of the Transaction, the holders of warrants agreed to, among other things, an amendment to the exercise price of the replacement GRD Enterprises warrants to increase the same to \$0.225 per GRD Enterprises share from \$0.183 per GRD Enterprises share. This would equate to the exercise price of the Call Genie warrants from \$0.50 to \$0.61313 per Call Genie Share.

Legally, GRD Enterprises will be the parent of the Company. However, as a result of the share exchange described above, control of continuing entity will pass to the former shareholders of the Company. This type of exchange is referred to as a "reverse take-over" in which the Company will be deemed the acquirer for accounting purposes.

b) Conversion of Convertible Debenture

Subsequent to year end, the holder of the Debenture elected to convert the principal and accrued interest in the amount of \$578,247 into 1,927,490 common shares of the Company as at May 28, 2004.

c) Subsequent financing

In conjunction with the proposed transaction detailed above, the Company and Call Genie have entered into a financing engagement letter with First Associates Investments Inc. dated May 19, 2004 to sell 4,444,400 units of the Company on a best efforts basis. The offering will raise gross proceeds of up to \$1,999,980 through a unit offering with each unit comprised of one common share in the capital of the Company and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one common share of GRD at a price of \$0.90 per share for a period of 18 months from the closing date. The Agents will receive an option to acquire up to 10% of the units placed at the unit offering price for a period of 18 months from the closing date.

The offering is subject to certain conditions including regulatory approval and the completion of the Company's acquisition of Call Genie. The Company expects to complete the offering pursuant to TSX Venture Policy 4.6 *Public Offering by Short Form Offering Document*.

Call Genie Inc.
(A Development Stage Enterprise)
Supplementary Information

December 31, 2003

Technology and Product Development Expenses

Breakdown by major category:

For the year ended December 31	2003	2002	2001	Cumulative since inception
		(Unaudited)	(Unaudited)	
Consulting fees	\$ 267,739	\$ 9,000	\$ 31,431	\$ 308,170
Training and development	11,290	-	-	11,290
Miscellaneous costs	500	991	-	1,491
	\$ 279,529	\$ 9,991	\$ 31,431	\$ 320,951

General and Administrative Expenses

Breakdown by major category:

For the year ended December 31	2003	2002	2001	Cumulative since inception
		(Unaudited)	(Unaudited)	
Consulting fees	\$ 254,360	\$ 109,569	\$ 154,406	\$ 675,776
Recruitment and relocation	-	-	-	21,400
Office supplies	15,032	11,859	12,545	45,065
Office rent	24,000	13,439	12,000	49,439
Professional fees	238,556	-	-	238,556
Travel expenses	40,334	662	4,795	56,539
Education and training	-	-	-	2,000
Entertainment and promotion	9,055	428	2,475	16,501
	\$ 581,337	\$ 135,957	\$ 186,221	\$ 1,105,276

APPENDIX "D" - INTERIM FINANCIAL STATEMENTS OF CALL GENIE

**Call Genie Inc.
(A Development Stage Enterprise)
Interim Consolidated Financial
Statements
For the three month period ended March 31,
2004
(Unaudited)**

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Call Genie Inc.
(A Development Stage Enterprise)
Interim Consolidated Balance Sheets

	March 31, 2004	December 31, 2003
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents	\$ 8,675	\$ 72,869
Accounts receivable	26,826	28,195
Prepaid expenses and advances	46,402	1,500
	81,903	102,564
Equipment (Note 3)	26,096	12,568
Other assets (Note 4)	17,154	8,317
	\$ 125,123	\$ 123,449
Liabilities and Shareholders' Deficiency		
Current		
Accounts payable and accrued liabilities	\$ 274,432	\$ 178,107
Amounts due to a related party (Note 6)	147,811	122,140
	422,243	300,247
Convertible debenture (Note 5)	550,000	290,000
	132,400	590,247
Shareholders' deficiency		
Share capital (Note 8 (b))	967,994	967,994
Contributed surplus (Note 8 (c))	112,050	55,593
Deficit	(1,927,134)	(1,490,385)
	(847,090)	(466,798)
	\$ 125,153	\$ 123,449

Approved on behalf of the Board:

signed "Richard Dudelzak" Richard Dudelzak, Director

signed "Danny D. Lowe" Danny D. Lowe, Director

Call Genie Inc.
(A Development Stage Enterprise)
Interim Consolidated Statements of Operations and Deficit
(Unaudited)

For the three month period ended
March 31

2004

2003

Expenses:

Technology and product Development	\$ 164,453	\$ 37,000
General and administrative	199,937	24,293
Interest	13,191	-
Stock based compensation (Note 8 (c))	56,457	-
Amortization	2,711	-
	436,749	61,293

Net loss for the period	(436,749)	(61,293)
Deficit, beginning of period	(1,490,385)	(565,361)
Deficit, end of period	\$ (1,927,134)	\$ (626,654)

Loss per share*	\$ (0.06)	\$ (0.01)
Weighted average number of shares	7,140,010	5,201,692

* No diluted earnings per share have been disclosed, as these would be anti dilutive.

Call Genie Inc.
(A Development Stage Enterprise)
Interim Consolidated Statements of Cash Flows
(Unaudited)

For the three month period ended
March 31

2004 **2003**

Cash flows from operating

Activities

Net loss for the period	\$ (436,749)	\$ (61,293)
Items not involving cash:		
Stock based compensation	56,457	-
Amortization	2,711	-
	(377,581)	(61,293)

Changes in non-cash working capital:

Accounts receivable	1,369	(5,674)
Prepaid expenses and advances	(44,902)	-
Accounts payable and accrued liabilities	96,325	(41,225)
Amount due to related parties	25,671	6,445
	(299,118)	(101,747)

Cash flows from financing activities

Issuance of common shares (net of share issue costs)	-	90,000
Advances under convertible Debenture	260,000	55,000
	260,000	145,000

Cash flows from investing

Activities

Acquisition of equipment	(16,239)	(2,400)
Acquisition of other assets	(8,837)	-
	(25,076)	(2,400)

Increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of period	(64,194)	40,853
	72,869	1,327
	72,869	1,327

Cash and cash equivalents, end of period	\$ 8,675	\$ 42,180
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Call Genie Inc.
(A Development Stage Enterprise)
Notes to the Interim Consolidated Financial Statements
(Unaudited)

March 31, 2004

1. Nature of Operations and Going Concern

Call Genie Inc. ("the Company") ("CGI") was incorporated under the laws of Canada on October 17, 2000 and was continued into Alberta on February 5, 2003.

The Company is a development stage enterprise, involved in developing enhanced voice directory systems to be used in commercial applications. The Company has not yet determined the ultimate economic viability of the products under development. The Company is currently in the process of developing the enhanced voice directory. All costs incurred to date have been recorded as technology and development expense. No revenue has been generated from the sale of its products to date.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. There are several development stages to be completed before the marketability, if any, of the Company's technology can be determined. While the Company has derived no revenue from the performance of technology and development projects, its ability to continue operations is uncertain and dependent upon the successful completion of technical development of the technology, obtaining additional financing and achieving profitable operations. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue in business. It is management's belief that these issues will be satisfactorily resolved.

2. Significant Accounting Policies

The interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of interim financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates. The interim financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim financial statements should be read in conjunction with the most recent annual financial statements. The significant accounting policies follow that of the most recently reported annual financial statements, except for the following:

Stock-based compensation

As a result of the adoption of the Canadian Institute of Chartered Accountants ("CICA") section 3870, "Stock-based Compensation and Other Stock-based Payments" the Company has restated their comparative 2003 results to reflect the adoption effective January 1, 2003. As there were no options or warrants issued for the period ended March 31, 2003, there was no impact to these financial statements.

Call Genie Inc.
(A Development Stage Enterprise)
Notes to the Interim Consolidated Financial Statements
(Unaudited)

March 31, 2004

3. Equipment

	March 31, 2004		
	Cost	Accumulated Amortization	Net book value
Computer hardware	\$ 28,758	\$ 4,508	\$ 24,250
Computer software	1,658	138	1,520
Office furniture and equipment	429	103	326
	\$ 30,845	\$ 4,749	\$ 26,096

	December 31, 2003 (Audited)		
	Cost	Accumulated Amortization	Net book value
Computer hardware	\$ 14,837	\$ 2,612	\$ 12,225
Office furniture and equipment	429	86	343
	\$ 15,266	\$ 2,698	\$ 12,568

4. Other Assets

	March 31, 2004		
	Cost	Accumulated Amortization	Net book value
Trademarks and patents	\$ 17,814	\$ 660	\$ 17,154

	December 31, 2003 (Audited)		
	Cost	Accumulated Amortization	Net book value
Trademarks	\$ 8,317	\$ -	\$ 8,317

Call Genie Inc.
(A Development Stage Enterprise)
Notes to the Interim Consolidated Financial Statements
(Unaudited)

March 31, 2004

5. Convertible Debenture

In September 2003, the Company issued a Convertible Debenture ("Debenture") with a principal amount of \$1,000,000 of which \$290,000 was advanced to the Company as at December 31, 2003 and an additional \$260,000 advanced by March 31, 2004. The principal amount of the Debenture is secured by the assets of the Company. It bears interest at 12% per annum until September 30, 2005 after which the rate increases to 36% per annum. The debenture is due October 15, 2009 and is convertible at the option of the holder into common shares of the Company at \$0.30 per share. The equity component of this debenture has not been segregated as the value attributable to the equity component is not material. Subsequent to the quarter ended March 31, 2004, the debenture and accrued interest, totalling \$578,247 was converted into 1,927,490 common shares.

6. Due to Related Party

Amounts due to a company, related by virtue of common management, are unsecured, non-interest bearing and have no fixed terms of repayment. The fair value of this debt is not readily determinable.

7. Related Party Transactions

In addition to the related party transactions described in other notes to the interim financial statements, the Company had the following transactions:

- (a) During the first quarter of 2004, the Company was charged \$15,000 (2003 - \$3,000) for rent expense in the normal course of operations by a corporation controlled by a shareholder for shared office premises.
- (b) In the first quarter of 2004, the Company was advanced \$260,000 (2003 - \$Nil) on a Convertible Debenture from a corporate shareholder (Note 5).
- (c) Included in technology and product development, and general and administrative expenses in the normal course of operations are \$165,750 (2003 - \$13,900) of consulting services paid to officers and consultants who are either shareholders or warrant holders of the Company.
- (d) Included in accounts payable is \$63,169 (2003 - \$10,328) for consulting services due to related parties who are also shareholders of the Company.
- (e) Interest expense of \$13,191 (2002 - \$Nil) was accrued on the convertible debenture (Note 5) to a company who is also a corporate shareholder.

All the related party transactions have been recorded at the agreed upon exchange amounts. The exchange amounts agreed upon reflect the carrying values and approximate fair values of the services rendered.

Call Genie Inc.
(A Development Stage Enterprise)
Notes to the Interim Consolidated Financial Statements
(Unaudited)

March 31, 2004

8. Share Capital

- (a) Authorized
Unlimited common shares without par value
Unlimited preferred shares without par value, non cumulative, redeemable, and non voting

- (b) Issued and outstanding common shares

	Number of Shares	Amount
Balance, March 31, 2004 and December 31, 2003	7,140,010	\$ 967,994

- (c) Warrants
The Company has issued, with an effective date of September 30, 2003, 1,600,000 warrants, which are priced at \$0.50 each and the warrant holder is entitled to acquire for each warrant, on or after March 1, 2005 and before March 1, 2010, one common share of the Company. The warrants were issued to officers of the Company and may terminate upon voluntary resignation or termination for cause of the officer.

The Company measures compensation costs associated with stock-based compensation using the fair value method and the cost is recognized over the vesting period of the underlying security. The fair value of each warrant is determined at the grant date using the Black-Scholes model assuming a risk-free interest rate of Nil% and an expected volatility rate of 100%.

As at March 31, 2004, \$56,457 has been recorded as stock based compensation related to the warrants with the corresponding amount charged to contributed surplus.

9. Non-Cash Transactions

- (a) During the quarter ended March 31, 2004, the Company paid interest of \$13,191 (2003 - \$Nil).
- (b) During the quarter ended March 31, 2004, the compensation expense recognized on warrants for the period was \$56,457 (2003 - \$Nil).
-

Call Genie Inc.
(A Development Stage Enterprise)
Notes to the Interim Consolidated Financial Statements
(Unaudited)

March 31, 2004

10. Business Combination

On February 24, 2004, the Company entered into a letter agreement with GRD Enterprises Inc. ("GRD Enterprises"), whereby GRD Enterprises will acquire all of the issued and outstanding shares and warrants of the Company outstanding at closing. As consideration to the shareholders and the warrant holders, of the Company, GRD Enterprises will issue up to 29,069,174 common shares of its capital stock, less the portion reserved for issuance upon the exercise of warrants, at a price of \$0.30 per share. The transaction is subject to regulatory approval.

Subsequent to year end, on June 18, 2004, the Exchange advised the Company and GRD Enterprises that the parties would need to revise certain of the terms of the warrants before the Exchange would accept the Transaction. Effective on the closing of the Transaction, the holders of warrants agreed to, among other things, an amendment to the exercise price of the replacement GRD Enterprises warrants to increase the same to \$0.225 per GRD Enterprises share from \$0.183 per GRD Enterprises share. This would equate to the exercise price of the Call Genie warrants from \$0.50 to \$0.61313 per Call Genie Share.

Legally, GRD Enterprises will be the parent of the Company. However, as a result of the share exchange described above, control of continuing entity will pass to the former shareholders of the Company. This type of exchange is referred to as a "reverse take-over" in which the Company will be deemed the acquirer for accounting purposes.

As of March 31, 2004, GRD Enterprises was still performing its due diligence on the Company and was preparing its filing requirements to obtain regulatory approval.

11. Subsequent Events

(a) Conversion of Convertible Debenture

Subsequent to quarter end, the holder of the Debenture elected to convert the principal and accrued interest in the amount of \$578,247 into 1,927,490 common shares of the Company as at May 28, 2004.

(b) Subsequent financing

In conjunction with the proposed transaction detailed above, the Company and Call Genie have entered into a financing engagement letter with First Associates Investments Inc. dated May 19, 2004 to sell 4,444,400 units of the Company on a best efforts basis. The offering will raise gross proceeds of up to approximately \$1,999,980 through a unit offering with each unit comprised of one common share in the capital of the Company and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one common share of GRD at a price of \$0.90 per share for a period of 18 months from the closing date. The Agents will receive an option to acquire up to 10% of the units placed at the unit offering price for a period of 18 months from the closing date.

The offering is subject to certain conditions including regulatory approval and the completion of the Company's acquisition of Call Genie. The Company expects to complete the offering pursuant to TSX Venture Policy 4.6 *Public Offering by Short Form Offering Document*.

Call Genie Inc.
(A Development Stage Enterprise)
Supplementary Information
(Unaudited)

For the three month periods ended March 31

2004

2003

Technology and Product Development Expenses

Consulting fees	\$ 153,121	\$ 37,000
Travel expenses	2,623	-
Product development	2,749	-
Website development	5,960	-
	<u>\$ 164,453</u>	<u>\$ 37,000</u>

General and Administrative Expenses

Consulting fees (recovery)	\$ 125,196	\$ (3,444)
Consumer research	12,200	-
Office supplies	1,986	2,524
Telecommunications	2,984	-
Software maintenance	2,683	-
Office rent	15,000	3,000
Professional fees	5,074	12,538
Travel expenses	23,377	8,366
Education and training	8,575	-
Entertainment and promotion	2,862	1,309
	<u>\$ 199,937</u>	<u>\$ 24,293</u>

APPENDIX "E" - PRO FORMA FINANCIAL STATEMENTS OF CG



Compilation Report

**To the Directors of:
GRD Enterprises Inc. ("GRD") and Call Genie Inc. ("Call Genie")
(collectively hereafter referred to as "New Call Genie")**

We have read the accompanying unaudited pro forma balance sheet of "New Call Genie" as at March 31, 2004 and unaudited pro forma statement's of operations for the 3 month period ended March 31, 2004 and for the year ended December 31, 2003 and have performed the following procedures.

1. Compared the figures in the column captioned "GRD" to the unaudited financial statements of the company as at March 31, 2004 and for the 3 month period then ended, and the audited financial statements of GRD for the 314 day period ended December 31, 2003 found them to be in agreement.
2. Compared the figures in the columns captioned "Call Genie" to the unaudited financial statements of the company as at March 31, 2004 and for the 3 month period then ended, and the audited financial statements of Call Genie for the year ended December 31, 2003 and found them to be in agreement.
3. Made enquiries of certain officials of GRD and Call Genie who have responsibility for financial and accounting matters about:
 - (a) the basis for determination of the pro forma adjustments; and
 - (b) whether the pro forma financial statements comply as to form in all material respects with the requirements of securities regulators.

The officials:

- (a) described to us the basis for determination of the pro forma adjustments, and
 - (b) stated that the pro forma statements comply as to form in all material respects with the requirements of securities regulators.
4. Read the notes to the pro forma statements, and found them to be consistent with the basis described to me for determination of the pro forma adjustments.
5. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Call Genie" and "GRD" as at March 31, 2004 and for the 3 month period then ended and for the year ended December 31, 2003 and found the amounts in the column captioned "Pro Forma New Call Genie" to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments, which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

signed "BDO Dunwoody LLP"

Chartered Accountants

Calgary, Alberta
June 22, 2004

**New Call Genie
Pro Forma Consolidated Balance Sheet
(Unaudited - See Compilation Report)**

As March 31, 2004	GRD	Call Genie	Pro Forma Adjustments	Note 2	Pro Forma Call Genie
Assets					
Current					
Cash	\$ 1,672,426	\$ 8,675	\$ 1,700,000	2f	\$ 3,381,101
Accounts receivable	6,200	26,826			33,026
Prepaid expenses	38,442	46,402	(38,442) (42,764)	2c 2c	3,638
	<u>1,717,068</u>	<u>81,903</u>	<u>1,618,794</u>		<u>3,417,765</u>
Capital assets	-	26,096			26,096
Other assets	-	17,154			17,154
	<u>\$ 1,717,068</u>	<u>\$ 125,153</u>	<u>\$ 1,618,794</u>		<u>\$ 3,461,015</u>
Liabilities and Shareholders' Equity (Deficiency)					
Current					
Accounts payable and accrued liabilities	\$ 15,414	\$ 274,432	\$ 10,461 (28,247) 81,294	2d 2e 2g	\$ 353,354
Amounts due to related parties	-	147,811			147,811
	<u>15,414</u>	<u>422,243</u>	<u>63,508</u>		<u>501,165</u>
Convertible debenture payable	-	550,000	(550,000)	2e	-
	<u>15,414</u>	<u>972,243</u>	<u>(486,492)</u>		<u>501,165</u>
Share capital	1,699,398	967,994	(1,699,398) 1,663,212 578,247 1,700,000	2b 2b 2e 2f	4,909,453
Contributed surplus	-	112,050			112,050
Retained earnings (deficit)	2,256	(1,927,134)	36,186 (172,961)	2b 2c/2d/2g	(2,061,653)
	<u>1,701,654</u>	<u>(847,090)</u>	<u>2,105,286</u>		<u>2,959,850</u>
	<u>\$ 1,717,068</u>	<u>\$ 125,153</u>	<u>\$ 1,618,794</u>		<u>\$ 3,461,015</u>

The accompanying notes are an integral part of this pro forma consolidated balance sheet.

New Call Genie
Pro Forma Consolidated Statement of Income
(Unaudited - See Compilation Report)

For the 3 month period ended March 31, 2004	GRD	Call Genie	Pro Forma Adjustments	Note 2	Pro Forma Call Genie
Expenses					
Technology and product development	\$ -	\$ 164,453			\$ 164,453
General and administration	4,747	199,937			204,684
Interest expense	-	13,191			13,191
Consulting expense		56,457			56,457
Amortization	-	2,711			2,711
	<u>4,747</u>	<u>436,749</u>			<u>441,496</u>
Other items					
Interest and other income	<u>6,234</u>	<u>-</u>			<u>6,234</u>
Net income (loss)	\$ 1,487	\$ (436,749)			\$ (435,262)

The accompanying notes are an integral part of this pro forma consolidated statement of income.

New Call Genie
Pro Forma Consolidated Statement of Income
(Unaudited - See Compilation Report)

For the 12 month period ended December 31, 2003	GRD	Call Genie	Pro Forma Adjustments	Note 2	Pro Forma Call Genie
Expenses					
Technology and product development	\$ -	\$ 279,529			\$ 279,529
General and administration	3,785	581,337			585,122
Interest expense	-	5,867			5,867
Consulting expense		55,593			55,593
Amortization	-	2,698			2,698
	<u>3,785</u>	<u>925,024</u>			<u>928,809</u>
Other items					
Interest and other income	<u>4,554</u>	<u>-</u>			<u>4,554</u>
Net income (loss)	\$ 769	\$ (925,024)			\$ (924,255)

The accompanying notes are an integral part of this pro forma consolidated statement of income.

New Call Genie
Notes to Pro Forma Consolidated Financial Statements
(Unaudited - See Compilation Report)

As at March 31, 2004

1. Basis of Presentation

The unaudited pro forma balance sheet as at March 31, 2004 and pro forma statement's of income for the 3 month period ended March 31, 2004 and the 12 month period ended December 31, 2003, have been prepared from the unaudited financial statements of GRD for the 3 month period ended March 31, 2004, the unaudited financial statements of Call Genie for the 3 month period ended March 31, 2004, the audited financial statements of Call Genie for the year ended December 31, 2003 and the audited financial statements of GRD for the 314 day period ended December 31, 2003. The pro forma financial statements should be read in conjunction with the annual financial statements of GRD and the annual financial statements of Call Genie, including the notes thereto and other quarterly information as publicly filed by the Companies.

The accompanying unaudited pro forma financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The pro forma consolidated balance sheet gives effect to the proposed amalgamation of Call Genie by GRD effective March 31, 2004 and the statements of income give effect to the proposed amalgamation effective January 1, 2004 and January 1, 2003, respectively.

It is proposed that New Call Genie will have 36,653,539 shares outstanding.

2. Pro Forma Proposed Transactions

The unaudited pro forma consolidated financial statements give effect to the following transactions:

- a) The unaudited pro forma consolidated balance sheet gives effect to the acquisition by the Company of 100% of the outstanding stock of Call Genie as if it had occurred as at March 31, 2004.
- b) Legally, the GRD is the parent of Call Genie. However, as a result of the share exchange described above, control of the combined companies passed to the former shareholders of Call Genie. This type of share exchange, referred to as a "reverse takeover", deems Call Genie to be the acquirer for accounting purposes. Accordingly, the net assets of Call Genie are included in the balance sheet at book values and the deemed acquisition of the GRD is accounted for by the purchase method with the net assets of the Company recorded at fair value at the date of acquisition.

The cost of an acquisition should be based on the fair value of the consideration given, except where the fair value of the consideration given is not clearly evident. In such case, the fair value of the net assets acquired is used.

Since the 29,069,714 common shares issued pursuant to the agreement represent approximately 77% of GRD's issued and outstanding capital stock and GRD's shares are yet to be traded, it is impossible to estimate the actual market value of the 29,069,174 common shares. Therefore, the value of the shares issued on acquisition is based on the fair value of the net assets acquired. The fair value of the Company's net assets was \$1,663,212.

New Call Genie
Notes to Pro Forma Consolidated Financial Statements
(Unaudited - See Compilation Report)

As at March 31, 2004

2. Pro Forma Proposed Transactions (cont'd)

The total purchase price of \$1,663,212 has been allocated as follows:

Cash	\$1,672,426
Receivables	6,200
Accrued liabilities	<u>(15,414)</u>
	<u>\$1,663,212</u>

- c) Costs related to the qualifying transaction included in prepaid expenses have been charged to deficit in the amount of \$38,442 by GRD and \$42,764 by Call Genie.
- d) Accrued interest on the convertible debenture to maturity of \$ 10,461.
- e) The conversion of the \$578,247 convertible debenture and interest payable on May 28, 2004 at the conversion price of \$0.30 per Call Genie common share.
- f) The concurrent financing for proceeds, net of finance costs, of \$1,700,000 has been raised.
- g) To record additional costs of the business combination of \$ 81,294.
- h) None of GRD's outstanding options were converted.

3. Capital Stock

- a) Authorized
Unlimited common shares
Unlimited preferred shares, issuable in series
-

New Call Genie
Notes to Pro Forma Consolidated Financial Statements
(Unaudited - See Compilation Report)

As at March 31, 2004

3. Capital Stock (cont'd)

- b) Capital stock as at March 31, 2004 in the unaudited pro forma consolidated balance sheet is comprised of the following:

Common shares:	<u>Number of Shares</u>	<u>Amount</u>
Share capital March 31, 2004 Call Genie	7,140,010	\$ 967,994
RTO adjustment, to adjust number to GRD shares outstanding	359,990	-
Shares issued on acquisition	19,456,686	1,663,212
Shares issued on conversion of debt ⁽¹⁾	5,253,453	578,247
Shares issued on concurrent financing	<u>4,444,400</u>	<u>1,700,000</u>
	<u>36,653,539</u>	<u>\$4,909,453</u>
Warrants ⁽²⁾	6,582,235	
Options ⁽³⁾	<u>1,849,660</u>	
Total reserved shares	8,431,895	

(1) Call Genie has converted the convertible debenture to equity effective May 28, 2004, in the amount of \$578,247 resulting in 1,927,490 Call Genie shares. These shares represent 5,252,453 of the 29,069,174 GRD shares issued on the acquisition of Call Genie.

(2) Shares reserved for warrants and options issued by Call Genie to officers of Call Genie. Includes GRD warrants reserved for issuance to Call Genie warrant holders, in the amount of 4,360,035.

As part of the concurrent financing, equity participants will receive one common share and a one-half of one share purchase warrant. Each full share purchase warrant, (up to 2,222,200); will entitle the holder to acquire one common share at an exercise price of \$0.90 for a period of 18 months from the closing date.

(3) The Company has also reserved 600,000 common shares at \$0.30 each pursuant to stock options granted to directors and officers of the Company.

The Company has granted an additional non-transferable option, to acquire 583,000 common shares at a price of \$0.30 per share, to the Agent's for services rendered. The non-transferable option has an expiry date of 18 months from the date of the shares are listed on the Exchange.

The Company has also reserved an additional non-transferable option, to acquire up to 10% of the units placed (up to 444,440 shares) in the concurrent financing at a price of \$0.45 per share, to be granted to the Agent's for services rendered. Furthermore, since each unit has a one-half a warrant attached to it, the Agent's will also have the option to acquire up to 10% share purchase warrants (up to 222,220 shares) exercised at the price of \$0.90 per warrant. The non-transferable option has an expiry date of 18 months from the date of closing.