UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ___________ to ___________

COMMISSION FILE NUMBER: **000-32865**

WORDLOGIC CORPORATION

(Exact name of small business issuer as specified in its charter)

Nevada	**88-0422023**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

650 West Georgia Street, Suite 2400
Vancouver, British Columbia, Canada V6B 4N7
(Address of principal executive offices)

(604) 257-3660
(Issuer's telephone number)

____
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

The number of shares outstanding of each of the issuer's classes of common equity as of September 30, 2006:
22,432,434 shares of common stock

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

Index

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Balance Sheet
(Unaudited)
September 30, 2006

Assets

Cash	$	20,372
Accounts receivable		5,145
GST receivable		7,232
Employee advance		12,125
Total current assets		44,874
Property and equipment, net of accumulated depreciation of $115,462		20,730
Total assets	$	65,604

Liabilities and Stockholders' Deficit

Liabilities:		
Bank overdraft	$	37,712
Accounts payable:		
Trade		77,673
Related party (Note 2)		47,966
Accrued expenses		3,895
Accrued interest		50,829
Notes payable (Note 3):		370,000
Total current liabilities		588,075
Long Term Debt:		
Notes payable (Note 3)		436,500
Total liabilities		1,024,575
Stockholders' deficit (Note 5):		
Common stock, $.001 par value; 100,000,000 shares authorized, 24,432,434 shares issued and outstanding		24,432
Additional paid-in capital		4,086,096
Accumulated deficit		(2,264,854)
Deficit accumulated during development stage		(2,441,132)
Accumulated other comprehensive loss:		
Cumulative translation adjustment		(363,513)
Total shareholders' deficit		(958,971)
Total liabilities and shareholders' deficit	$	65,604

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	May 27, 2003 Through September 30, 2006
Revenues:					
Product sales	$ 5,145	$ -	$ 12,213	$ -	$ 12,213
Royalty revenue	917	6,987	3,554	10,992	28,559
Total revenues	6,062	6,987	15,767	10,992	40,772
Operating expenses:					
Stock based compensation (Note 5):					
Common stock options	331,797	33,000	924,861	143,000	1,111,205
Consulting services	-	-	-	-	68,909
Rent, related party (Note 2)	23,379	21,729	69,861	63,989	244,666
Selling, general and administrative (net of $336,054, $33,000, $929,118, $143,000 and $1,115,462, respectively, stock-based compensation)	157,220	128,945	458,140	420,708	1,636,609
Research and development	91,492	77,724	273,620	295,871	871,510
Total operating expenses	603,888	261,398	1,726,482	923,568	3,932,899
Loss from operations	(597,826)	(254,411)	(1,710,715)	(912,576)	(3,892,127)
Other income (expenses):					
Interest income	-	-	-	-	1,760
Interest expense:					
Related parties	-	-	-	-	(42,596)
Amortization of discount on convertible note	-	(6,243)	(9,757)	(33,092)	(145,243)
Other	(16,408)	(18,660)	(47,686)	(48,692)	(170,636)
Gain on derivative liability	-	24,436	18,021	64,116	143,070
Gain on settled payables	-	331	-	35,362	64,640
Loss before income taxes and extraordinary item	(614,234)	(254,547)	(1,750,137)	(894,882)	(4,041,132)
Income tax provision (Note 4)	-	-	-	-	-
Loss before extraordinary item	(614,234)	(254,547)	(1,750,137)	(894,882)	(4,041,132)
Net extraordinary gain on litigation settlement, less applicable income taxes of $-0-	-	-	-	-	1,600,000
Net loss	$ (614,234)	$ (254,547)	$ (1,750,137)	$ (894,882)	$ (2,441,132)
Basic and diluted loss per share	$ (0.03)	$ (0.01)	$ (0.07)	$ (0.04)	
Weighted average common shares outstanding	24,432,434	22,582,433	23,635,767	22,035,766	

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Consolidated Statement of Changes in Shareholders' Deficit
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Deficit Accumulated During Development Stage	Cumulative Translation Adjustment Other Comprehensive Income/(Loss)	Total
	Shares	Par Value					
Balance, May 27, 2003 (inception), prior to reverse merger	19,016,657	$ 19,017	$ 1,504,366	$ (2,264,854)	$ -	$ 3,806	$ (737,665)
Reverse merger with The American West.com, Inc. (Note 1)	2,907,007	2,907	(2,907)	-	-	-	-
Cancelled shares	(60,000)	(60)	60	-	-	-	-
Comprehensive loss:							
Net income	-	-	-	-	(408,027)	-	(408,027)
Cumulative translation adjustment	-	-	-	-	-	(270,371)	(270,371)
Comprehensive loss	-	-	-	-	-	-	(678,398)
Balance, December 31, 2003	21,863,664	21,864	1,501,519	(2,264,854)	(408,027)	(266,565)	(1,416,063)
Common stock issued in exchange for services and payables	88,000	88	47,369	-	-	-	47,457
Common stock options granted	-	-	10,344	-	-	-	10,344
Comprehensive income:							
Net income	-	-	-	-	938,596	-	938,596
Cumulative translation adjustment	-	-	-	-	-	(97,095)	(97,095)
Comprehensive income	-	-	-	-	-	-	841,501
Balance, December 31, 2004	21,951,664	21,952	1,559,232	(2,264,854)	530,569	(363,660)	(516,761)
Sale of common stock ($0.65/share)	830,770	830	539,170	-	-	-	540,000
Common stock options granted	-	-	204,458	-	-	-	204,458
Comprehensive loss:							
Net income	-	-	-	-	(1,221,564)	-	(1,221,564)
Cumulative translation adjustment	-	-	-	-	-	(2,930)	(2,930)
Comprehensive income	-	-	-	-	-	-	(1,224,494)
Balance, December 31, 2005	22,782,434	22,782	2,302,860	(2,264,854)	(690,995)	(366,590)	(996,797)
Sale of common stock ($0.60/share)	550,000	550	329,450	-	-	-	330,000
Common stock options exercised (Note 5)	100,000	100	29,900	-	-	-	30,000
Common stock options vested	-	-	203,988	-	-	-	203,988
Sale of common stock ($0.50/share)	1,000,000	1,000	499,000	-	-	-	500,000
Sale of common stock warrants	-	-	25	-	-	-	25
Common stock options and warrants vested	-	-	924,861	-	-	-	924,861
Comprehensive loss:							
Net income	-	-	-	-	(1,750,137)	-	(1,750,137)
Cumulative translation adjustment	-	-	-	-	-	3,077	3,077
Comprehensive income	-	-	-	-	-	-	(1,747,060)
Balance, September 30, 2006	24,432,434	$ 24,432	$ 4,086,096	$ (2,264,854)	$ (2,441,132)	$ (363,513)	$ (958,971)

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	May 27, 2003 Through September 30, 2006
Net cash provided by (used in) operating activities	$ (891,795)	$ (568,698)	$ (1,515,838)
Cash flows from investing activities:			
Purchases of equipment	(1,155)	(1,553)	(20,047)
Net cash used in investing activities	(1,115)	(1,553)	(20,047)
Cash flows from financing activities:			
Proceeds from related party advances	-	-	368,278
Repayment of related party advances	-	-	(400,398)
Proceeds from promissory notes issued to related parties	-	-	250,394
Repayment of related party promissory notes	-	-	(493,941)
Proceeds from convertible promissory note	-	44,013	933,926
Repayment of convertible promissory notes (Note 3)	(411,945)	(227,053)	(940,773)
Proceeds from other promissory note (Note 3)	436,500	370,000	806,500
Payments on capital lease obligation	-	-	(12,071)
Proceeds from sale of warrants	25	-	25
Proceeds from stock options exercised	30,000	-	36,300
Proceeds from sale of stock	830,000	410,000	1,370,000
Net cash (used in) provided by financing activities	884,580	596,960	1,918,240
Effect of exchange rate changes on cash	3,077	(225,307)	(363,513)
Net change in cash	(5,293)	(198,598)	18,842
Cash, beginning of period	25,665	262,061	1,530
Cash, end of period	$ 20,372	$ 63,463	$ 20,372
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ -	$ -	$ -
Cash paid for interest	$ 550	$ -	$ 170,502

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 - Basis of Presentation

The financial statements presented herein have been prepared by the Company in accordance with the accounting policies in its Form 10-KSB dated December 31, 2005, and should be read in conjunction with the notes thereto.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

Financial data presented herein are unaudited.

Note 2 - Related Party Transactions

As of September 30, 2006, the Company owed an affiliate $47,966 for administrative services provided to the Company. This obligation is included in the accompanying condensed consolidated financial statements as "Accounts payable, related party".

The Company rents office space from an affiliate on a month-to-month basis. Monthly lease payments vary based on the amount of office space utilized by the Company. Office rent incurred by the Company totaled $69,861 for the nine months ended September 30, 2006.

Common Stock Sales

In February 2006, the Company conducted a private placement offering whereby it sold 550,000 units to an officer at a price of $.60 per unit. Each unit consisted on one share of the Company's common stock and one warrant to purchase another share of common stock at $1.25 per share. The warrants may be exercised over a period of two years. The Company received proceeds of $330,000. The offering was made in reliance on exemptions from registration contained in Rule 506 of Regulation D under the Securities Act of 1933, as amended.

In February 2006, the Company received $30,000 in proceeds from an officer exercising options to purchase 100,000 shares of common stock at a price of $0.30 per share.

In May 2006, the Company conducted a private placement offering whereby it sold 1,000,000 units to an officer at a price of $.50 per unit. Each unit consisted of one share of the Company's common stock and one warrant to purchase another share of common stock at $1.25 per share. The warrants may be exercised over a period of two years. The Company received proceeds of $500,000. The offering was made in reliance on exemptions from registration contained in Rule 506 of Regulation D under the Securities Act of 1933, as amended.

Note 3 – Notes Payable

Convertible Note Payable

As of December 31, 2005, the Company owed an unrelated third party for a convertible promissory note totaling $402,188, net of discount of $9,757. In March 2006, the due date was extended to March 31, 2008.

The note carried an eight percent interest rate. Principal and accrued interest were payable in any combination of cash and common stock of the Company at a rate of 85 percent of the stock's market value on the date of advance. There was no accrued interest payable at September 30, 2006.

Because the value of the shares due upon conversion is fixed at 117.65% of the face value of the notes rather than indexed to the Company's own common stock, the Company bifurcated the put option and classified it as a derivative liability pursuant to SFAS 133.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following table presents the allocation of proceeds of the financing:

Principal balance of the note	$	81,641
Less fair value of put option		(23,407)
Balance at 5/27/03		58,234
Additional financing		500,975
Less fair value of put option		(119,795)
Amortization of discount (interest expense)		21,342
Carrying value at 12/31/03		460,756
Additional financing (net)		83,327
Less fair value of put option		(14,492)
Amortization of discount (interest expense)		65,099
Carrying value at 12/31/04		594,690
Less payments (net)		(253,998)
Plus fair value of put option		12,451
Amortization of discount (interest expense)		49,045
Carrying value at 12/31/05		402,188
Less payments		(43,311)
Less increase in fair value of put option due to extension of due date		(54,979)
Amortization of discount (interest expense)		9,757
Carrying value at 3/31/06		313,655
Plus decrease in fair value of put option due to repayment of loan		54,979
Less payments		(368,634)
Carrying value at 6/30/06		-

In June 2006, the company repaid the entire outstanding principal and accrued interest.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Promissory Notes

As of December 31, 2005, the Company owed an unrelated third party for a promissory note totaling $370,000. No amounts were repaid as of September 30, 2006. The note is unsecured, carries an eight percent interest rate and matures on March 1, 2007. Accrued interest payable on the note totaled $44,592 at September 30, 2006.

On June 15, 2006 the Company obtained $436,500 from an unrelated third party in exchange for a promissory note. No amounts were repaid as of September 30, 2006. The note is unsecured, carries an eight percent interest rate and matures on June 15, 2009. Accrued interest payable on the note totaled $6,237 at September 30, 2006.

Future maturities of the notes payable are as follows:

Year ended December 31,	
2006	$ -
2007	370,000
2008	-
2009	436,500
	$ 806,500

Note 4 – Derivative Financial Instruments

The Company generally does not use derivative instruments to hedge exposures to cash-flow risks or market-risks that may affect the fair values of its financial instruments. However, certain other financial instruments, such as embedded conversion features, where there is a possible interest rate scenario under which the embedded derivative would at least double the investor's initial rate of return, are classified as derivative liabilities. Such financial instruments are initially recorded at fair value and subsequently adjusted to fair value at the close of each reporting period.

As of September 30, 2006, the Company had no derivative liability. A derivative gain in the amount of $18,021 was recognized in the nine months ended September 30, 2006 and a derivative gain in the amount of $64,116 was recognized in the nine months ended September 30, 2005.

Note 5 – Income Taxes

The Company records its income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". The Company incurred net operating losses for all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in $-0- income taxes.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 6 – Shareholders' Deficit

Stock options - employees

Prior to 2006, the Company accounted for its stock based compensation plans under the recognition and measurement provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Stock-based employee compensation cost of $176,000 was reflected during the nine months ended September 30, 2005 net income, as some, but not all, options granted under those plans had an exercise price less than the market value of the underlying common stock on the date of grant. Effective December 15, 2005, the company adopted the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation. Under the modified prospective method of adoption selected by the company under the provisions of FASB Statement No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure, compensation cost recognized in the first three quarters of 2005 would have been $679,645 had the recognition provisions of Statement 123 been applied from its original effective date. Results for prior years have not been restated. The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all outstanding and unvested awards in each period.

	Nine Months ended September 30, 2005	May 27, 2003 (Inception) through September 30, 2006
Net income (loss), as reported	$ (894,882)	$ (2,441,132)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	176,000	364,000
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(679,645)	(1,155,690)
Pro forma net income	$ (1,398,527)	$ (3,232,822)
Basic and diluted earnings per share as reported:	$ (0.04)	
Basic and diluted earning per share pro forma:	$ (0.06)	

During the nine months ended September 30, 2006, options to purchase 585,000 shares of common stock granted under APB Opinion No. 25 vested. The Company recognized $487,845 of compensation cost under the modified prospective method in accordance with FASB Statement No. 123.

Additionally, options to purchase 212,498 shares of common stock granted to consultants and employees vested. The company recognized $114,516 of compensation cost pursuant to FASB Statement No. 123.

On May 1, 2006, the Company granted options to purchase a total of 250,000 shares of the Company's common stock to a consultant. The options carry an exercise price of $0.50 per share and vested immediately. The options expire May 1, 2016. The Company's quoted price on the grant date was $0.75 per share. The Company calculated the fair value of the options at $0.709, or $187,375 which was recorded as stock-based compensation pursuant to FASB Statement No. 123.

On August 1, 2006, the Company granted options to purchase a total of 150,000 shares of the Company's common stock to a consultant. The options carry an exercise price of $0.50 per share and vest semi-annually commencing August 1, 2006 through August 1, 2007. The options expire August 1, 2011. The Company's quoted price on the grant date was $0.64 per share. The Company calculated the fair value of the options at $0.630, or $94,468, of which $31,500 is included as stock-based compensation pursuant to FASB Statement No. 123 in the 3-months ending September 30, 2006.

On September 1, 2006, the Company granted options to purchase a total of 200,000 shares of the Company's common stock to four employees. The options carry an exercise price of $0.70 per share and vested immediately upon grant. The options expire September 1, 2009. The Company's quoted price on the grant date was $0.56 per share. The Company calculated the fair value of the options at $0.518, or $103,649 which was recorded as stock-based compensation pursuant to FASB Statement No. 123 in the 3-months ending September 30, 2006.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Common Stock Awards

The following schedule summarizes the Company's stock awards activity for the nine months ended September 30, 2006:

	Awards Outstanding		Awards Exercisable		Weighted Average
	Number of Shares	Exercise Price Per Share	Number of Shares	Exercise Price Per Share	Exercise Price Per Share
Balance at January 1, 2006	5,895,770	$0.30 to $1.75	4,173,699	$0.30 to $1.75	$ 1.04
Awards vested	-	-	797,498	$0.50 to $1.75	$ 1.28
Awards granted	2,150,000	$0.50 to $1.75	2,050,000	$0.50 to $1.75	$ 1.09
Awards exercised	(100,000)	$ 0.30	(100,000)	$ 0.30	$ 0.30
Awards expired	-	$ -	-	$ -	$ -
Balance at September 30, 2006	7,945,770	$0.30 to $1.75	6,921,197	$0.30 to $1.75	$ 1.09

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

This statement may include projections of future results and "forward looking statements" as that term is defined in Section 27A of the Securities Act of 1933 as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act"). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

Financial Summary

Results of Operations for the Nine-Months Ended June 30, 2006

The Company reports a net loss of $1,750,137 for the nine-month period ending September 30, 2006 versus a net loss of $894,882 for the nine-months ended September 30, 2005. For each nine-month period, the net loss was primarily comprised of loss from operations; $1,710,715 for the nine-month period ending September 30, 2006 compared to $912,576 for the nine-month period ending September 30, 2005.

For the nine-month period ending September 30, 2006, total revenues were $15,767 compared to $10,992 for the nine-month period ending September 30, 2005. As the Company is a Development Stage Company its revenue streams are not established and are not impacted by economic or market trends.

Stock-based compensation for the nine-month period ending September 30, 2006 was $924,861 compared to $143,000 for the nine-month period ending September 30, 2005 which primarily accounts for the increase in the loss from operations between the two comparative periods. This increase is primarily attributable to the company adopting the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation effective December 15, 2005. Stock-based compensation is not a use of cash flow.

Selling, general and administrative expenses were $458,140 for the nine-month period ending September 30, 2006 and were relatively consistent compared to $420,708 for the nine-month period ending September 30, 2005.

Research and development expenses were $273,620 for the nine-month period ending September 30, 2006 compared to $295,871 for the nine-month period ending September 30, 2005.

Rent for the two periods remained relatively consistent; $69,861 for the nine-month period ending September 30, 2006 compared to $63,989 for the nine-month period ending September 30, 2005.

Results of Operations for the Three-Months Ended September 30, 2006

The Company reports a net loss of $614,234 for the three-month period ending September 30, 2006 versus a net loss of $254,547 for the three-months ended September 30, 2005. For each three-month period, the net loss was primarily comprised of loss from operations; $597,826 for the three-month period ending September 30, 2006 compared to $254,411 for the three-month period ending September 30, 2005.

For the three-month period ending September 30, 2006, total revenues were $6,062 compared to $6,987 for the three-month period ending September 30, 2005. As the Company is a Development Stage Company its revenue streams are not established and are not impacted by economic or market trends.

Stock-based compensation for the three-month period ending September 30, 2006 was $331,797 compared to $33,000 for the three-month period ending September 30, 2005 which primarily accounts for the increase in the loss from operations between the two comparative periods. This increase is primarily attributable to the company adopting the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation effective December 15, 2005. Stock-based compensation is not a use of cash flow.

Selling, general and administrative expenses were $157,220 for the three-month period ending September 30, 2006 compared to $128,945 for the three-month period ending September 30, 2005. This increase can be attributed to costs associated with product development and sales and marketing expenses.

Research and development expenses were $91,492 for the three-month period ending September 30, 2006 and were $77,724 for the three-month period ending September 30, 2005.

Rent for the two periods remained relatively consistent; $23,379 for the three-month period ending September 30, 2006 compared to $21,729 for the three-month period ending September 30, 2005.

Liquidity and Capital Resources

During the nine-months ended September 30, 2006 the Company's cash position decreased by $5,293. Net cash used in operating activities totaled $891,795; and, $884,580 was provided by financing activities, primarily through the sale of common stock. The effect of exchange rates on cash was an increase in cash of $3,077.

During the nine-months ended September 30, 2005 the Company's cash position decreased by $198,598. Net cash used in operations totaled $568,698; and, $596,960 was provided through financing activities, primarily due to proceeds from sale of stock and a promissory note. The effect of exchange rates on cash was a decrease of $225,307.

The Company's management has historically and continues to satisfy cash requirements through cash infusions from officers and affiliates in exchange for debt and/or common stock. No officer or affiliate has made any commitment or is obligated to continue to provide cash through loans or purchases of equity. There is no assurance the Company will achieve profitable operations.

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate enough positive internal operating cash flow until such time as we can generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

Our near term cash requirements are anticipated to be offset through the receipt of funds from private placement offerings and loans obtained through private sources. Since inception, we have financed cash flow requirements through debt financing and issuance of common stock for cash and services. As we expand operational activities, we may continue to experience net negative cash flows from operations, pending receipt of servicing or licensing fees, and will be required to obtain additional financing to fund operations through common stock offerings and bank borrowings to the extent necessary to provide working capital.

Over the next twelve months we believe that existing capital and anticipated funds from operations will not be sufficient to sustain operations and planned expansion. Consequently, we will be required to seek additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities. No assurance can be made that such financing would be available, and if available it may take either the form of debt or equity. In either case, the financing could have a negative impact on our financial condition and our Stockholders.

We anticipate incurring operating losses over the next twelve months. Our operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, obtain a customer base, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Management Plan of Operations

WordLogic Corporation is a technology company that delivers predictive interface solutions for computing devices ranging from small hand-held devices to conventional desktop computers. Incorporated in the United States, the company's research, testing and marketing facilities are located in Vancouver, British Columbia, Canada.

The Company has one wholly-owned subsidiary, 602531 British Columbia that was incorporated under the laws of British Columbia on March 2, 2000. This subsidiary holds WordLogic Corporation's intellectual property including its patents and trademarks.

Recent Business Activities:

On January 25, 2006 the Company made its first foray into the educational field by shipping 65 WordLogic Predictive Keyboards for Tablet PC to a Community College in Nevada.

On March 6, 2006 the Company released v4.3 of its WordLogic Predictive Keyboard for tablet, notebook and desktop PCs.

On March 13, 2006 the Company announced it had been chosen by the Bureau of Rehabilitation Services for the State of Connecticut to provide the WordLogic Predictive Keyboard™ as an Assistive Technology solution for persons with disabilities. To date, the Company has received two orders.

On May 25, 2006 the Company announced that its WordLogic Predictive Keyboard(TM) supported the U3 smart drive computing platform, a new software platform that expands traditional USB flash drive capabilities beyond simple storage.

On July 11, 2006 the Company announced its technology team had commenced the development of voice-enabled solutions for the WordLogic Predictive Keyboard(TM) technology platform. By integrating voice technology into its patent-pending Predictive Keyboard platform, WordLogic expects to offer its customers voice-based interfaces with its text prediction software.

On August 14, 2006 the Company announced that its technology team had commenced a research and development project into the use of WordLogic technology in the area of deep search for retrieving information from the internet. WordLogic technology will allow the analysis of the context and classification of each section of a website allowing a much more efficient and deeper level of analysis to be completed.

On September 20, 2006 Company announced that the WordLogic Predictive Keyboard had been selected as an input interface for Gaz Metropolitan's mobile computing solutions. Gaz Metropolitan is a leader in the field of mobile technology for North American utility companies and has recognized the WordLogic Predictive Keyboard as a leading-edge technology. This transaction resulted in the sale of a 300-user corporate software license.

On September 25, 2006, the Company released a retail offering of its entire software line and made its first shipment of retail versions of its WordLogic Predictive Keyboard. This purchase was made by J&R Music World, with locations on Park Row and at Macy's in downtown New York. Three offerings were released:

- a CD version for desktop, laptop and notebook PC's which will retail for US$79.95;
- a portable version on a 1G USB flash drive for PC's which will retail for US$99.95; and
- a PDA version, on CD-ROM, for mobile devices operating on Windows Mobile OS which will retail for US$39.95.

Since inception, management has been confident that its product portfolio would generate an increasing market demand and sales revenue sufficient to cover its operating expenses. To date, sales have not met management's expectations; however, the Company is now marketing its products in more specific industries. Management has found that the Assistive Technology market for persons with disabilities to be one where its products are extremely compelling to users and rehabilitation-providers. Additionally, its products are compelling for person that English is their second language and the Company will be targeting this market. Similar marketing opportunities exist in specialized professions such as legal, medical and geological where specialized dictionaries are presently being developed by the Company. Management feels that the industry-specific marketing of its products will contribute to the sales revenues it requires to cover its operating expenses.

WordLogic has and may continue to supplement cash flows from sales with additional equity and debt financing. Expanded operations are expected to require additional capital, either from a future offering of equity or the company pursuing other methods of financing, as appropriate.

The Company's management has historically and continues to satisfy cash requirements through cash infusions from officers and affiliates in exchange for debt and/or common stock. No officer or affiliate has made any commitment or is obligated to continue to provide cash through loans or purchases of equity. There is no assurance the Company will achieve profitable operations.

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate enough positive internal operating cash flow until such time as we can generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

Going Concern

Our consolidated financial statements for the year ended December 31, 2005 were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements and those contained in our recent Annual report on form 10KSB/a, we have incurred significant losses since inception. Our losses, among others, may indicate that we will be unable to continue as a going concern for reasonable period of time. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis and ultimately to attain profitability. We have limited capital with which to pursue our business plan. There can be no assurance that our future operations will be significant and profitable, or that we will have sufficient resources to meet our objectives. We may pursue either the option of debt or equity financing or a combination of both in order to raise sufficient capital in order to meet our financial requirements over the next twelve months and to fund our business plan. There is no assurance that we will be successful in raising additional funds.

Our future success will be dependent upon our ability to create and provide effective and competitive software products that meet customers changing requirements; including the effective use of leading technologies to continue to enhance its current products and to influence and respond to emerging industry standards and other technological changes on a timely and cost-effective basis.

Patents & Trademarks

Six individual Patent applications have been filed for "Method, system and media for entering data in a personal computing device" in the United States, Canada and Europe.

On January 12, 2005 the Company filed patent applications for "Method, system, apparatus and computer readable media for directing input associated with a keyboard-type device" in the United States and internationally under the PCT treaty.

On March 4, 2004 European Patent No. 1171813 entitled "Data Entry for Personal Computing Devices" was granted to the Company by the European Patent Office. There are over 7,000 claims allowed under the Patent which are directed to methods and systems for entering data on a personal computing device using a search list, a digital keyboard and a pointing device. Examples of "Pointing Devices" are provided for illustration in the Patent specifications and include a pen, stylus, finger, mouse, trackball or the like. The Patent also indicates that the invention may be used with a variety of "personal computing devices" including personal digital assistants ("PDAs") and other hand-held devices, personal computers including tablets, mobile phones, internet appliances and embedded devices having a graphical display and an input interface using a Pointing Device. In addition, the Patent states the invention may be applied to several different types of digital keyboards and keyboard layouts including traditional keyboards. In the methods and systems claimed, a digital keyboard is displayed on a user interface when a user is entering text. The user-input signal activates an automated search to obtain a list of complete words based on a partial text entry, and then a search list is provided containing completion candidates for the user to select from. Although not specifically defined in the Patent, this process is commonly known as "word completion" or "word prediction". Preferred embodiments in the Patent include the activation of automated search when a character on the digital keyboard remains selected by the Pointing Device; the automated search is terminated when the Pointing Device is lifted from the surface of the digital keyboard; and the digital keyboard and the search list are displayed simultaneously while the keyboard is in use.

European Patent No. 1171813 has also been nationalized in Germany, France, The United Kingdom, Italy Finland, Spain, The Netherlands and Portugal.

On October 21, 2003 The Company received Trademark approval for the mark "WordLogic" under Reg. No. 2,774,468 pending. A similar trademark application has been approved and registered in Canada under TMA576,700.

Item 3. Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None, for the period ending September 30, 2006

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None, for the period ending September 30, 2006

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

Wordlogic Corporation conducted an Annual Meeting of Shareholders on August 31, 2006; and discloses herein final voting results as pertaining to the matters voted upon at the annual meeting.

80.10% (18,986,251 of 23,432,434) of the shares outstanding as of the record date were voted.

Proposal One – Elections of Directors:

	YES	NO	ABSTAIN
Franklin R. Evanshen	99.99%	0%	0.01%
	18,974,251	0	12,000
T. Allen Rose	99.99%	0%	0.01%
	18,974,251	0	12,000

Proposal Two – Approval of Independent Public Accountant:

	YES	NO	ABSTAIN
Cordovano and Honeck, P.C.	98.75%	0%	1.25%
	18,750,290	0	215,533

Proposal Three – Approve 2005 Stock Incentive Plan:

	YES	NO	ABSTAIN
Approve 2005 Stock Incentive Plan	80.45%	0.01%	0.01%
	15,274,550	5,400	3,500

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

Exhibits

WordLogic Corporation includes herewith the following exhibits:

31.1 Certification of Principal Executive Officer (Rule 13a-14(a)/15(d)-14(a))
31.2 Certification of Principal Accounting Officer (Rule 13a-14(a)/15(d)-14(a))
32.1 Certification of Principal Executive Officer (18 U.S.C. 1350)
32.2 Certification of Principal Accounting Officer (18 U.S.C. 1350)

10.1 Renewal Agreement, as of the 1st day of July 2006, WordLogic Corporation and T. Allen Rose
10.2 Renewal Agreement, as of the 1st day of June 2006, WordLogic Corporation and MCC Meridian Capital Corp.

Reports on Form 8-K

None, for the period ending September 30, 2006

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WordLogic Corporation

Date: November 10, 2006 By: /s/ Frank R. Evanshen, President
Frank R. Evanshen, President
Principal Executive Officer

Date: November 10, 2006 By: /s/ T. Allen Rose, CFO
T. Allen Rose, Chief Financial Officer
Principal Accounting Officer