

**CALIAN TECHNOLOGIES LTD.
MANAGEMENT PROXY CIRCULAR
NOVEMBER 30, 2009**

SOLICITATION OF PROXIES

This Management Proxy Circular (this “Circular”) is furnished in connection with the solicitation by the management of CALIAN TECHNOLOGIES LTD. (the “Corporation”) of proxies to be used at the annual and special meeting of shareholders of the Corporation to be held on Friday February 5, 2010 at 2:00 p.m. (Ottawa time) at the Brookstreet Hotel, Kanata, Ontario for the purposes set forth in the enclosed notice of meeting or any adjournment thereof (the “Meeting”). It is expected that the solicitation will be primarily by mail, but employees of the Corporation may also solicit proxies personally. The cost of solicitation by management will be borne by the Corporation.

Except as otherwise stated, the information contained in this Circular is given as of November 30, 2009. All dollar amounts in this Circular are in Canadian dollars unless otherwise indicated.

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

A vote at all meetings of shareholders of the Corporation may be given in person or by proxy whether or not the proxy holder is a shareholder. The persons named in the Form of Proxy enclosed with this Circular are officers of the Corporation. **Each shareholder is entitled to appoint a person other than the individuals named in the Form of Proxy to represent such shareholder at the Meeting.** A shareholder desiring to appoint some other person to represent that shareholder at the Meeting may do so either by inserting such person’s name in the blank space provided in the appropriate Form of Proxy or by completing another proper Form of Proxy and, in either case, delivering the completed proxy to the Corporation’s transfer agent, the CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, in the addressed envelope enclosed or to the Secretary of the Corporation no later than 5:00 p.m. (Ottawa time) on Wednesday, February 3, 2010.

The officers named in the Form of Proxy will vote for, vote against or withhold from voting the common shares in the capital of the Corporation (the “Common Shares”) for which they are appointed proxy holders (including on any ballot that may be called for) in accordance with the instructions of the shareholder appointing them. **In the absence of such instructions, such Common Shares will be voted FOR the election of Directors, FOR the appointment of auditors and FOR the approval of the Shareholder Rights Plan.** The Form of Proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters, which may properly come before the Meeting. At the date hereof, management of the Corporation is not aware of any other matters to come before the Meeting. Any amendment, variation or other matter, which is not known to management, which may properly come before the Meeting, will be voted upon by the proxies hereby solicited in accordance with the best judgment of the person or persons voting such proxies.

Pursuant to Section 148(4) of the *Canada Business Corporations Act* (the “CBCA”), a proxy given pursuant to this solicitation may be revoked (1) by instrument in writing, executed by the shareholder or by the shareholder’s attorney authorized in writing and deposited at the registered office of the Corporation at 340 Legget Drive, suite 101, Ottawa, Ontario, K2K 1Y6 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, (2) by delivering the revocation prior to voting to the chair of the Meeting on the day of the Meeting, or any adjournment thereof or (3) in any other manner permitted by law. **If a shareholder appoints some person other than the officers named in the Form of Proxy to represent the shareholder, such person will vote the Common Shares in respect of which that person is appointed proxy holder in accordance with the direction of the shareholder who appointed that person. In the absence of such direction, that person may vote such shares at that person’s discretion. It is the responsibility of the shareholder appointing any other person to represent such shareholder to inform that person that that person has been so appointed.**

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As of the date of this Circular, 7,805,484 Common Shares were issued and outstanding, the holders of which are entitled to one vote for each Common Share held. The board of directors of the Corporation (the “Board”) has fixed the close of business on December 7, 2009 as the record date for the purpose of determining shareholders entitled to receive notice of and to vote at the Meeting. The failure of any shareholder to receive notice of a meeting of the shareholders does not, however, deprive such shareholder of a vote at such meeting.

The following table sets forth information regarding the beneficial ownership of the Common Shares as of November 30, 2009 with respect to each person who, as of such date, is known to the directors or officers of the Corporation to be the beneficial owner of or exercise control or direction over more than 10% of the Common Shares:

<u>Name of Beneficial Owner</u>	<u>Number of Common Shares Held</u>	<u>Percentage of Voting Common Shares</u>
Bissett Investment Management, a division of Franklin Templeton Investments Corp.	1,132,400	14.5%
Fidelity Management & Research Company and Pyramis Global Advisors, LLC	778,000 ⁽¹⁾	10.0%

(1) As at September 30, 2009

PRESENTATION OF FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

The Corporation’s audited financial statements for the year ended September 30, 2009 (the “Financial Statements”) and the auditors’ report on the Financial Statements will be presented to shareholders at the Meeting. The Financial Statements are included in the Corporation’s 2009 Annual Report which accompanies this Circular. In accordance with the provisions of the CBCA, the Financial Statements are merely presented at the Meeting and will not be voted on.

The Corporation has filed an Annual Information Form (the “AIF”) for its 2009 fiscal year and its 2009 Annual Report on SEDAR at www.sedar.com that contain, among other things, all of the financial disclosure (including copies of the Financial Statements and management’s discussion and analysis of the Financial Statements) required under Multilateral Instrument 52-110 – Audit Committees of the Canadian Securities Administrators. In particular, the information that is required to be disclosed in Form 52-110F1 of Multilateral Instrument 52-110 may be found under the heading “Audit Committee” in the AIF. Upon request, the Corporation will promptly provide copies of the AIF to shareholders free of charge.

ELECTION OF DIRECTORS

The Board is elected annually. The number of directors of the Corporation to be elected at the Meeting is set at seven (7). Each of the persons listed below is proposed to be nominated as a director of the Corporation to serve until the next annual meeting or until such person’s successor is elected or appointed, and each has agreed to serve as director if elected. Unless a shareholder directs that such shareholder’s Common Shares are to be withheld from voting for the election of directors, the persons designated in the enclosed proxy will vote FOR the election of the proposed nominees listed in the table below, all of whom are currently directors of the Corporation:

<u>Name and Present Principal Occupation</u>	<u>Period of Service as a Director</u>	<u>Number of Common Shares Held</u>
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<u>Name and Present Principal Occupation</u>	<u>Period of Service as a Director</u>	<u>Number of Common Shares Held</u>
Kenneth J. Loeb ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ , Ontario, Canada Chief Executive Officer, Capital Box Limited	2001 - 2009	12,996
Larry O'Brien ⁽³⁾ , Ontario, Canada Mayor, City of Ottawa	1982 - 2009	428,248 ⁽⁵⁾
Major Gen. (Ret'd) William Hewson ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada, Consultant	2003 - 2009	16,432
Senator David Tkachuk ⁽¹⁾⁽²⁾⁽³⁾ , Saskatchewan, Canada, Member of the Senate of Canada	2003 - 2009	2,117
Richard A. Vickers, FCA ⁽¹⁾⁽²⁾⁽³⁾ , Ontario, Canada, Chief Operating Officer Borden Ladner Gervais LLP, Ottawa region.	2003 - 2009	4,932
Raymond Basler, Saskatchewan, Canada President and Chief Executive Officer of the Corporation	2005 - 2009	72,200
Paul Cellucci ⁽¹⁾⁽²⁾⁽³⁾ , Massachusetts, United States of America, Special counsel to McCarter & English, LLP	2007 - 2009	4,565

(1) Member of the Audit Committee of the Board.

(2) Member of the Compensation Committee of the Board

(3) Member of the Governance Committee of the Board.

(4) Chairman of the Board

(5) All of these Common Shares are held by Cinnatek Corporation, an Ontario corporation wholly owned by Larry O'Brien.

Except as set forth below, the above-mentioned persons have held the principal occupations set below their names or other management functions within their respective organizations for the last five years.

RAYMOND BASLER was the Corporation's President and Chief Operating Officer from August 6, 2002 to February 2, 2005.

LARRY O'BRIEN was elected Mayor of the City of Ottawa taking effect on December 1, 2006, prior to which Mr. O'Brien was the Corporation's Chairman and Chief Executive Officer from August 6, 2002 to February 2, 2005 and the Corporation's Chairman from February 2, 2005 to November 24, 2006.

PAUL CELLUCCI was US Ambassador to Canada from April 17, 2001 to March 18, 2005.

No director or executive officer of the Corporation and, to the knowledge of the Corporation, no shareholder holding a sufficient number of securities of the Corporation to materially affect its control is or was, in the 10 years preceding the date of this Circular, a director or executive officer of any company that was, while that person was acting in that capacity, (a) the subject of a cease trade or similar order or an order that denied any such company access to any exemption under securities legislation for a period of more than 30 consecutive days, (b) subject to an event that resulted, after such person ceased to be a director or executive officer, in such company being the subject of any such order or (c) within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any bankruptcy or insolvency related legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or

trustee appointed to hold its assets.

No director or executive officer of the Corporation and, to the knowledge of the Corporation, no shareholder holding a sufficient number of securities of the Corporation to materially affect its control, within the 10 years preceding the date of this Circular, has become bankrupt, made a proposal under any bankruptcy or insolvency related legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Management does not contemplate that any of the nominees listed above will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for any nominee in their discretion unless the shareholder has specified in the Proxy that such shareholder's Common Shares are to be withheld from voting in the election of directors.

Directors' Attendance

For the 12-month period ended September 30, 2009, the Board met on six occasions, the Audit Committee met four times, the Compensation Committee met twice and the Governance Committee met once. Compensation and governance issues are also discussed during the quarterly Board meetings with all of the Board members present. All of the directors were present at all Board and committee meetings either by phone or in person, with the exception of Mr. Larry O'Brien who was absent from three board meetings and Mr. Paul Cellucci who was absent from one audit committee meeting.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis and the following tables and narratives set forth below present information regarding the compensation of the Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers of the Corporation (the "named executive officers" or "NEOs") who earned more than \$150,000 in total compensation during the fiscal year ended September 30, 2009 in accordance with the National Instrument 51-102 of the Canadian Securities Administrators.

Executive Summary

The financial strength of the corporation that has been cultivated under the current executive team has enabled the Corporation to maintain sufficient liquidity and financial flexibility to continue delivering a high return to shareholders along with a healthy dividend. The performance of both business units measured by earnings performance was well above target for this year. Based on this performance, the Board of Directors approved an increase in overall compensation to NEOs as described below. Looking ahead to 2010, attraction and retention of critical talent, including executive expertise, remains a focus. The Board believes that the Corporation is well positioned to continue to execute on its plans.

Objectives of the Compensation Program

The Board of Directors has adopted a pay for performance philosophy and executive compensation program whereby executives receive compensation based upon the market value of the type of job they perform and their level of individual performance. The Corporation's policy with respect to the compensation of Named Executive Officers (NEOs) specifically is to:

- Seek to align management's interest with shareholder interest through both short and long-term incentives

linking compensation to performance. The short-term incentive is in the form of cash incentives while the longer term incentive is in the form of stock options which creates a direct correlation between variations in the Corporation's stock price and the compensation of NEO.

- Ensure that overall compensation for NEOs is not only internally equitable, but also competitive in today's market based on experience and length of service with the Corporation in order to attract, retain and motivate individuals with the qualifications and commitment needed to enhance shareholder value and maintain the Corporation's competitiveness in its market segment.

Compensation Committee

The Compensation Committee is tasked with (i) reviewing and studying compensation and compensation policies for the Corporation, including the level of compensation paid to the Chief Executive Officer, and reporting on such matters to the Board; (ii) reviewing the goals and objectives of the Chief Executive Officer at the beginning of each year and providing an appraisal of the Chief Executive Officer's performance for the most recently completed year; and (iii) reviewing the performance of the senior officers of the Corporation including the level of short-term and long-term incentives awarded to each. The compensation for all remaining executives (except for that contractually provided for) is determined by the Chief Executive Officer.

Summary of Compensation Elements

The Corporation believes that the following elements of compensation, when combined, provide an appropriate mix of conventional and incentive-based compensation.

Element	Purpose
Base Salary	Provide a fixed level of compensation for performing day-to-day responsibilities, competency and for attraction and retention.
Short-term incentive plan	Provide a competitive, performance-based cash award based on earnings.
Option awards	Recognize longer-term contributions and align management and shareholder interests.

Base salaries are determined on the basis of outside market data as well as individual performance and experience level. The annual bonus paid to each of the Chief Executive Officer and the Chief Financial Officer is based on the overall financial profitability of the Corporation. Annual bonuses are also paid to the senior managers of the Corporation based on a percentage of divisional profitability and individual performance. Certain members of the executive team are primarily responsible for the financial performance of a specific division. During 2009, Mr. McConnell was responsible for the performance of the Corporation's Systems Engineering division and Mr. Coates was responsible for the performance of the Corporation's Business and Technology Services division. To date no specific formulas have been developed to assign a specific weighting to the elements of compensation used by the Corporation.

In establishing levels of compensation and granting stock options, the Board of Directors considers the executive's performance, level of expertise, responsibilities and length of service to the Corporation. To date, a benchmarking exercise as not yet been undertaken in respect of compensation of Named Executive Officers. Stock options already held by Named Executive Officers are considered in granting new options.

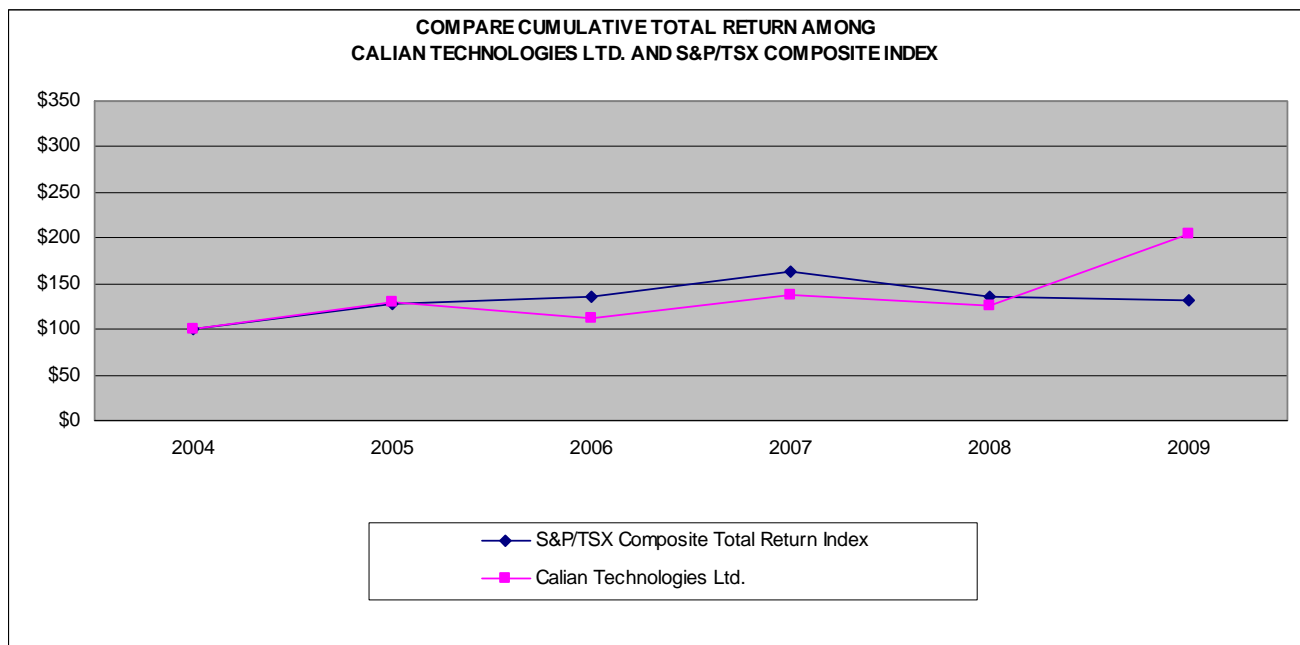
Option-based Awards:

The Board of Directors through its compensation committee has the responsibility of designing Option-based award plans as incentive for senior managers to consider long-term sustainability of the Corporation. In

establishing levels of stock option grants, the Board of Directors considers the executive's performance, level of expertise, responsibilities and length of service to the Corporation. Stock options already granted to Named Executive Officers are considered in granting new options.

Performance Graph

The following graph compares the percentage change in the cumulative total shareholder return on the Common Shares with the cumulative total return of the S&P/TSX Composite Index for the five year period ended September 30, 2009. The following graph assumes \$100 invested on October 2, 2004 and reinvestment of all dividends.



The trend shown by the performance graph above represents a growth of 62% in the cumulative shareholder return from 2004 to 2009. Over the same period the total compensation received by the NEOs in aggregate, increased by 61%.

SUMMARY COMPENSATION TABLE

(all Canadian dollar amounts rounded to nearest dollar)

The following table sets forth all compensation earned by each named executive officer for each of the Corporation's three most recent completed financial years.

Name and Principal Position	Year	Salary	Share-based awards	Option-based awards (1)	Non-equity incentive plan compensation		Pension Value	All Other Compensation (2)	Total Compensation
					Annual incentive plan	Long-term incentive plan			
Raymond Basler President and Chief Executive Officer	2009	\$319,000	-	\$19,123	\$650,000	-	-	-	\$988,123
	2008	\$310,000	-	-	\$420,000	-	-	-	\$730,000
	2007	\$295,000	-	-	\$380,000	-	-	-	\$675,000
Jacqueline Gauthier Vice President, Chief Financial Officer and Corporate Secretary	2009	\$184,500	-	\$14,342	\$325,000	-	-	-	\$523,842
	2008	\$179,000	-	-	\$210,000	-	-	-	\$389,000
	2007	\$173,000	-	-	\$190,000	-	-	-	\$363,000
Tom Coates Vice President and General Manager Business and Technology Services	2009	\$198,500	-	\$9,562	\$220,000	-	-	-	\$428,062
	2008	\$193,000	-	-	\$185,000	-	-	-	\$378,000
	2007	\$187,000	-	-	\$200,000	-	-	-	\$387,000
Brent McConnell Vice President and General Manager Systems Engineering	2009	\$185,000	-	\$9,562	\$420,000	-	-	-	\$614,562
	2008	\$181,000	-	-	\$250,000	-	-	-	\$431,000
	2007	\$175,000	-	-	\$215,000	-	-	-	\$390,000

(1) The compensation costs related to the issuance of options during 2009 were calculated using the Black-Scholes option pricing model using the following assumptions: Risk free interest rate of 2.3%, expected dividend yield of 7.2%, stock price volatility of 26.7% and expected life of options of 3.47 years.

(2) Unless otherwise indicated, perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total of the annual salary and bonus of the named executive officer. See disclosure in Pension Plan Benefits below.

INCENTIVE PLAN AWARDS

1. Outstanding share-based and option-based awards

(all Canadian dollar amounts rounded to nearest dollar)

The following table sets out all of the option-based awards outstanding for each of the named executive officers as at September 30, 2009. There are no share-based awards.

Option-based Awards				
Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Raymond Basler	8,000	\$ 13.47	Feb. 5, 2012	\$ 33,840
	20,000	\$ 13.00	Aug. 22, 2012	\$ 94,000
	20,000	\$ 9.05	Nov. 18, 2013	\$ 173,000
Jacqueline Gauthier	15,000	\$ 9.05	Nov. 18, 2013	\$ 129,750
Tom Coates	5,000	\$ 13.47	Feb. 5, 2012	\$ 21,150
	10,000	\$ 9.05	Nov. 18, 2013	\$ 86,500
Brent McConnell	10,000	\$ 13.47	Feb. 5, 2012	\$ 42,300
	10,000	\$ 13.00	Aug. 22, 2012	\$ 47,000
	10,000	\$ 9.05	Nov. 18, 2013	\$ 86,500

2. Incentive plan Awards – value vested or earned during the year

The following table sets out the value of incentives earned by the named executive officers or vested in their favour during the financial year ended September 30, 2009.

Name	Option-based awards – Value vested during the year (\$)	Share-based Awards – Value vested in the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Raymond Basler	\$25,160	N/A	650,000
Jacqueline Gauthier	\$18,500	N/A	325,000
Tom Coates	\$12,580	N/A	220,000
Brent McConnell	\$12,580	N/A	420,000

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes the number of Common Shares authorized for issuance from treasury under the Corporation's equity compensation plans as at September 30, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	155,438 ⁽¹⁾	\$11.22	250,000

(1) These securities include Common Shares issuable under Stock Option Plan but do not include Common Shares authorized for issuance pursuant to the Purchase Plan. Under the Purchase Plan, the Corporation expects to issue approximately 31,100 Common Shares in February 2010 at a purchase price of approximately \$9.05 per share, following which approximately 203,000 Common Shares will be available for issuance under the Purchase Plan, all in accordance with the terms and conditions thereof as disclosed to and approved by the Company's shareholders on February 26, 2003.

Stock Option Plans

On February 2, 2005, the Corporation established a Director and Employee Stock Option Plan (the “Stock Option Plan”) administered by the Compensation Committee which has the authority to select those directors and employees to whom options are granted, the number of options to be granted to each director and employee and the price at which Common Shares under such options may be purchased, provided that such price is to be based upon the market price of the Common Shares on the date the option is granted. Options granted under the Plan are non-transferable and each option, unless terminated pursuant to the Stock Option Plan, expires on a date determined by the Compensation Committee, which date will not be later than 10 years from the date the option was granted.

Unless otherwise determined by the Compensation Committee, one-third of any option shall vest and may be exercised following each anniversary of the date of an option grant. The Compensation Committee may by written notice to any participant accelerate the vesting of all or any portion of any option.

The Compensation Committee may also accelerate the vesting of any or all outstanding options to provide that such options shall be fully vested and conditionally exercisable upon (or prior to) the completion of a change in control (as such term is defined in the Stock Option Plan). If the Compensation Committee elects to accelerate the vesting of any options and any such options are not exercised within ten (10) business days following the giving of the notice of the proposed change in control, such unexercised options shall terminate and expire upon the completion of the proposed change in control. Upon the occurrence of a change of control, the Compensation Committee may also instead provide for the conversion or exchange of any outstanding Options into or for options, rights or other securities in any entity participating in or resulting from such change in control.

Employees and directors of the Corporation are entitled to participate in the Stock Option Plan while they are engaged with the Corporation. If a participant under the Stock Option Plan dies or becomes disabled while engaged with the Corporation or retires from engagement with the Corporation, the right of that participant (or of that participant’s legal representative) to participate in the Stock Option Plan terminates as of the date of death, disability or retirement, as may be applicable, but any vested options may be exercised within 180 days of that event (unless such options terminate earlier pursuant to their terms) and any unvested options terminate immediately on the date of that event. If a participant under the Stock Option Plan is terminated by the Corporation or voluntarily resigns from the Corporation, that participant may exercise any vested options may within 30 days of that event (unless such options terminate earlier pursuant to their terms) but any unvested options terminate immediately on the date of that event.

The maximum number of Common Shares that may be reserved for issuance to any one eligible person (together with such person’s associates) pursuant to options granted under the Stock Option Plan is 5% of the number of Common Shares then issued and outstanding and no single participant (together with such participant’s associates) shall be granted, within any twelve month period, options representing a number of Common Shares which exceeds 5% of the number of Common Shares then issued and outstanding. The maximum number of Common Shares that may be reserved for issuance to Related Persons pursuant to the Stock Option Plan (and any other security-based compensation arrangements) at any time, and the maximum number of Common Shares that may be issued to Related Persons under the Stock Option Plan (and any other security-based compensation arrangements) within any one-year period, is 10% of the Common Shares outstanding. Options granted under the Stock Option Plan may not be assigned in any manner whatsoever.

At the last shareholders meeting, the shareholders of the Corporation approved certain amendments to the Stock Option Plan which were made in part to comply with the Toronto Stock Exchange rules in the TSX Company Manual. The most significant amendments related to increasing the maximum number of Common Shares issuable under the Stock Option Plan, extending the expiry of stock options during a blackout period and permitting the granting of options during a blackout period, and amending the Stock Option Plan’s amending procedures.

The maximum number of Common Shares issuable pursuant to the exercise of options is 500,000 Common Shares, which represents approximately 6.5% of the Corporation's issued and outstanding Common Shares as of September 30, 2009 and 6.4% of the Corporation's share capital on November 30, 2009 on a fully diluted basis. At September 30, 2009 and November 30, 2009, 250,000 options had been granted under the Stock Option Plan which represents approximately 3.2% of the Corporation's issued and outstanding Common Shares. During the fiscal year-ended September 30, 2009, the Corporation granted 85,000 options to purchase Common Shares under the Stock Option Plan.

Non-equity Incentive plan

The Board of Directors has authorized an incentive plan based on earnings before taxes and interest. The amount of entitlement of the CEO and CFO combined traditionally represents 4% of consolidated earnings before interest and income tax, the amount for each divisional General Manger has traditionally represented approximately 2% of the respective division's earnings before interest and income tax

Employee Stock Purchase Plan

The Corporation also has in place an employee stock purchase plan that has been approved by the shareholders of the Corporation (the "Purchase Plan"), pursuant to which the Corporation has reserved an aggregate of up to 500,000 Common Shares for issuance of which 265,889 Common Shares have been issued as of September 30, 2009 and there has been no change to this number as at November 30, 2009. The Purchase Plan is intended to promote the interests of the Corporation by providing eligible employees, directors and consultants an opportunity to acquire a proprietary interest in the Corporation. Under the Purchase Plan, active employees regularly employed by the Corporation or any of its subsidiaries, who have been employed for at least three months, may contribute a percentage of their total salary to purchase Common Shares.

No Common Shares may be issued under the Purchase Plan if, together with Common Shares issued under the Stock Option Plan and any other share compensation arrangement, such issuance would result in the issuance to insiders within a one year period of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares or the issuance to any one insider or such insider's associates within a one year period of a number of Common shares exceeding 5% of the issued and outstanding Common Shares. Further, the number of Common Shares reserved for issuance to any eligible employee shall not exceed 5% of the issued and outstanding Common shares. Common Shares acquired pursuant to the Purchase Plan are not subject to any restrictions on transfer other than those prescribed by applicable securities laws.

Any employee electing to participate in the Purchase Plan may contribute up to a maximum of 5% of their total annual salary each year. For one twelve-month period commencing on February 1st of each year and ending on January 31st of the subsequent year (the "**February Offering Period**") and for one six-month period commencing on August 1st and ending on January 31st of the subsequent year (the "**August Offering Period**") and each of the February Offering Period and the August Offering Period, an "**Offering Period**", eligible employees will be given an opportunity to request that a percentage of their salary be deducted each pay period for the purpose of acquiring Common Shares. Such deductions shall commence on the first day of the applicable Offering Period following receipt of the election form and shall continue until the employee terminates his or her participation in the Purchase Plan of the Purchase Plan is terminated. The purchase price under the Purchase Plan for the February Offering Period shall be 80% of the fair market value of the Common shares on February 1st of such period and the purchase price for the August Offering Period shall be 90% of the fair market value of the Common Shares on August 1st of such period. The fair market value shall be determined by calculating the weighted average sale price for the board lots as posted on the TSX the ten (10) trading days immediately preceding the first day of the Offering Period in which the purchase date falls.

An employee's right to participate in the Purchase Plan terminates upon the termination of his or her

employment for any reason. An employee is also entitled at any time to end his/her participation in the Purchase Plan. In either instance, payroll deductions under the Purchase Plan shall cease and any payroll deductions credited to such employee's account shall be used to purchase Common Shares on the next purchase date. Any amendments to the Purchase Plan require TSX approval and may require shareholder approval.

PENSION PLAN BENEFITS

The Corporation does not have a defined contribution pension plan for executives. Certain officers receive five percent (5%) of their base salaries in lieu of participating in a pension plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Raymond Basler

Pursuant to an employment agreement dated February 2, 2005, Raymond Basler is employed by the Corporation as President and Chief Executive Officer. As of the date of this Circular, the compensation payable to Mr. Basler under this agreement is comprised of salary in the amount of \$329,000 per year, an allowance equal to 5% of annual salary in lieu of participating in a defined contribution pension plan, a car allowance of \$800 per month and a cash bonus in such amount determined from time to time by the Compensation Committee or the Board based on the Corporation's financial performance, but in any event not less than 2% of the Corporation's Consolidated earnings before interest and income taxes. In the event Mr. Basler is terminated by the Corporation for convenience or in the event of a change of control, the Corporation is required to pay Mr. Basler an amount equal to two times the total remuneration Mr. Basler earned in the 12 months prior to his termination plus an amount equal to the outstanding bonus earned to the date of termination on the basis of the financial statements for the previous month.

Tom Coates

Pursuant to an employment agreement dated June 1, 2000, Tom Coates is employed by the Corporation as Vice President and General Manager, Business and Technology Services. As of the date of this Circular, the compensation payable to Mr. Coates under this agreement is comprised of salary in the amount of \$204,500, an allowance equal to 5% of annual salary in lieu of participating in a defined contribution pension plan, a cash bonus in such amount determined from time to time by the Compensation Committee or the Board based on the Corporation's financial performance and a car allowance of \$650 per month. In the event Mr. Coates is terminated by the Corporation for convenience, the Corporation is required to pay Mr. Coates an amount equal to 18 months' salary and benefits plus an amount equal to the outstanding bonus earned to the date of termination on the basis of the financial statements for the previous month.

Jacqueline Gauthier

Pursuant to an employment agreement dated February 22, 2005, Jacqueline Gauthier is employed by the Corporation as Vice President, Chief Financial Officer and Corporate Secretary. As of the date of this Circular, the compensation payable to Ms. Gauthier under this agreement is comprised of salary in the amount of \$190,000, a cash bonus in such amount determined from time to time by the Compensation Committee or the Board based on the Corporation's financial performance and a car allowance of \$650 per month. In the event Ms. Gauthier is terminated by the Corporation for convenience, the Corporation is required to pay Ms. Gauthier an amount equal to 18 months' salary and benefits plus an amount equal to the outstanding bonus earned to the date of termination on the basis of the financial statements for the previous month.

Termination benefits

The following table provides details regarding the estimated incremental payments from the Corporation to each of the named executive officers assuming termination on September 30, 2009.

Name	Termination benefits
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Ray Basler	\$1,980,000
Jacqueline Gauthier	\$288,450
Tom Coates	\$301,200

The amounts above are payable upon termination for convenience. If termination for cause, no amounts would be payable. Termination for cause is defined as a wilful act of gross insubordination or a deliberate act that can be shown to have materially harmed the Company's interest or if the executive habitually fails to make himself or herself available for work without reasonable excuse.

COMPENSATION OF DIRECTORS

During 2009, the Chairman of the Board of Directors received an annual retainer of \$37,500 and each director of the Corporation who is not an employee received an annual retainer in the amount of \$25,000 and reimbursement of out of pocket expenses. The directors of the Corporation are not required to hold a minimum number of Common Shares. For 2010, the Chairman of the Board of Directors is entitled to an annual retainer of \$37,500 and each director of the Corporation who is not an employee is entitled to an annual retainer in the amount of \$25,000 in addition to \$500 per special purpose meeting and reimbursement of out of pocket expenses.

Director Compensation table

The following table provides information regarding compensation paid to the Corporation's non-executive directors during the financial year ended September 30, 2009.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Kenneth J. Loeb	\$37,500	Nil	\$4,781	Nil	Nil	Nil	\$42,281
Larry O'Brien	\$25,000	Nil	\$4,781	Nil	Nil	Nil	\$29,781
Major General. (Ret'd) William Hewson	\$25,000	Nil	\$4,781	Nil	Nil	Nil	\$29,781
Sen David Tkachuk	\$25,000	Nil	\$4,781	Nil	Nil	Nil	\$29,781
Richard A. Vickers	\$25,000	Nil	\$4,781	Nil	Nil	Nil	\$29,781
Paul Cellucci	\$25,000	Nil	\$4,781	Nil	Nil	Nil	\$29,781

1. Outstanding share-based awards and option-based awards

The following table sets out all of the option-based awards outstanding for each non-executive director as at September 30, 2009. There were no share-based awards issued in 2009.

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Kenneth J. Loeb	5,000	\$ 13.00	Aug. 22, 2012	\$23,500
	5,000	\$ 9.05	Nov. 18, 2013	\$43,250
Larry O'Brien	5,000	\$ 13.47	Feb. 5, 2012	\$21,150
	5,000	\$ 13.00	Aug. 22, 2012	\$23,000
	5,000	\$ 9.05	Nov. 18, 2013	\$43,250
C. William Hewson	5,000	\$ 13.47	Feb. 5, 2012	\$21,150
	5,000	\$ 13.00	Aug. 22, 2012	\$23,000
	5,000	\$ 9.05	Nov. 18, 2013	\$43,250
Sen. David Tkachuk	2,000	\$ 9.05	Nov. 18, 2013	\$17,300
Richard A. Vickers	1,000	\$ 9.05	Nov. 18, 2013	\$8,650
Paul Cellucci	3,438	\$ 13.00	Aug. 22, 2012	\$16,159
	1,000	\$ 9.05	Nov. 18, 2013	\$8,650

2. Incentive plan Awards – value vested or earned during the year

The following table sets out the value of incentives earned by the non-executive directors or vested in their favour during the financial year ended September 30, 2009.

Name	Option-based awards – Value vested during the year (\$)	Share-based Awards – Value vested in the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Kenneth J. Loeb	\$17,950	N/A	N/A
Larry O'Brien	\$17,950	N/A	N/A
C. William Hewson	\$17,950	N/A	N/A
Sen. David Tkachuk	\$17,950	N/A	N/A
Richard A. Vickers	\$17,950	N/A	N/A
Paul Cellucci	\$17,950	N/A	N/A

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

There was no indebtedness owed to the Corporation during the fiscal year ended September 30, 2009 by any individual who was a director, executive officer and senior officer of the Corporation (and any associate of the foregoing).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains directors' and officers' liability insurance in the aggregate principal amount of \$50,000,000. The premium payable for such insurance during the period from October 26, 2009 to October 26, 2010 is \$200,000. The by-laws of the Corporation generally provide that the Corporation shall indemnify a director or officer of the Corporation against liability incurred in such capacity to the extent permitted or required by the CBCA.

To the extent the Corporation is required to indemnify the directors or officers pursuant to its by-laws, the insurance policy provides that the Corporation is liable for the initial \$150,000 in the aggregate for each loss claimed.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no interests of any directors, officers or holders of over 10% of the Common Shares, or any directors or officers of any holders of over 10% of the Common Shares or any affiliates or associates of any of the foregoing, in any transactions of the Corporation during fiscal 2009 or in any proposed transaction that have materially affected or that would materially affect the Corporation or any of its subsidiaries.

APPOINTMENT OF AUDITORS

It is intended to vote the Proxy solicited hereby (unless the shareholder directs its Common Shares to be withheld from voting in the appointment of auditors) to re-appoint Deloitte & Touche LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix the auditors' remuneration. Deloitte & Touche LLP was first appointed as the Corporation's auditors on March 25, 1991.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian Securities Administrators have introduced National Instrument 58-101 – Disclosure of Corporate Governance Practices (the “National Instrument”) and National Policy 58-201 – Corporate Governance Guidelines (the “National Policy”). A complete description of the Corporation's approach to corporate governance in accordance with each of the National Instrument and the National Policy is set out in the “Statement of Corporate Governance Practices” attached as Appendix 1 to this Circular.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Adoption of the Shareholder Rights Plan

The shareholders of the Corporation will be asked at the Meeting to consider and, if thought advisable, approve the following ordinary resolution (the “Rights Plan Resolution”), confirming the adoption of a shareholders rights plan (the “Rights Plan”):

“BE IT RESOLVED, as an ordinary resolution of the shareholders of Calian Technologies Ltd. (the “Corporation”), that:

1. the shareholder rights plan containing the terms and conditions substantially as set forth in the shareholder rights plan dated as of November 30, 2009 between the Corporation and CIBC Mellon Trust Company (the “Rights Plan”), a copy of which has been tabled at this meeting, and the distribution and continued existence of the rights distributed pursuant to the Rights Plan be and are hereby ratified, confirmed and approved;
2. the actions of the directors of the Corporation in adopting the Rights Plan and in executing and delivering the Rights Plan be and are hereby ratified, confirmed and approved; and

3. any one director or senior officer of the Corporation be and is hereby authorized and directed to take all such further actions and to execute and deliver all such further agreements, notices, certificates, undertakings, instrument and documents, in the name and on behalf of the Corporation and under its corporate seal or otherwise as may be determined to be necessary, proper, and advisable in order to give effect to the above-mentioned Rights Plan and to fully carry out the intent and accomplish the purpose of the above resolution, such approval and determination to be conclusively evidenced by the execution and delivery thereof or taking of such actions by such directors or officers.”

If the Rights Plan is not confirmed at the Meeting, then the Rights Plan and all Rights issued thereunder will be of no further force and effect. The Board has not determined what further action, if any, it would take if the Rights Plan is not confirmed at the Meeting.

Recommendation of the Board

The Board has determined that the Rights Plan is in the best interests of the Corporation and its shareholders and it unanimously recommends that the shareholders vote in favour of the Rights Plan Resolution. In order for the Rights Plan to remain effective, the Rights Plan Resolution must be passed by a majority of the votes cast by the shareholders who vote in respect of the Rights Plan Resolution. The Rights Plan was not adopted in response to, or in anticipation of, any pending or threatened take-over bid, nor to deter take-over bids generally. As of the date of this Circular, the Board was not aware of any third party considering or preparing any proposal to acquire control of the Corporation.

Purpose of the Rights Plan

Many public companies in Canada have shareholder rights plans in effect. While securities legislation in Canada requires a take-over bid to be open for at least 35 days, the Board is concerned that this is too short a response time for companies that are subject to unsolicited take-over bids to ensure that shareholders are offered full and fair value for their Common Shares. The Rights Plan is designed to give the Corporation’s shareholders sufficient time to properly assess a take-over bid without undue pressure and to give the Board time to consider alternatives designed to allow the Corporation’s shareholders to receive full and fair value for their Common Shares.

The Board is also concerned that current Canadian take-over bid rules permit an Acquiring Person to obtain control or effective control of the Corporation without treating all shareholders equally. The Rights Plan is not intended to prevent a take-over bid or deter offers for Common Shares. It is designed to encourage any bidder to provide shareholders with equal treatment and full value for their Common Shares. A summary of the Rights Plan is found below.

Board Review of the Rights Plan

In implementing the Rights Plan and recommending that the shareholders vote in favour of the Rights Plan, the Board considered matters including recent experience involving rights plans in the context of take-over bids, recent developments in Canadian case law regarding shareholder rights plans, the terms and conditions of rights plans recently adopted by other Canadian companies and the commentary of the investment community on rights plans, including the published guidelines of large institutional investors.

It is not the intention of the Board, in implementing the Rights Plan and proposing that it be approved by shareholders, to secure the continuance in office of the existing members of the Board or Management, or to avoid an acquisition of control of the Corporation in a transaction that is fair and in the best interests of shareholders. The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board will continue to have the duty and power to take such actions and make sure recommendations to shareholders of the Corporation as are considered appropriate.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan which is qualified in its entirety by reference to the text of the Rights Plan. A copy of the complete Rights Plan, together with a copy of a material change report dated November 30, 2009 were filed with the Canadian Securities Administrators and are available on SEDAR at www.sedar.com. Copies are also available from the Corporate Secretary of the Corporation at its head office located at 340 Legget Drive, Suite 101, Ottawa, Ontario, Canada, K2K 1Y6. All capitalized terms used in this summary without definition have the meanings attributed to them in the Rights Plan.

Effective Date and Term

The Rights Plan came into effect on November 30, 2009. Subject to approval and periodic confirmation by shareholders as discussed below, it will remain in effect until the close of business on the ninth anniversary of the February 5, 2010 Meeting.

Shareholder Approval

The Rights Plan must be approved by more than 50% of the votes cast at the Meeting by shareholders present or voting by proxy. In addition, the Rights Plan must be reconfirmed by more than 50% of the votes cast at each of the third and sixth annual meetings of the Corporation's shareholders following the Meeting.

Issuance of Rights

Immediately upon the Rights Plan coming into effect, one Right was issued and attached to each Common Share outstanding and will attached to each Common Share subsequently issued.

Rights Exercise Privilege

The Rights will separate from the Common Shares and will be exercisable ten trading days (the "Separation Time") after a person has acquired 20% or more of, or commences or announces a take-over bid for, the Corporation's outstanding Common Shares, other than by an acquisition pursuant to a Permitted Bid or a Competing Permitted Bid. The acquisition by an Acquiring Person of 20% or more of the Common Shares is referred to as a "Flip-in Event". When a Flip-in Event occurs, each Right (except for Rights beneficially owned by an Acquiring Person or certain transferees of an Acquiring Person, which Rights will be void pursuant to the Rights Plan Agreement) becomes a right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the Rights Plan, that number of Common Shares having an aggregate market price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be subject to adjustment in accordance with the Rights Plan). The Exercise Price for the Rights provided for in the Rights Plan is \$200. As an example, if at the time of the Flip-in Event the Common Shares have a market price of \$50, the holder of each Right would be entitled to receive \$400 (twice the Exercise Price) in market value of the Common Shares (8 Common Shares) for \$200, i.e. at a 50% discount.

The issuance of the Rights is not initially dilutive. However, upon a Flip-in Event occurring and the Rights separating from the Common Shares, reported earnings per share may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Any offer other than a Permitted Bid or a Competing Permitted Bid will become prohibitively expensive for the Acquiring Person. The Rights Plan is therefore designed to require any person interested in acquiring more than 20% of the Common Shares to do so by way of a Permitted Bid or a Competing Permitted Bid or to make an offer which the Board considers to represent the full value of the Common Shares.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on the Common Share certificates

of the Corporation and will not be transferable separately from the Common Shares. Your Common Share certificates do not need to be exchanged to entitle you to these Rights. The legend will be on all new certificates issued by the Corporation after the Effective Date. From and after the Separation Time, the Rights will be evidenced by Rights certificates and will be transferable separately from the Common Shares.

Permitted Bid Requirements

The Permitted Bid requirements include the following:

- (i) the take-over bid must be made by way of a take-over bid circular;
- (ii) the take-over bid must be made to all holders of Common Shares;
- (iii) the take-over bid must be outstanding for a minimum period of 60 days and Common Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the Common Shares held by the shareholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons (the “Independent Shareholders”), have been tendered to the take-over bid and not withdrawn;
- (iv) the Common Shares deposited pursuant to the bid may be withdrawn until taken up or paid for; and
- (v) if more than 50% of the Common Shares held by Independent Shareholders are tendered pursuant to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional 10 business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that no Common Shares will be taken up or paid for pursuant to the Competing Permitted Bid prior to the close of business on a date that is no earlier than the later of: (a) 35 days after the date of the Competing Permitted Bid; and (b) the 60th day after the earliest date on which any other Permitted Bid that is then in existence was made.

Waiver

The Board, acting in good faith, may, prior to the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event (an “Exempt Acquisition”) where the take-over bid is made by a take-over bid circular to all holders of Common Shares. Where the Board exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Corporation made by a take-over bid circular to all holders of Common Shares prior to the expiry of any other bid for which the Rights Plan has been waived.

Redemption

The Board, with the approval of the majority of votes cast by shareholders (or the holders of the Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem all of the then outstanding Rights at \$0.00001 per Right as adjusted by the terms of the Rights Plan. Rights may also be redeemed by the Board without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Bid.

Amendment

The Board may amend the Rights Plan with the approval of a majority of votes cast by shareholders (or the holders of the Rights if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The Board, without such approval, may correct clerical or typographical errors and, subject to the

subsequent approval as noted above at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

Exemption for Investment Advisors

Investment advisors (for fully managed accounts), mutual funds and their managers, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, administrators of registered pension plans and crown agents acquiring greater than 20% of the Common Shares are exempt from triggering a Flip-in Event, provided that they are not making, and are not part of a group making, a take-over bid.

Certain Canadian Federal Income Tax Considerations of the Rights Plan

The Corporation will not have any income for the purposes of the *Income Tax Act* (Canada) (the “ITA”) as a result of the issuance of the Rights. The ITA provides that the value of a right to acquire additional shares of a corporation is not a taxable benefit which must be included in computing income of a shareholder, and is not subject to non-resident withholding tax, if the right is conferred on all holders of common shares. Although the Rights are to be so conferred, the Rights could become void in the hands certain holders of common Shares upon certain triggering events occurring (such as a Flip-in Event) and, consequently, whether or not the issuance of the Rights is a taxable event is not entirely free from doubt. In any event, no amount must be included in computing income of a shareholder if the Rights do not have a monetary value at the date of issue. The Corporation considers that the Rights, when issued, will have negligible monetary value as a result of there being only a remote possibility that the Rights will ever be exercised. A holder of Rights may have income or be subject to withholding tax under the ITA if the Rights become exercisable or are exercised. A holder of rights may be subject to tax in respect of the proceeds of disposition of such Rights.

This commentary is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular holder of Common Shares. Such shareholders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and any applicable foreign, provincial or territorial legislation.

Eligibility for Investment in Canada

Provided that the Corporation remains a “public corporation” for purposes of the ITA at all material times and, provided that the Corporation deals at arm’s length at all material times with each person who is an annuitant, a beneficiary, an employer or a subscriber, as the case may be, under a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan (collectively, the “Plans”) or a registered education savings plan, the Rights will be qualified investments under the ITA for the Plans or a registered education savings plan.

Other Matters

Management knows of no other matters to come before the Meeting other than the matters referred to in the Notice of Meeting, however, if any other matters which are not now known to management should properly come before the Meeting, the Proxy will be voted upon such matters in accordance with the best judgment of the person voting the Proxy.

DEADLINE FOR SHAREHOLDER PROPOSALS

If any person entitled to vote at an annual meeting of the Corporation’s shareholders wishes to propose any matter for consideration at the next annual meeting, in order for such proposal to be considered for inclusion in the materials mailed to shareholders in respect of such meeting, such proposal must be received by the Corporation no longer than 90 days before the anniversary date of this notice.

ADDITIONAL INFORMATION

Financial Information is provided in the Corporation's comparative financial statements and management discussion and analysis for its most recently completed financial year. Copies of the Corporation's financial statements and management discussion and analysis can be requested by contacting Investor Relations at IR@calian.com or by calling 1-613-599-8600.

Additional information relating to the Corporation can also be found on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The undersigned hereby certifies that the directors of the Corporation have approved the contents and the sending of this Circular.

DATED: November 30, 2009



Jacqueline Gauthier, Secretary
CALIAN Technologies Ltd.
Ottawa, Ontario

APPENDIX 1

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

1. Board of Directors	
(a) Disclose the identity of directors who are independent	Kenneth Loeb, William Hewson, David Tkachuk, Paul Cellucci and Richard Vickers are independent directors.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination	Larry O'Brien is not independent because he was an employee of the Corporation until November 24, 2006. Raymond Basler is not independent because he is the President and Chief Executive Officer of the Corporation.
(c) Disclose whether or not a majority of directors are independent.	The Board is currently comprised of seven members, five of whom are independent directors.
(d) Identify any director who is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction and identify that issuer.	None of the members of the Board are directors of any other reporting issuer (or the equivalent), with the exception of Senator David Tkachuk who is a director of Cline Mining Corporation, a corporation listed on the TSX and Mr Paul Cellucci who is a board member of Stantec Inc., a Corporation listed on the TSX and NYSE.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year.	At each of its quarterly meetings, the Board meets without management present. In addition, at each of its quarterly meetings, a meeting comprised of only independent Board members is also held. During 2009, independent Board members met four times without management present.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.	The chair of the Board, Kenneth Loeb, is an independent member of the Board.
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	Since the beginning of the Corporation's most recently completed financial year, all of the members of the Board were present at all Board and committee meetings either by phone or in person, with the exception of Mr. Larry O'Brien who was absent from three board meetings and Mr. Paul Cellucci who was absent from one audit committee meeting.
2. Board Mandate	
Disclose the text of the board's written mandate.	The text of the Board's written mandate and those of its committees are set out in Appendix 2 to this Circular.

3. Position Descriptions	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	As part of the Board's mandate, the Board has developed a position description for the Chairman of the Board. The Board has not developed position descriptions for the Chairs of the Audit Committee, the Compensation Committee and the Governance Committee, however, the Board has developed a mandate for each of these committees and, as such, the Chair of each committee is responsible to ensure that such mandates are followed.
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO.	The Board has developed a position description for the Chief Executive Officer. In addition, the Board annually approves the strategic and operational plans, business objectives and key results for which the Chief Executive Officer is responsible.
4. Orientation and Continuing Education	
(a) Briefly describe what measures the board takes to orient new directors regarding <ul style="list-style-type: none"> (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business 	The Board does not have a formal process of orienting new members of the Board. However, an informal orientation occurs at the first Board meeting following the election of new directors. The Governance Committee has the responsibility of monitoring the existing process in order to determine if a more formal orientation process is warranted.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors	The Board has not developed a formal continuing education program. The Corporation's Corporate Secretary provides regular updates to the Board on new developments in corporate governance. Information on seminars and conferences are also passed along to directors but attendance at such events is not mandatory. Cost of attendance to seminars and conferences are paid by the Corporation.
5. Ethical Business Conduct	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code: <ul style="list-style-type: none"> (ii) disclose how a person or company may obtain a copy of the code; (iii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and (iv) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code. 	The Board has adopted a written Guide to Ethical Business Practices (the "Guide"). In particular: <ul style="list-style-type: none"> (i) The Guide is available on the Corporation's website and explains the mechanisms in place to report departures from the Guide. (ii) The Guide provides for a reporting mechanism to the Board. In addition, all of the Corporation's employees who do not work directly at a customer's premises must certify annually that they have read, understand and agree to comply with the Guide. (iii) There has been no material change report filed that pertains to any conduct of a director or an executive officer that constitutes a departure from the Guide.

<p>(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>The Board has adopted a policy on related party transactions which does not allow for any transactions to occur between the Corporation and a third party who has direct or indirect ties with the directors, officers or employees of the Corporation.</p>
<p>(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board believes the Guide is sufficient to encourage and promote a culture of ethical business conduct.</p>
<p>6. Nomination of Directors</p>	
<p>(a) Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The Board does not have a nominating committee.</p>
<p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>Nominations to the Board are largely the result of recruitment efforts of the Chairman of the Board. Potential nominees are discussed with the Board as a whole. The Board feels that the current approach is appropriate.</p>
<p>7. Compensation</p>	
<p>(a) Describe the process by which the board determines the compensation for the issuer's directors and officers</p>	<p>The Compensation Committee is tasked with (i) reviewing and studying compensation and compensation policies for the Corporation, including the level of compensation paid to the Chief Executive Officer, and reporting on such matters to the Board; (ii) reviewing the goals and objectives of the Chief Executive Officer at the beginning of each year and providing an appraisal of the Chief Executive Officer's performance for the most recently completed year; and (iii) reviewing the performance of the senior officers of the Corporation including the level of short-term and long-term incentives awarded to each. The compensation for all remaining executives (except for that contractually provided for) is determined by the Chief Executive Officer.</p> <p>The Board of Directors has adopted a pay for performance philosophy and executive compensation program whereby executives receive compensation based upon the market value of the type of job they perform and their level of individual performance. The Corporation's policy with respect to the compensation of Named Executive Officers (NEOs) specifically is to:</p> <ul style="list-style-type: none"> • Seek to align management's interest with shareholder interest through both short and long-term incentives linking compensation to performance. The short-term incentive is in the form of cash incentives while the longer term incentive is in the form of stock options which creates a direct correlation between variations in the Corporation's stock price and the compensation of NEO.

<p>(a) Describe the process by which the board determines the compensation for the issuer's directors and officers (continued)</p>	<ul style="list-style-type: none"> • Ensure that overall compensation for NEOs is not only internally equitable, but also competitive in today's market based on experience and length of service with the Corporation in order to attract, retain and motivate individuals with the qualifications and commitment needed to enhance shareholder value and maintain the Corporation's competitiveness in its market segment. <p>Base salaries are determined on the basis of outside market data as well as individual performance and experience level.</p> <p>The annual bonus paid to each of the Chief Executive Officer and the Chief Financial Officer is based on the overall financial profitability of the Corporation. Annual bonuses are also paid to the senior managers of the Corporation based on a percentage of divisional profitability and individual performance. Certain members of the executive team are primarily responsible for the financial performance of a specific division. During 2009, Mr. McConnell was responsible for the performance of the Corporation's Systems Engineering division and Mr. Coates was responsible for the performance of the Corporation's Business and Technology Services division. To date no specific formulas have been developed to assign a specific weighting to the elements of compensation used by the Corporation.</p> <p>In establishing levels of compensation and granting stock options, the Board of Directors considers the executive's performance, level of expertise, responsibilities and length of service to the Corporation. To date, a benchmarking exercise has not yet been undertaken in respect of compensation of Named Executive Officers. Stock options already held by Named Executive Officers are considered in granting new options.</p> <p>During fiscal 2009, the annual base salary for the Chief Executive Officer and the annual bonuses for the top four executive officers were submitted to the Compensation Committee and to the Board for their review and approval. For the fiscal 2010 period, the Corporation expects that any changes to the base salary of the Chief Executive Officer and annual bonuses for the top four executive officers will continue to be submitted to the Compensation Committee and to the Board for review and approval.</p> <p>Directors' compensation is determined by the Chairman of the Board following discussions with the Board members.</p> <p>Stock options grants to employees and directors must be approved by the Board.</p>
<p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors.</p>	<p>The Compensation Committee is composed of Mr. David Tkachuk (Chairman), William Hewson, Richard Vickers, Paul Cellucci and Kenneth Loeb, each of whom is an independent director.</p>

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The mandate of the Compensation Committee is attached at Appendix 2 to this Circular.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	During fiscal 2009, the Board did not retain any compensation consultant.
8. Other Board Committees	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board has a Governance Committee, the mandate of which committee is attached at Appendix 2 to this Circular.
9. Assessments	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	The Chairman of the Board has the ongoing responsibility of assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors. Evaluation criteria include such factors as the attendance record of individual Board members and the effectiveness of their participation at Board meetings. Annually, the Chairman of the Board prepares and approves the list of nominees to be presented at the Annual General Meetings of shareholders.

APPENDIX 2
CALIAN TECHNOLOGIES LTD
MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (Board) has the overall responsibility for the stewardship of the Corporation. As such, the Board delegates to management certain of its authority and responsibilities to manage the business of the Corporation. The delegation of authority conforms to statutory limitations and certain responsibilities cannot be delegated to management and remains with the Board. The Calian Board of Directors has a Chairman, a Corporate Governance Committee, a Compensation Committee and an Audit Committee.

The primary objective of the Board is to make sure that management is thinking and acting in a manner that reflects our core values of 1) thinking long-term, 2) adding value and 3) being honest and transparent in all its business activities.

This document is intended to provide the Directors, Management and interested investors insight into the Board process that affects the Corporation.

1. GENERAL PROCEDURES

- 1.1 The Board shall be composed of a minimum of 5 directors, with the majority being independent directors.
- 1.2 The Board shall meet on a quarterly basis. Each quarterly meeting will include the following sessions:
 - Informal board dinner with board members and senior management present;
 - Independent Directors meeting;
 - Board meeting with management present;
 - Board meeting without management present.
- 1.3 Special meetings shall be held at the call of the Chairman or upon the request of two members of the Board.
- 1.4 A quorum shall be a majority of the members.
- 1.5 Unless the Board otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.
- 1.6 A copy of the minutes of each meeting of the Board of Directors shall be provided to each director in a timely fashion.
- 1.7 Board meeting agendas shall be the responsibility of the Chairman of the Board.
- 1.8 The Board shall communicate its expectations to management with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management at least five (5) days in advance of meeting dates.
- 1.9 To assist the Board in discharging its responsibilities, the Board may retain at the expense of the Corporation, one or more persons having special expertise.

2. Specific Responsibilities and Duties

2.1 Strategic Planning and Annual Operational Plans

- 2.1.1 Review and approve the strategic plan and monitor the implementation of the strategic plan by management;
- 2.1.2 Review and approve the financial goals of the Corporation;
- 2.1.3 Review and Approve the annual operating plan and budget of the Corporation;
- 2.1.4 Review and approve major business decisions and transactions not in the ordinary course of business such as acquisitions, divestitures and capital transactions.

2.2 Risk Management

- 2.2.1 Review the processes utilized by management with respect to risk assessment and risk management and the identification by management of the principal risks of the business of the Corporation including financial risks;
- 2.2.2 Review the implementation by management of appropriate systems to manage business and financial risks;
- 2.2.3 Review the processes to ensure respect for and compliance with applicable regulatory, corporate, securities, environmental, health and safety and other legal requirements.

2.3 Succession Planning and Senior Officers Performance

- 2.3.1 Choose the Chief Executive officer and approve the appointment of Senior Officers;
- 2.3.2 Review and approve the corporate objectives that the Chief Executive Officer is responsible for meeting
- 2.3.3 Assess the performance of the Chief Executive Officer in relation to such objectives;
- 2.3.4 Establish the compensation for the Chief Executive Officer;
- 2.3.5 Assess and oversee the succession plan for Senior Officers;
- 2.3.6 Ensure that processes are in place for the recruitment, training, development and retention of executives who exhibit high-standards of integrity and competence;

2.4 Internal Controls

- 2.4.1 Oversee the establishment by management of an adequate system of internal controls and procedures and assess its effectiveness;
- 2.4.2 Oversee the reliability and integrity of accounting and disclosure principles and practices followed by management;
- 2.4.3 Approve the Annual Financial Statements, Management Discussion and Analysis and other statutory filings such as the AIF, Management Proxy Circular and Annual Report.
- 2.4.4 Approve the Interim Financial Statements and Management Discussion and Analysis.

2.5 *Communication and Public Disclosure*

2.5.1 Adopt communication policies and monitor the Corporation's investor relations program;

2.5.2 Oversee the establishment of processes for accurate, timely and full public disclosure.

2.6 *Governance*

2.6.1 Establish appropriate structures and procedures to allow the Board to function independently of management;

2.6.2 Evaluate the size and composition of the Board and establish Board committees. Define the committees mandates to assist the Board in carrying out its responsibilities;

2.6.3 Review periodically the Corporation's Guide to Ethical Business Practices;

2.6.4 Annually review and assess the adequacy of the Board's mandate and evaluate its effectiveness in fulfilling its responsibilities;

2.6.5 Review shareholder proposals and determine appropriate course of action.

ROLE OF THE CHAIRMAN

1.1 Assist newly appointed directors in becoming familiar with the operations of the Corporation and its governance process and provide orientation and continuing education for all members of the Board of Directors;

1.2 Review the Directors' compensation in relation to current norms and recommend changes to the Board of Directors;

1.3 Discuss with each director their assessment of their effectiveness and performance and contribution to the Board;

1.4 Recommend to the Board of Directors the size of the Board and the structure, responsibility and composition of Board committees;

1.5 Establish procedures for effective Board meetings and otherwise ensure that processes and structures are in place to ensure the Board functions independently from management and without conflicts of interest;

1.6 Recommend for approval by the Board of Directors nominees for election or appointment to the Board of Directors;

1.7 Discuss with each director their assessment of the effectiveness and performance of the Board of Directors and each of its committee, including the Corporate Governance Committee and report to the Board;

1.8 Ensure that an effective Board succession plan is in place;

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MANDATE OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (The Committee) will assist the Board of Directors in fulfilling its oversight responsibilities. In performing its duties, the Committee will provide advice and recommendations relating to Corporate Governance and will have the overall responsibility for the quality of the Corporation's governance system.

1. GENERAL PROCEDURES

- 1.1 The Committee shall be composed of a minimum of 3 directors, with the majority being independent directors.
- 1.2 The Committee shall meet periodically as circumstances dictate. Meetings shall be held at the call of the Chairman or upon the request of two members of the Board. The Committee shall report to the Board of Directors periodically on the Committee's activities.
- 1.3 A quorum shall be a majority of the members.
- 1.4 Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.
- 1.5 In the absence of the Chairman of the Committee, the Chairman shall chair the meeting.
- 1.6 A copy of the minutes of each meeting of the Committee shall be provided to each director in a timely fashion.
- 1.7 Committee meeting agendas shall be the responsibility of the Chairman of the Committee.
- 1.8 To assist the Committee in discharging its responsibilities, the Committee may retain at the expense of the Corporation, one or more persons having special expertise.
- 1.9 The Committee shall review its performance and mandate on an annual basis.

2. Specific Responsibilities and Duties

- 2.1 Establish appropriate structures and procedures to allow the Board to function independently of management;
- 2.2 Evaluate the size and composition of the Board and establish Board committees. Define the committees mandates to assist the Board in carrying out its responsibilities;
- 2.3 Annually review and assess the adequacy of the Board's mandate and evaluate its effectiveness in fulfilling its responsibilities;
- 2.4 Monitor best practices and ensure compliance with all legal requirements relating to corporate governance. Develop and recommend to the Board of Directors a set of corporate governance guidelines including the Board of Directors' mandate in accordance with applicable laws and regulations. Review such guidelines periodically and recommend changes as deemed necessary;
- 2.5 Review and assess the adequacy of the Corporation's Disclosure Policy, Insider Trading Policy, Guide to Ethical Business Practices and other related policies and guidelines, as deemed appropriate.

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MANDATE OF THE COMPENSATION COMMITTEE

The purpose of the Compensation Committee (The Committee) is to review and establish the compensation of Senior Executive of the Corporation.

1. General Procedures

- 1.1 The Committee shall be composed of a minimum of 3 independent directors;
- 1.2 The Committee shall meet at least annually to discuss compensation arrangements for the Corporation's Senior Executives;
- 1.3 A quorum shall be a majority of the members;
- 1.4 To assist the Committee in discharging its responsibilities, the Committee may retain at the expense of the Corporation, one or more persons having special expertise;

2. Specific Responsibilities and Duties

- 2.1 Establish the Corporation's general compensation philosophy, and oversee the development and implementation of compensation programs;
- 2.2 Review and Approve the corporate objectives that the Chief Executive Officer is responsible for meeting, assess the performance of the Chief Executive Officer in relation to such objectives and establish the compensation for the Chief Executive Officer;
- 2.3 Review and approve compensation programs applicable to the Senior Executives of the Corporation;
- 2.4 Review and approve severance or similar termination payments proposed to be made to any current or former Senior Executives of the Corporation;
- 2.5 Oversee the development and implementation of the succession plan for Senior Executives.
- 2.6 Oversee the processes for the recruitment, training, development and retention of executives who exhibit high-standards of integrity and competence.