

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 some of its authority and certain 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 remain with the Board. The Calian Board of Directors has a Chairman, a Corporate Governance Committee, a Nominating 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) adding value, 2) thinking long-term and 3) being honest, transparent and prudent in all 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

The Chairman has primary responsibility for the Corporation's strategic direction. He, along with the CEO, will ensure that the Corporation's management and employees conduct their business with honesty and integrity with a view to creating sustainable, long term value and profitable growth. Along with the Board of Directors he assumes responsibility for the stewardship of the Corporation. He manages the affairs of the Board, ensuring that the Board is organized properly, functions effectively, operates independently from management, and meets its obligations and responsibilities relating to corporate governance matters.

Specific Responsibilities

- 1.1 Provide leadership to the Board in reviewing and deciding upon matters that exert major influence on the manner in which the Corporation's business is conducted, such as corporate strategic planning, policy formulation, and mergers and acquisitions;
- 1.2 Provide liaison between the Board and management of the Corporation;
- 1.3 Provide overall leadership to enhance the effectiveness of the Board. Chair meetings of the Board and attend committee meetings as appropriate;
- 1.4 In collaboration with the Nominating Committee support the director recruitment process and recommend to the Board of Directors nominees for election to the Board;
- 1.5 Support the orientation of new and the continued education of incumbent directors;
- 1.6 Periodically review the performance of Directors and the effectiveness of the Board and each of its committees;

CALIAN TECHNOLOGIES LTD MANDATE OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (The Committee) will assist the Board of Directors in fulfilling its oversight responsibilities in relation to the corporate governance practices and policies of the Corporation.

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.

CALIAN TECHNOLOGIES LTD MANDATE OF THE NOMINATING COMMITTEE

The Nominating Committee (The Committee) will be responsible for identifying individuals qualified to become new Board members and recommending to the Board of directors nominees for each annual meeting of the shareholders of the Corporation.

1. GENERAL PROCEDURES

- 1.1 The Committee shall be composed of a minimum of 3 directors, all 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 A copy of the minutes of each meeting of the Committee shall be provided to each director in a timely fashion.
- 1.5 Committee meeting agendas shall be the responsibility of the Chairman of the Committee.
- 1.6 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.
- 1.7 The Committee shall review its performance and mandate on an annual basis.

2. Specific Responsibilities and Duties

- 2.1 Review periodically the size and composition of the Board to ensure that the Board has the appropriate mix of competencies and skills to facilitate effective decision making as well as the capacity to effectively discharge its responsibilities;
- 2.2 Review from time to time the retirement plans of directors;
- 2.3 Develop plans for the orderly succession of directors to keep the Board appropriately balanced in terms of skills and experience;
- 2.4 Recommend to the Board addition or replacement of one or more directors as may be considered necessary or appropriate from time to time;
- 2.5 Be satisfied that the Corporation has effective plans for the orientation of new directors and the continued education of incumbent directors

CALIAN TECHNOLOGIES LTD
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.
- 2.7 Review the Directors' compensation in relation to current norms and recommend changes to the Board of Directors;