**FORM 51-102F3**
**Material Change Report**

**Item 1 Name and Address of Company**

Calian Technologies Ltd. (the "Company")
2 Beaverbrook Road
Ottawa, ON K2K 1L1

**Item 2 Date of Material Change**

July 11, 2006

**Item 3 News Release**

News release dated July 11, 2006 – copy attached at Exhibit "A".

**Item 4 Summary of Material Change**

The Company announced that it had reached an agreement with Med-Emerg International Inc. ("Med-Emerg") ending litigation between the companies and that it had invested $3.5 million in 8,750,000 convertible preferred shares of Med-Emerg.

**Item 5 Full Description of Material Change**

The Company agreed to pay Med-Emerg $2 million in return for a complete and full release and discharge of a $100 million claim filed by Med-Emerg in January 2005 against the Company and a former employee of Med-Emerg. The release confirms that the Company does not admit and, in fact, denies all allegations contained in that claim.

In addition, the Company invested $3.5 million in Med-Emerg in the form of 8,750,000 convertible preferred shares. These shares may be converted by Med-Emerg into Med-Emerg common shares if certain conditions are met including that such common shares be trading above US$0.46 over a stipulated period of time. On a fully diluted basis, the convertible preferred shares represent 13% of the current number of outstanding Med-Emerg common shares. If the convertible preferred shares are not otherwise converted into Med-Emerg common shares by July 11, 2011, they will be redeemed, at Med-Emerg's option, either by way of cash or the issuance of Med-Emerg common shares based on the then fair market value of such common shares.

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A.

**Item 7 Omitted Information**

N/A.

**Item 8 Executive Officer**

Jacqueline Gauthier, the Company's Chief Financial Officer, is knowledgeable about the material change and this report. Her business telephone number is (613) 599-8600.

**Item 9 Date of Report**

July 14, 2006.

# EXHIBIT “A”

CALIAN

**Calian Technologies Ltd.**
**TSX:** CTY

**JULY 11, 2006 - 08:32 ET**

## Calian Reaches Agreement with Med-Emerg Which Ends Litigation

KANATA, ONTARIO--(CCNMatthews - July 11, 2006) - Calian Technologies Ltd. (TSX:CTY)

(All amounts in this release are in Canadian Dollars, unless indicated otherwise)

Calian Technologies Ltd. today announced that it has reached an agreement with Med-Emerg International Inc. (NASDAQ:MDER.ob) which ends the litigation between the two companies and allows each to focus its management's time and energy towards growing their respective businesses.

Calian has agreed to pay Med-Emerg $2.0 million in return for a complete and full release and discharge of the $100 million claim filed by Med-Emerg on January 24, 2005 against Calian and a former employee of Med-Emerg. The release confirms that Calian does not admit and in fact denies all allegations. The after-tax impact of this amount has not been reflected in previously issued guidance.

"We were confident in our position, but faced with the substantial legal costs and extensive management diversion associated with a multi-year litigation, we believe that the agreement is in the best interests of the company" stated Ray Basler, President and CEO. "Removing the overhang of the lawsuit allows us to focus on operations and building our business."

Given the enormous pressures on governments to streamline their healthcare systems and the increasing opportunities that will be generated in this emerging market, Calian has also invested $3.5 million in Med-Emerg in the form of convertible preferred shares. Med-Emerg has a good long-standing reputation in many aspects of private delivery of healthcare services and is a premier consultant for policy makers and various healthcare organizations. This puts them in an ideal position to address future requirements and for Calian to participate in that process." continued Mr. Basler.

The preferred shares, which have a face value of $3.9 million, will be convertible into 8,750,000 common shares of Med-Emerg at Calian's option. After two years, provided certain conditions are met, Med-Emerg is also entitled to cause the preferred shares to be converted into common shares under certain circumstances where the stock trades above US$0.46 over a stipulated period of time. On a fully converted basis, this investment represents a 13% interest based on the current number of common shares outstanding. In the event the shares are not converted by July 11, 2011, the preferred shares will be redeemed, and at the option of Med-Emerg the face value will be satisfied either in cash or in Med-Emerg common shares based on the then fair market value of the common shares.

"Med-Emerg has strengthened its management and ownership group and over the last several quarters has refocused its energy on its core capabilities. Based on the impressive turnaround to date, Calian is confident that the rejuvenated Med-Emerg has the capability to meet the future challenges associated with Canada's evolving health care needs. I am also pleased that Calian's Chairman, Larry O'Brien, is expected to join the Med-Emerg board of directors at its next shareholders meeting, which will bring them the added benefit of Calian's experience", stated Mr. Basler.

About Calian

Calian sells technology services to industry and government in Canada and around the world. Calian provides customers with ready access to an exceptional team of engineers, telecommunications and technology professionals, health care professionals and other highly qualified staff. The Business and Technology Services Division augments customer workforces with flexible short and long-term placements, recruitment and outsourcing of engineering, health care professionals and other skilled professionals. The Systems Engineering Division plans, designs and implements solutions for many of the world's space agencies and leading communications satellite manufacturers and operators, as well as providing contract manufacturing services for customers in North America.

DISCLAIMER

Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as "intend", "anticipate", "believe", "estimate", "expect" or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; scarce number of qualified professionals; the impact of rapid technological and market change; loss of business or credit risk with major customers; technical risks on fixed price projects; general industry and market conditions and growth rates; international growth and global economic conditions, and including currency exchange rate fluctuations; and the impact of consolidations in the business services industry. For additional information with respect to certain of these and other factors, please see the Company's most recent annual report and other reports filed by Calian with the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

**CONTACT INFORMATION**

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