



OSI Geospatial Inc.

2009 ANNUAL GENERAL MEETING  
OF SHAREHOLDERS

NOTICE OF MEETING AND  
MANAGEMENT INFORMATION  
CIRCULAR

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April 14, 2009

**TO OUR SHAREHOLDERS**

I am pleased to invite you to attend the Annual General Meeting (the “Meeting”) of shareholders of OSI Geospatial Inc. (“OSI”) to be held on Thursday, May 28, 2009 at 10:00AM (Ottawa Time) at the Crowne Plaza Hotel, 101 Lyon Street, Ottawa, Ontario, Canada, K1R 5T9.

The attached Notice of Annual General Meeting and Management Information Circular provide details of the business to be conducted at the Meeting. A copy of the Company’s letter to shareholders and corporation directory are also enclosed. Your vote is important to us. Even if you are able to attend the Meeting, please complete and return the enclosed form of proxy or voting information form according to the instructions on the form.

I encourage you to enrol for electronic communication or “e-delivery” for all future securityholder communications. The instructions for doing so are on your proxy. I believe that doing so provides value to both you and the Company and helps protect our environment.

I look forward to seeing you at the Meeting.

Sincerely,

**OSI Geospatial Inc.**

A handwritten signature in black ink, appearing to read 'Kenneth Kirkpatrick', with a long horizontal line extending to the right.

KENNETH KIRKPATRICK  
President and Chief Executive Officer

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## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the 2009 Annual General Meeting (the “Meeting”) of the shareholders of **OSI GEOSPATIAL INC.** (the “Company”) will be held at the Crowne Plaza Hotel, 101 Lyon Street, Ottawa, Ontario, K1R 5T9, on Thursday, May 28, 2009 at 10:00 a.m. (Ottawa time) for the following purposes:

- (a) To receive and consider the financial statements of the Company for the financial year ended November 30, 2008 and the report of the auditors thereon;
- (b) To appoint Deloitte & Touche LLP as the auditor for the ensuing year;
- (c) To fix the number of directors at eight (8);
- (d) To elect eight (8) directors for the ensuing year;
- (e) To consider and, if thought fit, to approve an ordinary resolution of the shareholders, approving the adoption of a new stock option plan to replace the Company’s current incentive stock option plans and reserving for the grant of options of up to 10% of the issued and outstanding shares of the Company at the time of any stock option grant, as more particularly described in the accompanying Information Circular; and
- (f) To transact such other business as may properly come before the Meeting, or any adjournment or adjournments thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Copies of any documents to be considered, approved, ratified and adopted or authorized at the Meeting will be available for inspection at the registered and records office of the Company at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5, during normal business hours up to the date of the Meeting and at the Meeting.

The directors of the Company have fixed the close of business on Tuesday, April 14, 2009 as the record date for the determination of the shareholders entitled to receive this Notice and to vote at the Meeting.

Accompanying this Notice are an Information Circular, form of proxy that also includes a request form respecting financial statements, a letter to shareholders, and other corporate information. The Information Circular contains information relating to the matters to be addressed at the Meeting.

A shareholder, who is entitled to attend and to vote at the Meeting, or an intermediary holding shares on behalf of a non-registered shareholder, is entitled to appoint a proxy to attend and vote in his or her stead. A shareholder who is unable to attend the Meeting in person is encouraged to read the enclosed Information Circular and then complete and return the enclosed form of proxy or voting information form. All proxies should be returned in the envelope provided to Computershare Investor Services Inc. (“Computershare”), Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by facsimile at 1-866-249-7775 on or before Tuesday, May 26, 2009 at 10:00AM (Ottawa time), forty eight hours being preceding the Meeting date and time . The time limit for deposit of proxies may be waived by the Chair at his discretion. You may also use the phone or internet delivery as provided in the form of proxy.

If you are a shareholder and you have questions or require more information with regard to voting your shares, please contact our proxy solicitation agent, Georgeson Shareholder Communications Canada Inc. toll-free at 1-888-605-7632.

DATED at Ottawa, Ontario, this 14th day of April, 2009.

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
OSI GEOSPATIAL INC.**

A handwritten signature in blue ink, appearing to read 'JS', is written over a circular stamp or seal that is mostly obscured by the ink.

**JOHN SENTJENS**  
Secretary & Vice President, Finance

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## MANAGEMENT INFORMATION CIRCULAR

EXCEPT AS OTHERWISE STATED, THE INFORMATION CONTAINED IN THIS DOCUMENT IS GIVEN AS OF APRIL 14, 2009. UNLESS OTHERWISE INDICATED, ALL DOLLAR AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED.

### A. INFORMATION ON VOTING AND PROXIES

#### 1. *Solicitation of Proxies*

This management information circular (the “Information Circular” or the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of OSI GEOSPATIAL INC. (“we”, “us” or the “Company”), a corporation governed by the *Business Corporations Act* (the “BCA”) of British Columbia, for use at the annual general meeting or any adjournment or adjournments thereof of the shareholders of the Company (the “Meeting”) to be held at the Crowne Plaza Hotel, 101 Lyon Street, Ottawa, Ontario, K1R 5T9 at 10:00 AM (Ottawa Time) on Thursday, May 28, 2009 for the purposes set out in the notice of Meeting (the “Notice of Meeting” or the “Notice”) accompanying this Information Circular.

The Company will bear the cost of solicitation of proxies. Management’s solicitation of the enclosed form of proxy will be primarily by mail, but some proxies may be solicited by telephone or electronic communication by the employees or directors or officers of the Company at nominal cost. In addition, the Company has retained Georgeson Shareholder Communications Canada Inc. (“Georgeson”) to aid in the solicitation of proxies. In connection with these services, Georgeson is expected to receive a fee of \$25,000 (subject to adjustment in certain circumstances) and will be reimbursed for certain reasonable expenses.

#### 2. *Appointment of Proxies*

The persons named in the accompanying form of proxy are directors or officers of the Company.

If you wish to appoint some other person (who need not be a shareholder) to represent you at the Meeting, you may do so, either by striking out the names of those persons named in the accompanying form of proxy and inserting the name of your appointee in the blank space provided or by completing another form of proxy.

In either case, the completed and signed form of proxy must be delivered to Computershare Investor Services Inc. (“Computershare” or the “Transfer Agent”), Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax at 1-866-249-7775 on or before Tuesday, May 26, 2009 at 10:00AM (Ottawa time), being forty-eight hours preceding the date of the Meeting or the last business day prior to any postponed or adjourned meeting. The time limit for deposit of proxies may be waived by the Chair at his discretion.

The Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “Meeting Materials”) to both registered and non-registered shareholders. If you are a non-registered shareholder and the Company or its agent has sent these Meeting Materials directly to you, your name and address, and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

#### *Registered Shareholders*

A registered shareholder is the person in whose name a share certificate is registered. If you are a registered shareholder, you are entitled to vote your shares in person at the Meeting or by proxy. If you wish to vote in person at the Meeting, do not complete or return the form of proxy included with this Circular. Your vote will be taken and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, you may vote by proxy by delivering the completed and signed form of proxy in the envelope provided to Computershare on or before Tuesday, May 26, 2009, by 10:00AM (Toronto time) being forty-eight hours preceding the Meeting date and time. The time limit for deposit of proxies may be waived by the Chair at his discretion.

You may also use fax, phone or internet delivery. In each case, the shares represented by your proxy will be voted or withheld from voting in accordance with your instructions as indicated on your form of proxy and on any ballot that may be called at the Meeting. If you specify a choice with respect to any matter to be acted upon, the shares will be voted accordingly. Your proxyholder will decide how to vote on amendments or variations to the matters to be voted on at the Meeting. Instructions for using each of these methods are set out on the enclosed form of proxy.

#### *Non-Registered Shareholders*

The information in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold shares in their own names. Your shares might not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans). If your shares are registered in the name of an intermediary, you are a non-registered or beneficial shareholder.

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

The Company has distributed copies of the Meeting Materials to intermediaries for distribution to non-registered shareholders. Unless you have waived your right to receive the Meeting Materials, intermediaries are required to deliver them to you as a non-registered shareholder of the Company and to seek your instructions regarding how to vote your shares.

**Non-registered shareholders who receive Meeting Materials from the intermediary will typically be given the ability to provide voting instructions in one of two ways. Usually, a non-registered**

**shareholder will be given a voting instruction form which must be completed and signed by the non-registered shareholder in accordance with the instruction on the form (which may, in some cases, permit the completion of the voting instruction form by telephone or electronically).**

A non-registered shareholder who receives a voting instruction form cannot use that form to vote shares for the Meeting. The voting instruction forms must be returned as instructed by the intermediary well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through an intermediary, please contact that intermediary for assistance.

Occasionally, an intermediary may give you a proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature), and which is otherwise incomplete. This form of proxy does not need to be signed by you as the non-registered shareholder. In this case you can complete and deposit the proxy directly as described above.

By following these procedures, non-registered shareholders will be able to direct the voting of those shares that they own but which are not registered in their own name. Should a non-registered shareholder who receives from the intermediary either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on his/her behalf), the non-registered shareholder should strike out the names of the persons named in the form of proxy and insert the non-registered shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form. In either case, non-registered shareholders should carefully follow the instructions of their intermediaries

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered shareholder with respect to the voting of certain shares will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by intermediary "non-votes" will, however, be counted in determining whether there is a quorum.

### **3. *Revocation of Proxies***

In addition to revocation in any manner permitted by law, a shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation at the registered and records office of the Company, at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5, at any time up to and including the last business day preceding the day of the Meeting or with the Chair of the Meeting at the Meeting or in any other manner provided by law and upon either of such deposits such proxy shall be revoked. An instrument of revocation of a proxy that is deposited with the Chair on the day of the Meeting will not be effective with respect to any matter on which a vote has already been taken.

### **4. *Voting of Proxies***

The shares represented by the form of proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for as indicated on your form of proxy. If you specify a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of instructions, your shares will be voted FOR each of the matters to be considered at the Meeting.**

**The form of proxy and voting information form accompanying this Circular confers discretionary authority upon the nominees named in the enclosed form of proxy with respect to any amendments or any variations to matters identified in the Notice of Meeting or other matters that may properly**

**come before the Meeting. Management does not intend to present any other business at the Meeting and is not aware of any amendments or variations to the proposed matters or any other matters which may be presented at the Meeting. If other matters requiring the vote of shareholders properly come before the Meeting, your proxyholder will vote on them using his/her best judgement.**

Any shareholder attending the Meeting to vote personally or as proxyholder for another shareholder shall be required to produce identification satisfactory to the Chair of the Meeting establishing his or her identity.

#### **5. *Voting Securities and Principal Holders of Voting Securities***

The authorized capital of the Company consists of:

- (a) An unlimited number of common shares without par value (the “Common Shares”);
- (b) 100,000,000 Class “A” Preference Shares without par value issuable in series, of which 10,000,000 shares are designated as Class “A” Preference Shares Series A Convertible (the “Class A Shares”);
- (c) 100,000,000 Class “B” Preference Shares with a par value of \$50.00 each issuable in series, of which 10,000,000 shares are designated as Class “B” Series 1 Preference Shares (the “Class B Series 1 Shares”) and of which 10,000,000 shares are designated as Class “B” Series 2 Preference Shares (the “Class B Series 2 Shares”); and
- (d) An unlimited number of Class “C” Preference Shares without par value issuable in series.

As of April 14, 2009, the Company had 46,956,439 Common Shares, 30,262 Class A Shares and 178,530 Class B Series 2 Shares issued and outstanding (collectively, the “Shares”).

The holders of Common Shares, Class A Shares and Class B Series 2 Shares are each entitled to receive notice of and to attend and to vote at any meetings of the shareholders of the Company except meetings at which only holders of a specified class or series are entitled to attend and vote. Each Common Share, Class A Share and Class B Series 2 Share carries one vote in respect of each matter to be voted upon at the Meeting. The holders of the Shares will vote together as a single class on all matters to be voted upon at the Meeting. On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Share registered in his name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting. Shareholders represented by proxy holders are not entitled to vote on a show of hands.

Only shareholders of record at the close of business on April 14, 2009 (the “Record Date”) who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

To the knowledge of the directors and senior officers of the Company no person or company beneficially owns, directly or indirectly, or controls or directs, voting shares carrying 10% or more of the voting rights attached to any classes of voting shares of the Company.

**B. PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

***1. Election of Directors***

The Articles of the Company provide that the shareholders shall by ordinary resolution determine the number of directors of the Company. Management of the Company proposes that the number of directors for the ensuing year be fixed at eight (8). Shareholders will therefore be asked to approve, by an ordinary resolution, that the number of directors to be elected be fixed at eight (8). Six of the current directors are nominated for re-election at the Meeting. There is one (1) nominee who was appointed as of April 8, 2009 and is currently serving as a director and is nominated for election. There is one nominee who is not currently serving on the Board of Directors and is nominated for election. The following table sets out the name, province or state and country of residence, the period of service and the principal occupation, business or employment during the past five (5) years, all other offices within the Company now held, and other information about each nominee. (For further information concerning independence and board committees, see Part D Corporate Governance). Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or he becomes disqualified to act as a director. In fiscal 2008, the Company had an Audit Committee, Human Resources and Compensation Committee, and an Executive Committee. The members of such committees are referenced below.

The following information concerning the proposed nominees has been furnished by each nominee:

<b>Name, Position, Province or State and Country of Residence</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Director Since</b>	<b>No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly<sup>(1)</sup></b>
RAYMOND W. JOHNSTON Chair of the Board & Director <sup>(2)(3)(4)</sup> Quebec, Canada	<u>12/99 to present</u> : President of Chamber of Marine Commerce, an entity which promotes the interests of the commercial marine industry in Canada.	November 14, 2000  (and from December 21, 1994 to September 28, 1998)	281,000
KENNETH KIRKPATRICK President, Chief Executive Officer & Director <sup>(3)</sup> Ontario, Canada	<u>11/05 to present</u> : President & Chief Executive Officer  <u>02/05 to 11/05</u> : Chief Operating Officer, OSI Geospatial Inc.  <u>05/01 to 2/05</u> : Vice President, Operations, OSI Geospatial Inc.	November 7, 2005	248,770
HELMUT F. LOBMEIER Director <sup>(2)</sup> British Columbia, Canada	<u>2001 to present</u> : Retired	April 26, 1990	791,695

Name, Position, Province or State and Country of Residence	Principal Occupation for the Past Five Years	Director Since	No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
CAPTAIN WALTER P. PURIO Director <sup>(4)</sup> Western Australia, Australia	<u>2007 to present:</u> Principal, Fremantle Maritime Simulation Centre, Pty  <u>2006 to present:</u> Shipmaster – APL Maritime, Ltd.  <u>1985 to 2006:</u> Shipmaster, General Dynamics, AMSEA	January 14, 1999	75,000
GERALD J. SHIELDS Director <sup>(4)</sup> British Columbia, Canada	<u>November 2006 to present:</u> Principal, Providia Investment Group  <u>2005 to 2006:</u> Lawyer engaged in private practice with the firm of Clark Wilson LLP  <u>1998 to 2005:</u> Lawyer engaged in private practice with the firms of Godinho Sinclair Shields, Strategic Business Lawyers	April 8, 2005	50,000
DONALD W. YOUNG <sup>(2)(3)</sup> Director British Columbia, Canada	<u>02/09 to present:</u> Director  <u>02/07 to 01/09:</u> Consultant  <u>10/05 to 01/07:</u> Retired  <u>10/79 to 9/05:</u> Audit partner with KPMG LLP	March 15, 2006	52,000
STEVE M. BARNETT Director Illinois, USA	<u>1993 to present:</u> Independent Business Advisor and Director of Grayhill Inc., an electronic solutions provider to the aerospace and defence industry  <u>1982 to present:</u> President CDC, Inc. whose principal focus has been the acquisition and management of eight mid-sized manufacturing and distribution companies	April 8, 2009	300,000

Name, Position, Province or State and Country of Residence	Principal Occupation for the Past Five Years	Director Since	No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
DR. ADAM CHOWANIEC Nominee Ontario, Canada	<u>2007 – Present:</u> Axentra Corporation: Chair  <u>2007 – Present:</u> Zarlink Corporation: Director  <u>2005 –Present:</u> Futurecom Corporation: Director  <u>2004 – Present:</u> Liquid Computing: Chair  <u>2003 – Present:</u> Microbridge Technologies: Chair  <u>2002 – Present:</u> BelAir Networks: Chair  <u>2002 to Present:</u> Director, Export Development Canada  <u>2002 –Present:</u> Vengrowth Capital Partners: Executive-In-Residence  <u>2001 –Present:</u> ITAC: Director  <u>1995 – Present:</u> Tundra Semiconductor Corporation: various roles including Founder, CEO, Chair	–	–

NOTES:

- (1) The number of shares of the Company carrying the right to vote in all circumstances beneficially owned or controlled or directed, directly or indirectly, or over which control or direction is exercised by each proposed nominee as of the date of this Information Circular.
- (2) Member of Audit Committee.
- (3) Member of Executive Committee.
- (4) Member of Human Resources and Compensation Committee.

In the opinion of the board of directors and management, the nominees are well qualified to act as directors. Each nominee has confirmed his eligibility and willingness to serve as a director. Management and the board of directors recommend that you vote FOR the nominees. **The directors and officers named in the enclosed form of proxy will vote FOR the ordinary resolution setting the number of directors at eight (8) and will (unless authority to vote is withheld) vote FOR the election of the eight (8) nominees listed above, or in the event one of those nominees is unable or unwilling to serve (an event management has no reason to believe will occur), the persons named in the form of proxy reserve the right to fix the number of directors sought to be elected at the Meeting or to vote for a substitute at their discretion.**

## 2. *Appointment of Auditor*

At the Meeting, shareholders will be asked to appoint Deloitte & Touche LLP (“Deloitte & Touche LLP”) as auditors of the Company for fiscal year 2009 until the Company’s next annual general meeting. Deloitte & Touche LLP will be appointed if a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting vote in favour of this action. Deloitte & Touche LLP were first appointed as auditors of the Company on April 9, 2008.

**The Audit Committee recommends that you vote FOR the appointment of Deloitte & Touche LLP as auditors. The directors and officers named in the enclosed form of proxy will vote FOR the appointment of Deloitte & Touche LLP as auditors, unless you indicate that the authority to do so is withheld.**

Arrangements have been made for one or more representatives of Deloitte & Touche LLP to attend the Meeting and they will be given an opportunity to make a statement and, if they wish to do so, they will be available to answer any appropriate questions.

## 3. *Replacement of Stock Option Plans*

The Company’s Stock Option Plans are intended to provide the Board of Directors with the ability to issue options to provide the employees, consultants, officers and directors of the Company with long-term equity-based performance incentives which are a key component of the Company’s executive compensation strategy. The Company believes it is important to align the interests of management and employees with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

The Company currently has three incentive stock option plans in place: the amended 1994 Employee Stock Option Plan, the amended 1996 Employee Stock Option Plan, and the amended 1998 Employee Incentive Stock Option Plan (the “Current Plans”) which provides for the number of shares reserved for issuance under such Current Plans. The Current Plans were approved by the Toronto Stock Exchange and the shareholders. See “Equity Compensation Plan Information” for details of the Current Plans. Under the Current Plans and as at the date of this Information Circular, the Company has granted options to acquire 3,430,166 common shares of the Company (representing 7.3% of issued and outstanding common shares) which remain outstanding and unexercised (the “Existing Options”). In addition, the Company currently has in reserve additional options that could result in the issuance of a further 844,328 common shares (representing 1.8% of issued and outstanding common shares). The aggregate number of shares issuable under the Current Plans is 10,930,732 (23% of issued and outstanding common shares) of which options have been granted in prior years representing the issue of 6,656,238 common shares. At the Meeting, shareholders will be asked to approve a resolution authorizing the replacement of the Current Plans.

Management of the Company and the Board has determined that it is in the best interests of the Company to replace its Current Plans and update it with a new form of rolling maximum stock option plan providing for the number of shares reserved for issuance under such plan to be equal to 10% of the Company’s issued and outstanding share capital at the time of any stock option grant (the “New Plan”). The Existing Options which are outstanding under the Current Plans will be incorporated into the New Plan and will be governed by the New Plan except to the extent they are inconsistent with the New Plan in which case they will be governed by the stock option agreement evidencing their issuance.

The effect of the New Plan is that at any point in time the Company may have stock options outstanding for the purchase of up to 10% of the issued and outstanding share capital of the Company. As at the date of this Information Circular, 10% of the Company's issued and outstanding share capital would be 4,695,643 common shares. Based on the issued share capital of the Company as at the date of this Information Circular, and provided shareholders approve the New Plan, as there are currently 3,340,166 options issued and outstanding, an additional 1,355,477 common shares would be reserved for the grant of additional stock options under the New Plan, an incremental 511,149 common shares over the Current Plans; there are currently 844,328 common shares reserved for the grant of additional stock options under the Current Plans. Additional stock options may be granted as additional shares of the Company are issued.

Management of the Company and the Board considers the adoption of the New Plan to be in the Company's best interest as the New Plan is designed to give each option holder a parallel interest with the shareholders in preserving and maximizing shareholder value. In addition, it enables the Company to attract and retain qualified directors, officers and employees with experience and ability, and to reward these individuals for current and expected future performance.

**The New Plan will incorporate the following terms and conditions:**

1. Only eligible persons, being directors, executive officers or employees of, and "consultants" (as defined in National Instrument 45-106 Prospectus and Registration Exemptions ("NI 45-106")) to, the Company or any of the Company's associated, affiliated, controlled or subsidiary companies will be entitled to receive options under the New Plan;
2. The maximum number of common shares of the Company which may be issued pursuant to stock options granted under the New Plan is 10% (on a non-diluted basis) of the issued and outstanding common shares of the Company at the time of the grant. Any increase in the issued and outstanding common shares will result in an increase to the 10% level in the available number of common shares issuable under the New Plan, and any options that are terminated, cancelled or expired unexercised will make new grants available under the New Plan;
3. The number of common shares subject to each option will be determined by the Board provided that the New Plan, together with all of the Company's other share compensation arrangements, may not result in the maximum number of common shares issuable:
  - (a) to insiders of the Company, at any time, exceeding 10% of the Company's issued and outstanding common shares on the date of grant;
  - (b) to insiders within any one year period exceeding 10% of the Company's issued and outstanding common shares on the date of grant;
4. The exercise price of any options granted shall be determined by the Board of Directors and shall not be less than the volume weighted average trading price of the common shares on the TSX, or another stock exchange where the majority of the trading volume and value of the listed shares occurs, for the five trading days immediately prior to the date of grant (or, such other price required by the TSX) (calculated by dividing the total value by the total volume of securities traded for the relevant period) ("Market Price");
5. Options may be exercisable for a period of time fixed by the Board of Directors, not to exceed a maximum of up to ten years (subject to item 9 below), such period and any vesting schedule to be

determined by the Board of Directors of the Company, and are non-assignable, except in certain circumstances;

6. Any stock options granted pursuant to the New Plan, or currently outstanding under the Current Plans, which are subsequently exercised, will automatically be reloaded into the New Plan and available for future option grants;
7. The options are non-assignable and non-transferable except in the case of the death of an optionee or in the case of a company controlled by the optionee with the approval of the Board of Directors and the TSX. The options can only be exercised by the optionee or by an optionee controlled company as the case may be as long as the optionee remains an eligible optionee pursuant to the New Plan. Options granted to any optionee who is a director, employee, consultant or management company employee must expire on the earlier of (i) thirty (30) days after the optionee ceases to be in a least one of these categories, unless amended by the board to provide a longer period; or (ii) the date the option expires in accordance with its terms; or (iii) the date provided for in any employment or consulting agreement between such optionee and the Company, however shareholder approval is required to be obtained should this cause options held by an optionee who is an insider of the Company to be extended beyond their original expiry. If an optionee ceases to be employed or retained by the Company for cause or if an optionee is removed from office as a director or becomes disqualified from being a director by law, any option or the unexercised portion thereof granted to such optionee shall terminate forthwith;
8. In the event of death of the optionee, the outstanding options shall remain in full force and effect and exercisable by the heirs or administrators of the deceased optionee in accordance with the terms of the agreement for one (1) year from the date of death or the balance of the option period, whichever is earlier;
9. Options that expire during a period when the optionee is prohibited from trading the Company's securities (a "blackout period"), can be adjusted, without being subject to the approval of the Board of Directors or the shareholders of the Company, to take into account any blackout period imposed on the Optionee by the Company if the expiry date falls within a blackout period imposed on the Optionee by the Company or two days following a black out period then the expiry date is the close of business on the 10th business day after the end of such blackout period (the "Blackout Expiration Term");
10. Subject to the policies of the TSX, the Board of Directors may, at any time, without further approval by its shareholders, amend the New Plan or any option granted thereunder in such respects as it may consider advisable and, it may do so to:
  - (a) ensure that the Options granted thereunder will comply with any provisions respecting stock options in the income tax and other laws in force in any country or jurisdiction of which a participant to whom an Option has been granted may from time to time be resident or a citizen;
  - (b) change vesting provisions of an option or the New Plan;
  - (c) change termination provisions of an option provided, that the expiry date does not extend beyond the original expiry date;
  - (d) amend the exercise price of an option for a participant who is not an Insider, but in no case will it be lower than Market Price at the time of the amendment; and

- (e) make amendments to correct typographical or clerical errors or to add clarifying statements to ensure the intent and meaning of an option or the New Plan is properly expressed.
- 11. Specific shareholder approval is required to reduce the exercise price of an option for an optionee who is an insider;
- 12. All option shares subject to an option become vested in the event of a take-over bid, change of control, arrangement or corporate reorganization;
- 13. The exercise price and the number of common shares which are subject to an option may be adjusted from time to time for share dividends, and in the event of reclassifications, reorganizations or changes in the capital structure of the Company.

The New Plan will contain percentage limitations, as set forth above, on insider participation and securities issued and issuable to insiders cannot exceed 10% of the issued and outstanding share capital within any one-year period. There is no stock appreciation rights (SAR) associated with options granted under the New Plan and there is no provision under the New Plan to transform stock options into stock appreciation rights. No financial assistance is or will be provided to participants in the New Plan by the Company to facilitate the purchase of common shares under the New Plan. The New Plan and the reloading provision thereunder must be approved and ratified by the shareholders of the Company every three years.

A copy of the New Plan is available for viewing up to the date of the meeting at the Company's offices at Suite 300 – 340 March Road, Kanata, Ontario, K2K 2E4 and at the Meeting. In addition, a copy of the New Plan, will be mailed free of charge, to any holder of common shares who requests a copy from the Secretary of the Company. Any such requests should be mailed to the Company, at its head office, to the attention of the Secretary or electronically to [invest@osigeospatial.com](mailto:invest@osigeospatial.com), attention Secretary.

The approval of the New Plan requires the affirmative vote of the holders of a majority of the issued and outstanding common shares of the Company entitled to vote and represented in person or by proxy at the Meeting.

The New Plan is also intended to provide the Board of Directors with the ability to issue options to provide the employees, consultants, officers and directors of the Company with long-term equity-based performance incentives which are a key component of the Company's executive compensation strategy. Accordingly the Company's shareholders will be asked to approve the following ordinary resolution:

“RESOLVED, as an ordinary resolution of the shareholders, that:

1. The New Plan, replacing the existing stock option plans of the Company, as described in the Company's information circular dated April 14, 2009, be and is hereby approved, subject to the acceptance for filing thereof by the Toronto Stock Exchange;
2. The number of common shares of the Company reserved for issuance under the New Plan shall be no more than 10% of the Company's issued and outstanding share capital at the time of any stock option grant;
3. All unallocated entitlements under the New Plan shall be hereby approved until May 28<sup>th</sup>, 2012;

4. The Board of Directors of the Company be authorized to make any changes to the New Plan as may be required by the Toronto Stock Exchange;
5. Any director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing; and
6. Notwithstanding that this resolution has been duly passed by the shareholders of the Company, the New Plan is conditional upon receipt of final approval from the Toronto Stock Exchange and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors.”

If approved by shareholders of the Company, the New Plan will take effect upon approval by the TSX.

**The Directors of the Company believe the passing of the foregoing ordinary resolution is in the best interest of the Company and recommend that shareholders of the Company vote in favour of the resolution. Approval is by way of an ordinary resolution of the shareholders which must be passed by a majority of the votes cast by shareholders entitled to vote who are represented in person or by proxy at the meeting who vote in respect of that resolution. The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy in favour of the foregoing resolution unless the holder of common shares who has given such proxy has directed that the votes be otherwise cast.**

#### ***4. Interest of Certain Persons or Companies in Matters to be Acted Upon***

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors. Directors and executive officers may, however, be interested in the replacement of the Company Stock Option Plans as detailed in “Particulars of Matters to be Acted Upon at the Meeting – Replacement of Stock Option Plans”.

#### ***5. Interest of Informed Persons in Material Transactions***

None of the directors or executive officers of the Company, any proposed director of the Company, any shareholder beneficially owning or controlling or directing, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, nor an associate or affiliate of any of the foregoing persons, had since December 1, 2007, being the date of commencement of the Company’s last completed financial year, any material interest, direct or indirect, in any transactions that materially affected the Company or in any proposed transaction that has or would materially affect the Company.

## **C. STATEMENT OF EXECUTIVE COMPENSATION**

### **I. Report on Executive Compensation**

The members of the Human Resources and Compensation Committee (the "Committee") were Walter Purio, Gerald Shields and Raymond Johnston, all of whom served on the Committee throughout the financial year ended November 30, 2008. All of the members of the Committee are independent directors, have no indebtedness to the Company and have no interest in any material transactions with the Company.

The Company's compensation policies are designed to recognize and reward the services of highly skilled executives, as well as provide compensation packages, with incentives, commensurate with industry standards.

Compensation packages reflect responsibilities and the marketplace and are designed to be competitive with (i) those of other publicly traded companies involved in industries similar to those of the Company and (ii) other publicly traded companies of comparable size in terms of revenue and (iii) compensation practices of peers. In addition, the Company has analyzed compensation surveys and studies to compare the compensation packages to generally accepted practices for publicly traded companies. The major elements of the executive compensation packages consist of base salary, annual performance-based cash incentives, incentive stock options and a registered retirement savings plan contribution matching program. The Committee has the responsibility to annually review and recommend for approval by the Board, corporate goals and objectives relevant to the CEO's compensation package, as well as review and approve the CEO's compensation based on the Committee's evaluation of the CEO's performance. The Committee is also responsible to review, evaluate, and recommend compensation packages for (i) the directors of the Board, including the Chair of the Board (ii) each executive officer who reports to the CEO, and (iii) any other employee that the Committee determines appropriate from time to time.

Base salary has been determined for each named executive officer based upon individual performance and in relation to comparable positions within corporations of comparable size in similar industries. The compensation awarded to Kenneth Kirkpatrick, President and Chief Executive Officer and John Sentjens, Chief Financial Officer (CFO) and Vice President, Finance (VP, Finance), Wayne Zachary, Vice President & General Manager (VP & GM) U.S. Systems Operations, Wayne Hoyle, Vice President & General Manager (VP & GM) Offshore Systems, James Liddy, Vice President Layered Security Solutions (VP, LSS) and the independent Directors was determined with reference to a report dated June 6, 2008 prepared by Lane Caputo Compensation Inc. Base salary levels are intended to attract and retain executives, provide fair and competitive compensation commensurate to an executive's experience, as well as to reward individual performance and one's achievement of objectives. Annual performance-based incentives are designed to encourage and award improved performance from year to year. The compensation of Kenneth Kirkpatrick, the President and CEO, (who was appointed to the position on November 7, 2005) consists of the same elements as are included in the compensation of other executive officers as described below and is established by the Board in consultation with the Committee based on its opinion as to a fair and reasonable compensation package, taking into account his contribution to the Company's performance and long-term growth and corporate remuneration practices in Canada and abroad.

The Company's executive compensation programs are also designed to attract and retain highly qualified senior executives and recognize that long-term performance incentives are an integral part of aligning the interest of executive officers and the Company's shareholders. Long-term incentives are principally in the form of stock options. When considering whether and how new stock options are to be granted, the Committee considers a number of factors including salary, level of responsibility and the amount and

terms of outstanding stock options and options available for grant as well as the dilutive impact of the program on shareholders. Stock options to executive officers are typically granted early in each fiscal year, vest immediately, and expire in three to five years. There were no stock options granted in fiscal 2008.

Until the end of fiscal 2008, the Company also had in place a plan for the executive officers and all other employees, including the Named Executive Officers, whereby the Company will pay a maximum of 4% of an employee's base salary earned during the year to a designated registered retirement savings plan, provided that the employee matches such payment. The plan was intended to encourage employees to save for their retirement while providing an incentive package that is competitive with those offered by similar companies. The plan was suspended for fiscal 2009 but the Company reserves the right to reintroduce the plan in fiscal 2010.

Report on Executive Compensation submitted by the Committee for the financial year ended November 30, 2008:

Independent Directors

Gerald J. Shields

Raymond W. Johnston

Walter P. Purio

## **2. Summary Compensation Table**

“Named Executive Officers” means the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company, or if the Company does not have a CFO, an individual which acted in a similar capacity, regardless of the amount of compensation of that individual, each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recent financial year and whose total salary and bonus amounted to \$150,000 or more. In addition, disclosure is also required for any individuals whose total salary and bonus during the most recent financial year was \$150,000 whether or not they are an executive officer at the end of the financial year.

During the financial year ended November 30, 2008, the Company had six Named Executive Officers, **Kenneth Kirkpatrick**, President and CEO, **John Sentjens**, CFO, **Wayne Zachary**, VP and GM, U.S. Systems Operations, **Wayne Hoyle**, VP and GM, International Systems Operations, **James Liddy**, VP, LSS, and **Geraldine Burke**, Director of Finance and Administration, U.S. Systems Operations. The following Summary Compensation Table sets out particulars of compensation awarded, paid to or earned by the Named Executive Officers for the years ended November 30, 2008, 2007 and 2006. Canadian Executive Officers are paid in Canadian funds and all others are paid in American funds.

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION			
					AWARDS		PAYOUT	
Name	Year	Salary (\$)	Bonus (\$)	Other <sup>(3)</sup> (\$)	Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	All Other (\$)
Kenneth H. Kirkpatrick <sup>(1)</sup> President and CEO	2008	\$294,500	Nil	\$36,272	Nil	Nil	Nil	Nil
	2007	\$245,000	Nil	\$31,977	20,000	Nil	Nil	\$53,411
	2006	\$249,909	\$78,000	\$9,423	Nil	Nil	Nil	Nil
John Sentjens <sup>(1)(4)</sup> Chief Financial Officer	2008	\$150,000	Nil	\$43,491	Nil	Nil	Nil	\$52,000
	2007	\$147,321	Nil	\$7,256	25,000	Nil	Nil	Nil
	2006	\$131,731	\$39,000	Nil	222,000	Nil	Nil	Nil
Wayne Zachary VP & GM U.S. Systems Operations (U.S.)	2008	\$224,800	Nil	\$10,242	Nil	Nil	Nil	Nil
	2007	\$217,360	\$41,697	\$9,202	25,000	Nil	Nil	Nil
	2006	\$161,784	\$39,453	\$10,497	Nil	Nil	Nil	Nil
Wayne Hoyle <sup>(2)(5)</sup> VP & GM International Systems Operations	2008	\$196,500	\$15,600	\$28,630	Nil	Nil	Nil	Nil
	2007	\$152,242	\$25,013	\$7,321	180,000	Nil	Nil	Nil
	2006	\$126,923	Nil	\$58,218	Nil	Nil	Nil	Nil
Geraldine Burke Director of Finance and Administration, U.S. Systems Operations	2008	\$181,561	Nil	\$10,242	Nil	Nil	Nil	Nil
	2007	\$181,516	\$43,258	\$8,055	Nil	Nil	Nil	Nil
	2006	\$180,753	Nil	\$8,071	Nil	Nil	Nil	Nil
James Liddy <sup>(2)</sup> VP Layered Security Solutions	2008	\$172,558	\$7,973	Nil	Nil	Nil	Nil	Nil
	2007	\$129,931	\$81,983	Nil	200,000	Nil	Nil	Nil
	2006	-	-	-	-	-	-	-

NOTES:

- (1) 'All Other' includes total relocation expenses paid.
- (2) The amount shown under "Bonus" includes commissions paid to Mr. Hoyle for sales made as Director of Sales and to Mr. Liddy as per his contract
- (3) The amount shown under "Other" includes vacation payouts, auto expenses and taxable benefits
- (4) Effective February 10, 2009, John Sentjens resigned as Chief Financial Officer and is now serving as Vice President, Finance. Peter Hunter was appointed as Chief Financial Officer as of April 13, 2009.
- (5) The employment of Wayne Hoyle as VP and General Manager of International Systems Operations of OSI Geospatial Inc. ended effective March 24, 2009

**3. Stock Option Grants During the Financial Year Ended November 30, 2008**

There were no stock options granted to the Named Executive Officers during the Company's 2008 fiscal year.

**4. Aggregated Stock Option Exercises During the Financial Year Ended November 30, 2008 and Financial Year-End Option Values**

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at FY-End (#) Exercisable/Unexercisable	Value of Unexercised in-the-money Options at FY-End (\$) Exercisable/Unexercisable
Kenneth H. Kirkpatrick President and CEO	Nil	Nil	308,333 Exercisable Nil Unexercisable	Nil Exercisable Nil Unexercisable
John T. Sentjens <sup>(1)</sup> Chief Financial Officer	Nil	Nil	247,000 Exercisable Nil Unexercisable	Nil Exercisable Nil Unexercisable
Wayne Zachary VP & GM of U.S. Systems Operations	Nil	Nil	125,000 Exercisable Nil Unexercisable	Nil Exercisable Nil Unexercisable
Wayne Hoyle <sup>(2)</sup> VP & GM of International Systems Operations	Nil	Nil	225,000 Exercisable Nil Unexercisable	Nil Exercisable Nil Unexercisable
Geraldine Burke Director of Finance and Administration, U.S. Systems Operations	Nil	Nil	50,000 Exercisable Nil Unexercisable	Nil Exercisable Nil Unexercisable
James Liddy VP Layered Security Solutions	Nil	Nil	200,000 Exercisable Nil Unexercisable	Nil Exercisable Nil Unexercisable

**NOTES:**

- (1) John Sentjens served as Chief Financial Officer in FY2008 and resigned this position effective February 10, 2009  
(2) Wayne Hoyle served as VP and GM of International Systems Operations in FY2008 and was terminated March 24, 2009

**5. Stock Option and Stock Appreciation Rights (SAR) Repricing**

During the most recently completed financial year, the Company did not reprice downward any stock options held by any Named Executive Officer. The Company has not issued any freestanding SAR.

**6. Defined Benefit or Actuarial Plan**

The Company does not have a defined benefit or actuarial plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service.

**7. Termination of Employment, Change in Responsibilities and Employment Contracts**

The following summary describes the material terms and conditions of the employment contracts between the Company and each of the Named Executive Officers as of the Company's financial year ended November 30, 2008.

*Kenneth Kirkpatrick*

Kenneth Kirkpatrick serves as President and CEO pursuant to an employment contract dated November 7, 2005 and amended March 22, 2007. The employment contract is for no fixed term. The contract may be

terminated by the Company at any time for cause, and at any time without cause upon 18 months' notice or payment of 18 months' base salary in lieu of notice. Mr. Kirkpatrick's current base salary under the contract is \$300,000. Mr. Kirkpatrick is also eligible to receive stock options as well as cash bonuses at the discretion of the Board of Directors, based on the Company meeting certain performance objectives (subject to a maximum of 60% of his base salary). In addition, Mr. Kirkpatrick was eligible to participate in a plan offered to all employees whereby the Company will pay a maximum of 4% of his base salary earned during the year to a designated registered retirement savings plan provided that he matches such payment. The employment contract provides that in the event of a change of control of the Company or take-over, Mr. Kirkpatrick may, at his option, terminate the contract, in which event he is entitled to a severance payment equal to 18 months base salary. The employment contract also includes provisions in favour of the Company related to confidentiality, proprietary rights and intellectual property, and non-competition and non-solicitation of employees and customers of the Company.

#### *John Sentjens*

John Sentjens served as Chief Financial Officer until February 10, 2009 pursuant to an employment contract dated November 14, 2005 and amended September 25, 2007 (the "Employment Contract"). The Employment Contract was for no fixed term. The Employment Contract could be terminated by the Company at any time for cause, and at any time without cause upon 12 months' notice or payment of 12 months base salary in lieu of notice. Mr. Sentjens' base salary under the contract was \$150,000. Mr. Sentjens was also eligible to receive stock options as well as cash bonuses at the discretion of the Board of Directors, based on the Company's meeting certain performance objectives (to a maximum of 30% of his base salary). In addition, Mr. Sentjens was eligible to participate in a plan offered to all employees whereby the Company paid a maximum of 4% of his base salary earned during the year to a designated registered retirement savings plan provided that he matched such payment. The Employment Contract also included provisions in favour of the Company related to confidentiality, proprietary rights and intellectual property, and non-competition and non-solicitation of employees and customers of the Company. Subsequent to the year ended November 30, 2008 and effective February 10, 2009, John Sentjens resigned as Chief Financial Officer and the Employment Contract was replaced with a new contract (the "New Contract") with John Sentjens serving as Vice President, Finance. All other terms of the New Contract remained the same as the Employment Contract.

#### *Wayne Zachary*

Wayne Zachary serves as Vice President & General Manager of OSI's U.S. Systems Operations pursuant to an employment contract dated December 14, 2005 and amended March 1, 2008. The employment contract is for a 3-year fixed term, subject to earlier termination, with the option to extend for successive 1 year periods. The contract may be terminated by the Company at any time for cause, and at any time without cause upon the continuation of base salary for a period of 12 months following termination. Mr. Zachary's current base salary under the contract is US\$220,000. He is also eligible to receive stock options at the discretion of the Board of Directors as well as cash bonuses based on the Company's meeting certain performance objectives (to a maximum of 40% of his base salary). In addition, Mr. Zachary was entitled to a company-leased or -owned automobile with an MSRP not to exceed \$30,000 during 2008. Mr. Zachary was eligible to participate in a plan offered to all employees whereby the Company will pay a maximum of 3% of his base salary earned during the year to a retirement fund provided he matches such payment. The employment contract also includes provisions in favour of the Company related to the confidentiality, proprietary rights and intellectual property, and non-competition and non-solicitation of employees and customers of the Company.

*Wayne Hoyle*

Wayne Hoyle served as Vice President & General Manager of OSI's International Systems Operations pursuant to an employment contract dated July 17, 2006 and amended January 1, 2008. The employment contract was for no fixed term. The contract may be terminated by the Company at any time for cause, and at any time without cause upon 12 months' notice or payment of 12 months' base salary in lieu of notice. Mr. Hoyle was paid a base salary of \$200,000 and was eligible for stock options at the discretion of the Board of Directors. Mr. Hoyle was eligible for cash bonuses at the discretion of the Board of Directors based on the Company meeting certain performance objectives (to a maximum of 30% of his base salary). In addition, Mr. Hoyle was eligible to participate in a plan offered to all employees whereby the Company will pay a maximum of 4% of his base salary earned during the year to a designated registered retirement savings plan provided that he matched such payment. The employment contract also included provisions in favour of the Company related to the confidentiality, proprietary rights and intellectual property, and non-competition and non-solicitation of employees and customers of the Company. This contract was terminated on March 24, 2009. Pursuant to the employment contract, Mr. Hoyle will be paid 12 months base salary and benefits and commissions owed within a 12 month period.

*Geraldine Burke*

Geraldine Burke serves as Director of Finance and Administration of OSI's U.S. Systems Operations pursuant to an employment contract dated December 14, 2005. The employment contract is for a 3-year fixed term, subject to earlier termination, with the option to extend for successive 1 year periods. The contract may be terminated by the Company at any time for cause, and at any time without cause upon the continuation of base salary for a period of 12 months following termination. Ms. Burke's current base salary under the contract is US\$173,659. She is also eligible to receive stock options at the discretion of the Board of Directors as well as cash bonuses based on the Company's meeting certain performance objectives (to a maximum of 35% of her base salary). Ms. Burke was eligible to participate in a plan offered to all employees whereby the Company will pay a maximum of 3% of her base salary earned during the year to a retirement fund provided that she matches such payment. In addition, Ms. Burke was entitled to a company-leased or -owned automobile with an MSRP not to exceed \$30,000 during 2008. The employment contract also includes provisions in favour of the Company related to the confidentiality, proprietary rights and intellectual property, and non-competition and non-solicitation of employees and customers of the Company.

*James Liddy*

James Liddy serves as Vice President; Layered Security Solutions for a division of the Company's U.S. Systems Operations pursuant to an employment contract dated March 6, 2007. The contract may be terminated by the Company at any time for cause, and at any time without cause upon the continuation of base salary for a period of 6 months following termination. Mr. Liddy's current base salary under the contract is US\$165,000. He is also eligible to receive stock options at the discretion of the Board of Directors as well as sales commission of 1.75% gross sales. Mr. Liddy was eligible to participate in a plan offered to all employees whereby the Company will pay a maximum of 3% of his base salary earned during the year to a retirement fund provided that he matches such payment. The employment contract also includes provisions in favour of the Company related to confidentiality, proprietary rights and intellectual property, and non-competition and non-solicitation of employees and customers of the Company.

## **8. Other Compensation**

Other than as set forth herein, the Company did not pay any additional compensation to Named Executive Officers during the financial year ended November 30, 2008.

## **9. Director Compensation**

### *Cash Compensation*

During the Company's fiscal year ended November 30, 2008, each member of the Board of Directors who was not an employee of the Company was paid an annual retainer of \$15,000. The Chair of the Board was paid an annual retainer of \$50,000. In addition, each member of the Board of Directors who was not an employee of the Company was entitled to receive \$1,500 for each Board meeting attended in person, and \$1,500 for each Board meeting that was held by means of video teleconferencing or telephone conference call (a "teleconference"), if of significant length or involving significant preparation. Canadian directors are paid in Canadian funds and all other directors are paid in U.S. funds. During the fiscal year, the Board held four face-to-face meetings and nine video teleconference or teleconference call meetings. The directors as a group were paid an aggregate of approximately \$81,000 for attending or participating in these meetings.

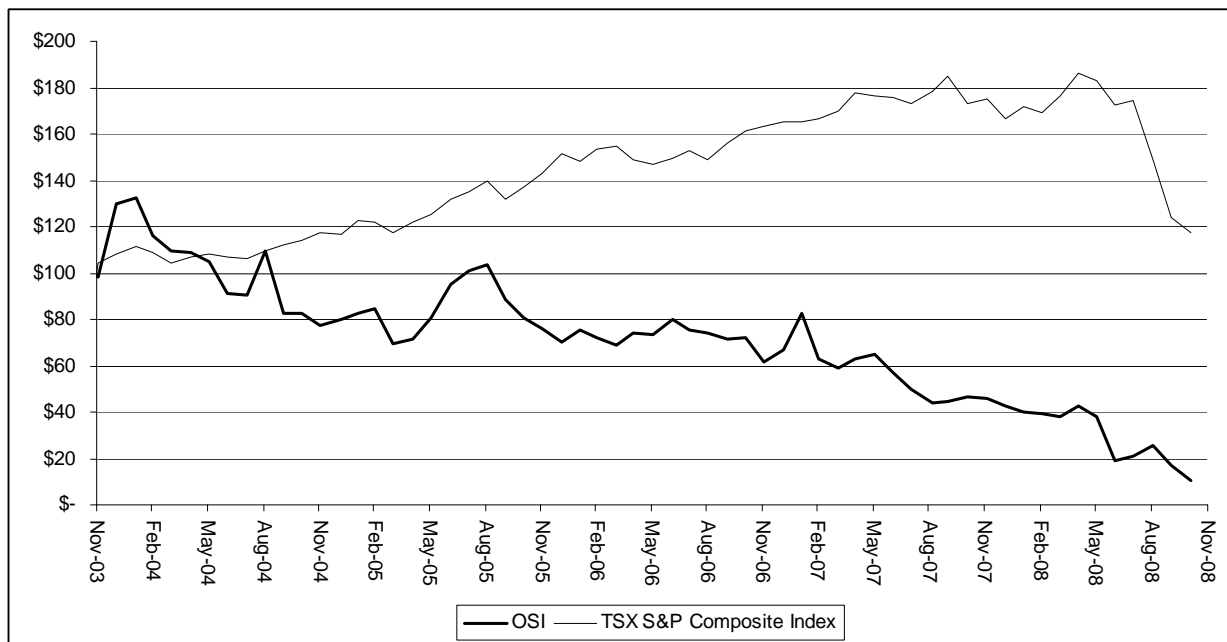
The Audit Committee chair was paid an annual retainer of \$10,000 and the Human Resources and Compensation Committee chair was paid an annual retainer of \$5,000. Members of the Audit Committee, members of the Human Resources and Compensation Committee and members of the Executive Committee were paid \$1,500 for each committee meeting attended. Members of the Committees were paid a total of approximately \$33,677 for attending or participating in a total of 12 Committee meetings.

### *Stock Options*

The directors, who were not Named Executive Officers, were not granted stock options under the Company's stock option plans in their capacity as directors during the financial year ended November 30, 2008.

## **10. Stock Performance Graph**

The following graph compares the total cumulative shareholder return for \$100 invested in the common shares of the Company traded on the Toronto Stock Exchange ("TSX") with the TSX S&P Composite Index during the period December 1, 2004 through November 30, 2008.



**Figure 1 Stock Performance Graph**

## ***II. Securities Authorized for Issuance under Equity Compensation Plans***

### **Equity Compensation Plans**

The Company currently has three incentive stock option plans in place: the amended 1994 Employee Stock Option Plan, the amended 1996 Employee Stock Option Plan, and the amended 1998 Employee Incentive Stock Option Plan (the “Current Plans”). The Current Plans were approved by the Toronto Stock Exchange and the shareholders and the terms of all the stock option are the same in all material respects except for the number of shares reserved for issuance under each of them. The Company has three stock option plans because, historically, as the number of shares available for granting under one stock option plan was depleted, the Company would adopt another plan. Since 1998 the Company has amended its 1998 stock option plan on three occasions to replenish the number of shares available for granting under the plan, rather than adopting a new plan.

Under the Current Plans, as at the date of this Information Circular, an aggregate of 3,430,166 (representing 7.3%) common shares of the Company remain outstanding and unexercised (the “Existing Options”) and 844,328 (1.8%) are available for future grants. The Existing Options represent 9.1% of the Company’s issued and outstanding share capital. At the Meeting, shareholders will be asked to approve a resolution authorizing the replacement of the Current Plans.

The terms of the Current Plans authorize the Board of Directors to grant stock options to optionees on the following terms:

#### ***Eligible Participants***

Stock options may be issued to directors, senior officers, employees, contractors, consultants, and other service providers of the Company or of any of its affiliates or subsidiaries.

### ***Maximum Stock Options per Person***

The number of shares reserved for issuance to any one stock option holder pursuant to stock options granted under the Current Plans may not exceed 5% of the outstanding common shares of the Company at the time of grant.

### ***Exercise Price***

The exercise price of stock options granted under the Current Plans is set by the Board of Directors at the time that the stock options are granted. The exercise price must be equal to the closing price of the Company's common shares on the TSX on the date immediately preceding the date of grant.

### ***No Assignment***

The stock options may not be assigned or transferred.

### ***Vesting***

The Board of Directors has discretion to impose terms and conditions as to the vesting of stock options. Any vesting provisions are set at the time that the stock options are granted.

### ***Term***

The term of stock options is set by the Board of Directors at the time of grant. No maximum term is prescribed under the Current Plans. To date no options have ever been granted by the Board for a term exceeding five years.

### ***Termination of Options***

The provisions respecting termination of stock options may be set by the Board of Directors. If the Board does not so specify, stock options held by an optionee terminate after the earliest of (i) three months after the optionee's employment terminates by reason of his disability or retirement, (ii) 12 months after his or her death (in which case his or her estate may exercise them), (iii) 30 days from the date of termination of the optionee's employment with the Company other than by reason of death, disability or retirement. If an employee is terminated without cause, the Board, at its discretion may allow the optionee to retain his or her stock options for the unexpired term of the stock options.

### ***Amendments to Stock Option Plans***

No material amendments may be made to the Current Plans without the approval of the TSX and the Company's shareholders by way of vote.

### ***Financial Assistance***

The Company does not provide financial assistance to optionees to facilitate the exercise of their options. The Company's Current Plans contain provisions for the creation of a payroll deduction plan to fund option exercises, but the Company has not implemented such a plan.

On April 8, 2009, the directors, subject to the necessary shareholder approval and regulatory acceptance, revoked the Current Plans and adopted, effective April 8, 2009, a new form of incentive stock option plan (the "New Plan") which provides for the number of shares reserved for issuance under such plan to be

equal to 10% of the issued and outstanding shares at the time of any stock option grant. See “Particulars of Matters to be Acted Upon – Replacement of Stock Option Plans”.

## **12. Equity Compensation Plan Information**

The compensation plans under which equity securities of the Company are authorized for issuance are the three Stock Option Plans (the “Current Plans”) of the Company, all of which have been approved by the shareholders. The following table sets out a summary of the number of securities to be issued upon the exercise of outstanding options as at the Company’s year-end of November 30, 2008.

	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
Equity compensation plans approved by securityholders	3,430,166	\$0.80	844,328

### *Number of Securities Issued and Issuable*

Each stock option granted under the Current Plans is exercisable into one common share of the Company. The aggregate number of shares issuable under the Current Plans is 10,930,732 (23% of issued and outstanding common shares). As of the date of this Circular options on a total of 3,430,166 common shares have been granted and are unexercised, representing 7.3% of the total issued and outstanding common shares of the Company. In addition, options on a further 844,328 common shares have been reserved for future grants under the Current Plans as of the date hereof, representing 1.8% of the number of common shares currently outstanding. The total number of stock options issued and issuable under the Current Plans as of the date of this Circular represents 9.1% of the total issued and outstanding common shares of the Company.

## **D. CORPORATE GOVERNANCE**

### **1. Board of Directors**

As of the date of this Circular, the directors of the Company are Raymond Johnston, Kenneth Kirkpatrick, Helmut Lobmeier, Captain Walter Purio, Gerald Shields, Donald Young and Steve Barnett. Messrs. Johnston, Lobmeier, Purio, Shields, Young and Barnett are independent directors, while Mr. Kirkpatrick is not independent.

A member of the Board of Directors (“the Board”) is considered not to be “independent” if he or she has a direct or indirect “material relationship” with the Company as set out in Section 1.4 of National Instrument 52-110 - Audit Committees. Mr. Kirkpatrick is not an independent director inasmuch as he serves as President and CEO of the Company. Directors who have an interest in a transaction involving the Company are required to declare such interest and abstain from voting on any resolution respecting such transaction.

The following directors of the Company are currently directors of other reporting issuers as noted opposite their names:

Name	Name of Reporting Issuers
Gerald J. Shields	E-Shippers Management Ltd. Rainy River Resources Ltd. Ryland Oil Corporation
Donald Young	Kimber Resources Inc.
Steve Barnett	InContact, Inc. Medis Technologies Ltd.

During the course of meetings of the Board of Directors, the Board regularly holds in-camera sessions at which members of management, including Mr. Kirkpatrick, the President and CEO, are excused. The independent directors do not regularly hold meetings consisting only of the independent directors due to the fact that the board is comprised primarily of independent directors. Mr. Johnston, who serves as Chair of the Board (which is not a full-time position), is an independent director. The responsibilities of the Chair include ensuring that the Board discharges its obligations, understands the boundaries between the responsibilities of the Board and those of management, ensuring that all Board meetings are run in an orderly manner, assisting and scheduling Board meetings, ensuring that the Board complies with the Company's Corporate Governance Policies, and ensuring that the Board meets on a regular basis without management.

From December 1, 2007 to November 30, 2008, the Board met in person four times and by either video teleconference or teleconference, nine times. All of the directors participated in all of the meetings while serving as a Director. Mr. Joseph Stroud ended his term as a Director as of April 9, 2008.

#### ***Board of Directors' Mandate***

The Board of Directors' mandate is published on the Company's website at [www.osigeospatial.com](http://www.osigeospatial.com). A true copy of the Board's mandate is attached as Schedule A to this Information Circular.

#### **2. *Position Descriptions***

The Board has developed a written position description for the Chair. The Board has not developed written position descriptions for the Chairs of any of the Board committees. The Chair of each committee is charged with the responsibility of scheduling committee meetings and putting forth the proposed agenda for the meetings, ensuring that the committee fulfils its mandate as set out in the Company's Corporate Governance Policy, ensuring that proper minutes of the meetings are taken and preparing and submitting reports to the Board respecting the proceedings of the committees.

The Company has developed, and the Board has approved, a written position description for the CEO.

#### **3. *Orientation and Continuing Education***

New directors are given extensive briefings by the Chair of the Board, the CEO, and other members of senior management with respect to the business and operations of the Company, and they make an on-site visit to the Company's headquarters. New directors are also provided with a record of public and other pertinent information concerning the Company. Directors are provided with summaries of developments and regulatory amendments to corporate governance policies on an ongoing basis. At the last Board meeting of each year a proposed schedule for Board meetings for the forthcoming year is presented, and

the time commitment required of the Board and committee members is reviewed to ensure that all directors and committee members are made aware of what is expected of them.

#### **4. *Ethical Business Conduct***

The Company has adopted a Code of Ethics for Directors and Senior Officers (the “Code”), which has been distributed to them, as well as a Code of Ethics for Employees, which has been distributed to all directors, officers, employees and consultants. Copies of the Code are available from the Company on written request and are available for viewing on [www.sedar.com](http://www.sedar.com) and the Company’s investor website at [www.osigeospatial.com](http://www.osigeospatial.com). If a person knows of or suspects a violation of the Code to which he or she is subject, that person must immediately report the alleged violation to the Chair of the Board or, if he or she is not available, then to the Chair of the Audit Committee. In addition, the Board has adopted a whistle blower policy for directors, officers and employees and a whistler blower policy for third parties (i.e. persons who are not employed by the Company), which permit people to anonymously report unethical conduct concerning directors, officers and employees of the Company to an outside agency.

#### **5. *Nomination of Directors***

Due to the relatively small size of the Board, the Board does not have a nominating committee; rather, the Board as a whole assumes responsibility to assess and make recommendations regarding Board effectiveness and to establish a process for identifying, recruiting, appointing, re-appointing, and providing ongoing education and development for directors.

It is the role of the Chairman of the Board and the Executive Committee to identify candidates. From time to time, it may be necessary to enlist the services of an identification firm to assist in the identification and introduction of Board candidates. Once a candidate is determined to be a potential, a recognized recruitment firm is enlisted to conduct a thorough review of the candidate and to assist in the recruitment process. Following their review, the Chairman will negotiate terms that compliment the Company’s objectives and bylaws. The candidate is then nominated to the Board for their approval and, if approved, an invitation to join the Board is sent to the candidate and upon their acceptance and with the approval of the Board, a press release is issued. Should shareholder approval be required, the Director will be nominated in this Circular and the vote taken at the Annual General Meeting.

To encourage an objective nomination process, the board in considering potential nominees, takes into account the current composition of the board, the ability of the individual candidate to contribute to the effective management of the Company, the ability of the individual to contribute sufficient time and resources to the board, the current and future needs of the Company, the individual’s direct experience in the software industry, the individuals direct experience with public companies, the individual’s skills and knowledge and the skills and knowledge of existing members of the board. The nominee must not have a significant conflicting public company association.

#### **6. *Compensation***

The Human Resource and Compensation Committee (the “HR Committee”) comprised entirely of independent Directors Raymond Johnston, Captain Walter Purio and Gerald Shields is mandated to review, and recommend to the Board for approval, the remuneration of senior management and directors. Compensation is reviewed not less than annually. The HR Committee and the Board consider responsibilities, risks, time commitment, and comparative remuneration in determining compensation. See “Report on Executive Compensation” in Part B.

The HR Committee retained the firm of Lane Caputo Compensation Inc. to prepare a survey of compensation in connection with the consideration of compensation set for Ken Kirkpatrick, CEO, John Sentjens, CFO and Corporate Secretary, Wayne Zachary, VP and GM, U.S. Systems Operations and Wayne Hoyle, VP and GM, International Systems Operations and the Independent Directors. Lane Caputo was mandated to provide salary ranges for senior executives holding those positions in companies of comparable size in the high tech industry. See “Report on Executive Compensation” for further particulars.

The Human Resources and Compensation Committee recommends executive compensation to the Board of Directors. The Committee recommended Mr. Kirkpatrick’s compensation in those capacities be set with reference to the report received from Lane Caputo Compensation Inc. referred to above. The Board of Directors sets Mr. Kirkpatrick’s compensation.

#### **7. *Other Board Committees***

In addition to the Audit Committee and the Human Resources and Compensation Committee, the Board has one other standing committee, namely the Executive Committee. The responsibilities of the Executive Committee are to:

- (a) Recommend corporate governance procedures;
- (b) Define limits of management’s responsibilities;
- (c) Assist the Board in identifying new directors for nomination to the Board and to assess directors on an ongoing basis;
- (d) Oversee the adequacy of operating capital to implement the Company’s business plan;
- (e) Approve the engagement of individual directors of outside advisors at the Company’s expense in appropriate circumstances; and
- (f) Oversee the Company’s activities in the area of investor relations and relations with the capital markets.

#### **8. *Assessments***

Pursuant to the Company’s Board of Directors’ Mandate, attached as Schedule “A” to this Information Circular, the Board is responsible for annually assessing the effectiveness of the Board as a whole, its committees, and the contributions of individual directors.

#### **9. *Audit Committee and Relationship with Auditor***

Pursuant to National Instrument 52-110 *Audit Committees*, the Company has provided disclosure with respect to its Audit Committee in the Company’s Annual Information Form (the “AIF”) dated February 19, 2009 for the financial year ended November 30, 2008. Please refer to the AIF for this information. The AIF is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **10. *Indebtedness of Directors and Executive Officers***

At any time during the Company’s last completed financial year, no director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such

director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries is or has been indebted to the Company or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

#### ***11. Management Contracts***

Management services for the Company are not, to any material degree, performed by persons other than the directors and executive officers of the Company.

#### **E. ADDITIONAL INFORMATION**

Additional information respecting the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and is also available on the Company's web site at [www.osigeospatial.com](http://www.osigeospatial.com). Securityholders may contact the Company to request copies of the Company's financial statements and Management's Discussion and Analysis at the following address:

**OSI GEOSPATIAL INC.**  
Suite 300-340 March Road  
Ottawa, Ontario K2K 2E4  
Canada  
Phone: 613-287-0462  
Email: [invest@osigeospatial.com](mailto:invest@osigeospatial.com)

Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the financial year ended November 30, 2008.

The contents and sending of this Information Circular have been approved by the Board of Directors of the Company.

## **SCHEDULE A**

### **BOARD OF DIRECTORS' MANDATE**

The board of directors of the Corporation has overall responsibility for the stewardship of the Corporation, including responsibility for:

- (a) Adoption of a strategic planning process and approval and review, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business;
- (b) Identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (c) Succession planning, including appointing, training and monitoring senior management in general and the CEO in particular;
- (d) communication policies for the Corporation, which policies should (i) address how the Corporation interacts with analysts, investors, other key stakeholders and the public; (ii) contain measures for the Corporation to comply with its continuous and timely disclosure obligations and to avoid selective disclosure; and (iii) be reviewed at least annually;
- (e) The integrity of the Corporation's internal control and management information systems;
- (f) Developing the Corporation's approach to corporate governance issues; and
- (g) Assessing the effectiveness of the Board, the recruitment of new directors and the provision of orientation and education programs for new directors.

#### ***Strategic Planning***

Senior management of the Corporation must develop long-term strategies with respect to the Corporation's operations to be adopted by the board of directors. The strategies are to be reviewed and updated not less than annually and otherwise as reasonably required. Included in the development of these long-term strategies will be annual strategic, operating and capital plans. The strategic plan is to take into account, among other things, the opportunities and risks of the Corporation's business.

#### ***Identification and Management of Risks***

The board of directors has the responsibility to identify the principal risks of the Corporation's business and must, with management, establish systems and procedures to ensure that these risks are monitored. These systems and procedures must include the effective management of the Corporation's assets and financial resources, and must ensure compliance with all regulatory obligations.

#### ***Supervision and Succession of Management***

The board of directors is responsible for the supervision of senior management to ensure that the operations of the Corporation are conducted in accordance with objectives set by the board. The board must approve all appointments of senior management and, as part of the Corporation's planning process, review and discuss succession planning for senior management positions.

### ***Corporate Disclosure Policy***

The Corporation's Corporate Disclosure Policy is incorporated in the Written Disclosure Policy of the Corporation and is available on its Web Site at [www.osigeospatial.com](http://www.osigeospatial.com). Following it will ensure that all material issues relating to the Corporation are communicated to shareholders and other stakeholders adequately. It includes provisions regarding the release of annual and quarterly reports and press releases.

In addition to annual general meetings, meetings will be held from time to time in each year between management and various investors, investment analysts, credit rating agencies and financial institutions. Selective disclosure to investors and investment analysts is not permitted and the Corporate Disclosure Policy contains measures to ensure this does not occur.

The Corporate Disclosure Policy must be reviewed annually by the board.

### ***Internal Control***

The board of directors, through the Audit Committee, is responsible for the integrity of the internal control and management information systems of the Corporation. The duties of the Audit Committee are discussed in the Company's annual information form. Please refer to the annual information form for this information. The annual information form is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Securities Trading Policy***

The Corporation's Securities Trading Policy sets out Blackout Periods during which trading in securities of the Corporation is prohibited and is incorporated in the Written Disclosure Policy of the Corporation. It is available on the Corporation's Web Site at [www.osigeospatial.com](http://www.osigeospatial.com).

### ***Outside Advisors***

An individual director may engage an outside advisor at the expense of the Corporation in appropriate circumstances and subject to approval of the Executive Committee of the board.

### ***Independence of the Board***

In order to ensure that the board of directors can function independently of management, it must:

- (a) Appoint a chair of the board who is not a member of management who will have responsibility to ensure the board discharges its responsibilities; or
- (b) Assign this responsibility to an outside director known as the lead director. The chair or lead director should ensure that the board:
  - (i) Understand the boundaries between the board and management responsibilities;
  - (ii) Address its responsibilities under this Corporate Governance Policy; and
  - (iii) Meet on a regular basis without management present.

Please direct all inquiries to:

**QUESTIONS AND FURTHER ASSISTANCE**

If you have any questions about the information contained in this document or require assistance in completing your proxy form, please contact our proxy solicitation agent at:



**100 University Avenue  
11th Floor, South Tower  
Toronto, Ontario  
M5J 2Y1**

North American Toll Free Number: 1- 888-605-7632