

**ANNUAL INFORMATION FORM
OCTOBER 28, 2005**



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Date of information: All information contained in this Annual Information Form is dated August 31, 2005 unless otherwise stated. All documents incorporated by reference in this Annual Information Form are available on SEDAR at www.sedar.com.

Forward Looking Statements

In order to provide our investors with an understanding of our current results and future prospects, this annual information form contains statements that are forward looking. These forward looking statements represent Matrikon's intentions, plans, expectations and beliefs as of October 28, 2005 and are based on our experience and our assessment of historical and future trends and the application of key assumptions relating to future events and circumstances. We disclaim any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events, or for any other reason.

Forward looking statements involve risks and uncertainties related to our business and the general economic environment, many beyond our control. These risks, uncertainties and other factors could cause our actual results to be materially different. The principal risks that could affect our results are discussed beginning on page 46 of Matrikon's 2005 Annual Report.

Corporate Structure

Name and Incorporation

Matrikon Inc. ("Matrikon" or the "Corporation") was incorporated on May 27, 1999 under the *Alberta Business Corporations Act*, amalgamated with TigrSoft Inc. on March 31, 2001 and is the continuing operation of Matrikon Consulting Inc., a privately held corporation that was incorporated on September 21, 1988.

Head Office:

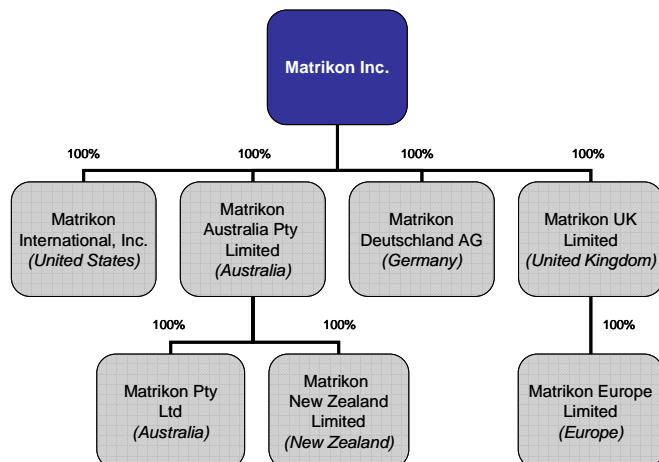
Matrikon Inc.
1800, 10405 Jasper Avenue
Edmonton, AB T5J 3N4

Registered Office:

2900 Manulife Place
10180 – 101 Street
Edmonton, AB T5J 3V5

Intercorporate Relationships

As of October 28, 2005, Matrikon's corporate structure of major subsidiaries was as follows:



Matrikon owns all of the issued and outstanding shares of Matrikon International Inc., incorporated on April 14, 1999 under the laws of the state of New Jersey. Business in the United States is conducted through this corporation.

Matrikon Inc. incorporated Matrikon Australia Pty Limited on August 28, 2002 under the *Corporations Act 2001* (Australia). Matrikon Australia Pty Limited is a wholly owned holding company and carries on no active business.

Matrikon Pty Ltd. was originally incorporated as Rombix Pty Limited on December 13, 1983 pursuant to the Companies (New South Wales) Code. On February 22 of 1984, Rombix Pty Limited changed its name to Hunter Control Pty Ltd. On September 5, 2002, Matrikon Australia Pty Limited acquired all issued and outstanding shares of Hunter Control Pty Ltd., a corporation incorporated under the *Corporations Act 2001* (Australia). On November 1, 2002 Hunter Control Pty Ltd. changed its name to Matrikon Pty Ltd. Business in Australia is conducted through this wholly owned corporation. Business in New Zealand was also conducted through Matrikon Pty. Ltd. but since September 1, 2005 Matrikon New Zealand Limited has conducted the business in New Zealand.

Matrikon UK Limited was incorporated under the *Companies Act 1985* (United Kingdom) as Alphanear Limited on February 26, 2004. Matrikon Inc. acquired Alphanear Limited to facilitate the acquisition of PI Automation Limited in 2004 (now known as Matrikon Europe Limited). Alphanear Limited, a wholly owned holding company with no active business of its own, changed its name to Matrikon UK Limited on May 14, 2004.

Matrikon Europe Limited was originally incorporated under the *Companies Act 1985* (United Kingdom) as Performance Improvements (PI) Systems Limited on August 8, 2000 and changed its name to PI Automation Limited on October 12, 2000. PI Automation Limited was acquired by Matrikon UK Limited on May 18, 2004 and subsequently changed its name to Matrikon Europe Limited on May 26, 2004. Matrikon Europe is wholly owned by Matrikon UK Limited.

General Development

General Description

Matrikon Inc. is engaged in the industrial information technology ("IT") industry. Matrikon provides plant level IT consulting services and software solutions to industrial clients and focuses on the following core industries: oil & gas, petrochemicals & refining, power & utilities, pulp & paper, and mining & minerals.

Products

Matrikon's product suites consist of complementary technologies that solve some of the biggest challenges industrial enterprises face. Each product increases the value of the data it touches.

Matrikon's current product offering includes:

MatrikonOPC™

MatrikonOPC represents real-time drivers and complementary software focused on enabling communication between plant floor hardware, software and devices. The majority of these products are based on OPC (Object Linking and Embedding for Process Control), the industry standard for plant floor communication.

Matrikon continues to enjoy a global leadership position in this area, with 500+ drivers available.

ProcessSuite™

The ProcessSuite represents Matrikon's core product technologies developed specifically for the process control industries, this technology suite includes solutions for web-based data presentation and collaboration (ProcessNet™), control loop asset optimization (ProcessDoctor™), condition-based monitoring and fault detection (ProcessMonitor™), advanced control technologies (ProcessACT™), on-line downtime reporting (ProcessMORE™) and alarm management (ProcessGuard™).

Most ProcessSuite products are at a mature stage with several years of development and several versions behind them. Base ProcessSuite products are feature rich and stable, enabling current development to focus on high-end features that add significant value and extend the footprint of individual products.

One factor in the level of development is Matrikon's partnership with leading research centers. ProcessDoctor and ProcessMonitor have both benefited from Matrikon's Industrial Research Chair at the University of Alberta. Matrikon sponsored two additional research chairs in 2004, which also focus on research that complements ProcessSuite products.

The future focus for the ProcessSuite is to use the individual components to deliver integrated solutions to complex technical plant and business challenges. The focus will shift from the features of individual products to the solution they deliver and the pricing structure will escalate as befits the complexity of the problem.

A few such solutions have been developed (well optimization, paper break, equipment condition monitoring).

Matrikon's Integrated Industrial Intelligence (MI3™) Platform

The acquisition of the assets of Resolution Integration Solutions, Inc. (Resolution) in April 2005 complements Matrikon's vision for an integrated operation level infrastructure similar to the ERP (enterprise resource planning) platform at the business level. Integration of Resolution and the development MI3 are moving forward.

While manufacturing moves towards an environment of complex collaboration and the need for real-time information continues to increase, companies are beginning to realize that it is no longer sufficient to use ad hoc solutions to integrate the plant floor – much less use this strategy to move data up into the enterprise. MI3 is a single system that provides an integrated environment – less overall system maintenance is required, and a more sustainable, collaborative and auditable solution is achieved.

MxSuite™

The MxSuite represents Matrikon's discrete manufacturing solutions for advanced planning and scheduling from the acquisition of TigrSoft Inc. in 2001.

SCADANet™ 2

SCADANet is Matrikon's industry vertical solution delivered via the Application Service Provider (ASP) model where the solution is 'leased' rather than sold to clients. Matrikon supplies and maintains the infrastructure, which enables smaller companies to benefit from our solutions than would otherwise be possible. A solution for oil & gas was the first focus of this business model.

SCADANet 2 is now in development and will provide users with enhanced capabilities ranging from fault detection and accurate measurements at the well head to production accounting information processing.

In addition, complementary environmental applications for SCADANet are being explored (water quality measurements, water levels, etc.)

Services

Matrikon's comprehensive services deliver added value by providing customized solutions that meet an individual client's specific and unique needs, from single applications to site-wide and enterprise-wide solution integration. Matrikon's global service divisions are primarily focused on:

Implementing Matrikon Products

- Installing, training and assisting clients through the process of institutionalizing Matrikon products.
- Developing and implementing solutions based on Matrikon technology (well optimization, paper break, equipment condition monitoring, etc.)

Production-Asset Optimization

Provides production asset and process control performance optimization services, including: condition based maintenance and equipment health monitoring; advanced process control; multivariate control using ProcessACT; control loop performance assessment and tuning; expert systems; alarm objective analysis and alarm rationalization; statistical modeling and analysis; power optimization.

Collaborative Production Management

Facilitates operational excellence through the management of plant operations, including: planning and scheduling implementation; capacity planning; resource management; inventory planning and control; plant information management systems; web portal and portal management systems; genealogy and production tracking solutions; lab information management systems; operator log book/delay reporting; computerized maintenance management systems; batch management systems.

Enterprise Integration Solutions

Focuses on the development and deployment of applications that bridge the gap between operational and business layers in industrial environments, including: embedded software development; connectivity of plant floor to ERP (Enterprise Resource Planning) business applications; custom software development solutions; plant network design audits and management; cyber security.

VisionMap

Matrikon's VisionMap provides a detailed and realistic roadmap to achieving industrial operation goals through improved IT, automation and business practices for enhanced profitability, efficiency and competitiveness. The VisionMap process goes through the following five steps and can be applied to a small area of operations or across the enterprise:

- **Benchmark:** Understand business goals & provide detailed analysis of current situation; measure system performance throughout organization; benchmark automation and information technology against industry best practices and company vision
- **Identify Priorities:** Lay out the most cost effective roadmap to becoming best-in-class; identify opportunities for improvement in plant systems and business processes; identify key benefits and perform cost/benefit analysis

- **Create Master Plan:** determine functional requirements, integrated architecture and high-level data model; create detailed, prioritized implementation plan (roadmap); compare master plan to benchmark to confirm cost-benefit analysis
- **Implement:** front end engineering design (FEED) to define specific functional requirements; technology selection criteria; project services from project management to data population, programming, application configuration, system staging, training and organizational change
- **Audit & Verify:** Confirm implementation against plan; audit to verify performance improvements and establish return on investment (ROI); outline next steps for continuous improvement

Three Year History

In September 2002, Matrikon acquired Hunter Control in Australia. Hunter Control (now Matrikon Pty. Ltd.) represented synergies in each aspect of Matrikon's growth strategy: complementary technology (now ProcessACT and ProcessMORE), complementary services expertise (enterprise asset management), expertise in a new industry (mining) and geographic expansion (Australia). In addition, Hunter Control was already familiar with Matrikon and had been acting as our Australian distributor for two years.

In May 2004, Matrikon acquired PI Automation in Scotland. Much like the Hunter Control acquisition, PI Automation (now Matrikon Europe) fit with Matrikon's strategy for geographic expansion and was familiar with our technology, having acted as our European integrator for two years prior to the acquisition.

Other highlights of 2004 include:

- Increasing success with the number and size of enterprise asset management projects in North America with a significant, multi-million dollar project. This strategic area of growth delivers high value solutions to clients and commands higher rates than other service areas.
- Starting two additional research chairs in partnership with clients and leading research centers:
 - The NSERC/ICORE Syncrude/Matrikon Industrial Research Chair in Intelligent Sensing Systems at the University of Alberta
 - The BHP Billiton/Matrikon Australian Research Center for Complex Dynamic Systems and Control at the University of Newcastle.

Beginning in 2004 and continuing in 2005, Matrikon's strategic focus began to evolve from products to solutions: the combination of products with strategic consulting to deliver solutions that address specific client goals related to productivity, efficiency and reliability.

Other highlights of 2005 include:

- Rollout of Matrikon's well optimization solution for two oil and gas clients and a pilot began with a third client.
- In April 2005, Matrikon acquired the assets of Resolution. This technology acquisition provides the foundation for MI3.

Today Matrikon provides services around the world through 17 offices (as of October 28, 2005):

Canada: Edmonton, Vancouver, Calgary, Ft. McMurray, Toronto, Quebec City

United States: St. Louis, Houston, Cleveland

Saudi Arabia: Al Khubar

Australia: Newcastle, Brisbane, Melbourne, Perth, Gladstone

Europe: Aberdeen, Scotland; Cologne, Germany

Matrikon's employee base increased from 448 as at August 31, 2003 to 517 as at August 31, 2005.

In fiscal year 2005, Matrikon completed the acquisition of Resolution Integration Solutions, Inc. (Resolution), a technology company based in Cleveland, Ohio. Subsequent to fiscal year 2005, Matrikon completed the acquisition of our distribution partner, Matrikon Deutschland based in Cologne, Germany. Neither of these acquisitions is considered significant under National Instrument 51-102 Part 8. Matrikon intends to continue to seek out acquisition targets that are small to medium sized IT service providers with complementary skills, products or geographic location.

Description of Matrikon's Business

Matrikon has five business segments: Eastern Canada/United States; Western Canada; Australia; Europe and Product. A sixth segment, Corporate, is a non-revenue earning segment that reflects activities not related to a specific segment and captures corporate expenses. Matrikon evaluates each segment's performance and reports segmented information according to this structure.

The elements common to all segments are described below.

Competitive Conditions

Matrikon's overall competitive condition is described on pages 36 and 37 of the 2005 annual report, incorporated herewith and filed on SEDAR at www.sedar.com.

Matrikon's geographic based competition is small, regional system integrators.

As our focus shifts from selling technology to selling solutions, the differentiation of our product and solution offering is magnified by our full-scale, customized solution capability and our professional services expertise.

Our products are vendor independent, which provides further competitive advantage for large enterprises with distributed operations that are not necessarily aligned on the same hardware and software platform.

Principal Markets

In additions to the geographic and industry focus of each segment described in the table below, the principal market for Matrikon's products and services are worldwide process control industries, including our core markets of oil & gas, petrochemicals & refining, power & utilities, pulp & paper, and mining & minerals, and to a lesser extent, other discrete manufacturing industries including automotive, pharmaceutical and food and beverage.

Intangible Properties

Matrikon relies on a combination of copyright, trademark and trade secret laws, confidentiality procedures and contractual provisions to protect its proprietary rights.

Matrikon provides software products to customers under non-exclusive, non-transferable license agreements. As is customary in the software industry, in order to protect its intellectual property rights, Matrikon does not sell or transfer

title to its products to its customers. Instead, under Matrikon's standard form license agreement, licensed software may be used solely for the customer's internal operations at sites specified in the license contract. However, Matrikon believes that the foregoing measures only afford limited protection. As the industry is subject to rapid technological change, Matrikon believes that factors such as new product development, product enhancement, name and brand recognition, and customer service and support are important in establishing and maintaining a technological advantage.

Products & Services

Matrikon's products (developed, marketed and supported by the Products segment and described on pages 1 – 2) are sold, installed and integrated by all segments.

All geographic segments perform services as described on pages 2 – 3 of this annual information form.

	Western Canada	Eastern Canada/United States	Europe	Australia	Products
Revenue % ¹	32%	12%	10%	18%	28%
Customer Location ² (% of Revenue)	28% (Canada)	26% (US)	19%	22%	n/a
Employees ³ : at 31-Aug-05	180	59	26	95	110
Principal markets	Worldwide services and solutions; support for other geographic segments	Primary industries served include power & utilities, refining & chemical and oil & gas in the United States & Eastern Canada	Primary industries include oil & gas and power & utilities companies in Europe	Primary industries include mining and power & utilities companies in Australia and New Zealand	Worldwide process and discrete manufacturing industries
Distribution methods	Primarily direct sales with some distributors (Middle East)	Direct sales	Direct sales	Direct sales	Direct sales plus existing distributors in Korea, China, Norway. Distributor relationships in development for South Africa and South America
Revenue greater than 15% from sales to customers outside the consolidated entity	No single customer accounts for 15% or more of Matrikon's consolidated revenue.				
Product development	<p>Primarily implementation and consulting services.</p> <p>Well optimization solution primarily at the development stage to date, resulting in high consulting revenue. As this development continues, revenue will shift to license revenue. Research & development conducted internally. Timing estimates to reach full commercial production are 2006-2007. Solution development is paid for, thus costs are not estimated.</p>	<p>Primarily implementation and consulting services.</p>	<p>Primarily implementation and consulting services.</p> <p>Well optimization solution primarily at the development stage to date, resulting in high consulting revenue. As this development continues, revenue will shift to license revenue. Research & development conducted internally. Timing estimates to reach full commercial production are 2006-2007. Solution development is paid for, thus costs are not estimated.</p>	<p>Primarily implementation and consulting services.</p> <p>Products are at commercial production stage with ongoing research and development and product enhancement.</p> <p>Research and development is a combination of internal research and development and sponsored University research (focus on ProcessACT development)</p>	<p>For information on Matrikon's product development stages, refer to pages 28, 29, 34 of Matrikon's 2005 Annual Report</p> <p>Matrikon's research and development is ongoing, with new versions of existing products introduced every 12 – 18 months.</p> <p>Research and development is a combination of internal research and development and University research chairs sponsored by Matrikon to address specific industry problems (see page 34 of Annual Report). Matrikon commercialized technology based on the results of these research chairs.</p> <p>With the exception of MI3, all Matrikon products are at commercial production stage. Initial MI3 development is expected to be completed by the end of 2006.</p>
Specialized skill &	Extensive knowledge of Matrikon	Extensive industry expertise,	Extensive knowledge of Matrikon	Extensive knowledge of Matrikon	Software development

	Western Canada	Eastern Canada/United States	Europe	Australia	Products
knowledge required	products coupled with advanced control and/or software development experience	knowledge of Matrikon products coupled with advanced control	products coupled with advanced control and/or software development experience	products coupled with control and advanced control experience	experience
Cycles	Revenue is typically lower in Q2 (10% less days in the quarter due to December shut down) and in Q4 (July and August vacations)	Revenue is typically lower in Q2 (10% less days in the quarter due to December shut down) and in Q4 (July and August vacations)	Tied to commodity cycles. Increase in larger, longer term projects improves revenue predictability and removes seasonality.	Tied to mining industry economic cycles. In general, typically lower consulting revenue in Q2 (December and January vacations coupled with December shut down)	Q2, which coincides the calendar year end and the end of the budget cycle for many clients may be a strong quarter for the products segment.
Economic dependence	None	Three customers account for over 50% of revenue for this segment through multiple projects.	A major customer accounts for 40% of this segment's revenues through multiple projects. A global preferred vendor agreement was recently entered into with the customer.	None	None

Notes:

- 1 Revenue in geographic-based segments represents where work is performed and not necessarily where the end client is located.
- 2 Geographic revenue represents the physical location of the client site. Western Canada & Eastern Canada are combined as Canada. Other regions represent 5% of revenue.
- 3 An additional 47 people are in the Corporate segment

Risk Factors

Reference is made to pages 46 to 49 of Matrikon's 2005 Annual Report under the heading "Risks related to our business", which are incorporated herewith.

Description of Capital Structure

Matrikon has only one class of shares authorized – common shares authorized in unlimited numbers. Each share has one voting right, however there are no provisions for exchange, conversion, exercise, redemption or retraction. As there is only one class of shares, the common shareholders would not rank behind any other shareholders upon dissolution or winding-up.

Market for Securities

Matrikon's common shares are listed for trading on the Toronto Stock Exchange under the symbol "MTK".

Monthly trading price and volume information for fiscal year 2005 was as follows:

Month	Price (\$)			Traded Volume
	High	Low	Closing	
September 2004	3.25	2.75	2.95	217,113
October 2004	3.10	2.65	2.96	403,264
November 2004	3.10	2.83	3.09	250,830
December 2004	3.10	2.84	3.00	168,469
January 2005	3.57	2.95	3.10	674,446
February 2005	3.56	3.10	3.43	583,629
March 2005	3.50	3.25	3.38	296,936
April 2005	4.26	3.20	4.10	1,022,072
May 2005	4.25	4.02	4.20	532,614
June 2005	4.25	3.95	4.20	370,996
July 2005	5.30	4.11	4.89	882,248
August 2005	5.00	4.50	4.81	3,238,113

Escrowed Securities

Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Common Shares	220,340	0.7%

Shares held in escrow are subject to release upon confirmation that accounts receivable acquired from Resolution are collected and that there are no overruns on projects acquired from Resolution. The date for these confirmations is April 25, 2006. The escrow agent is Fraser Milner Casgrain LLP.

Dividends

Matrikon currently has no plans to pay dividends on its common shares but intends to reinvest its net income in the continued growth and development of its business. The payment of dividends on common shares in the future will depend on our need to finance growth, our financial condition, and other factors that the Board of Directors may consider appropriate in the circumstances.

Directors and Officers

Each director holds office for a period from the date of election until the next annual general meeting of shareholders.

The name and municipality of residence of each director, the Board committees they represent and their principal occupations within the preceding five years are discussed on pages 8 to 10 of the 2005 Management Information Circular of the Corporation, dated October 28, 2005 and are incorporated herewith.

Matrikon's board has two committees. The members of each committee are presented on page 15 (Audit Committee) and page 17 (Compensation and Governance Committee) of the 2005 Management Information Circular and are incorporated herewith.

The name and municipality of residence of each executive officer and their respective positions with Matrikon and principal occupations within the five preceding years are as follows:

Name and Municipality of Residence	Principal Occupation	Officer Since
Nizar J. Somji Edmonton, Alberta	CEO of Matrikon <i>Effective December 9, 2005 Nizar will step down as CEO and become Chairman of the Board, subject to board approval and shareholder re- election</i>	21-Sept-88
Amin Rawji Edmonton, Alberta	President <i>Effective December 9, 2005 Amin will become CEO of Matrikon, subject to board approval</i>	17-Jul-05
	Prior to that Executive Vice President of Matrikon	5-Jan-00
	Prior to that Manager of various business units within Matrikon	15-Nov-95
Nimal Rodrigo Edmonton, Alberta	Chief Financial Officer of Matrikon Prior to that Chief Financial Officer and Vice President of Intuit Canada Limited and Intuit Limited's UK operations.	1-Nov-04 May-96
Shafin U. Kanji Edmonton, Alberta	Executive Vice-President of Matrikon Prior to that Chief Financial Officer of Matrikon Prior to that a Consultant with SAP Canada Inc. (a software company) in Calgary, Alberta	1-Nov-04 7-Sept-99
Floyd Bjorgan Edmonton, Alberta	Vice President of Matrikon Prior to that Managing Director of Australian operations and prior to that Manager of various offices and groups within Matrikon	12-Oct-04 1-Feb-98

Name and Municipality of Residence	Principal Occupation	Officer Since
Cory Engel St. Louis, Missouri	Vice President of Matrikon	15-Dec-03
	Prior to that Branch Manager of St. Louis office of Matrikon and prior to that Manager of the Control & Automation division of Matrikon	2-Sept-97
Mike Brown, Edmonton, Alberta	Vice President of Matrikon	4-Oct-05
	Prior to that, senior consultant at Matrikon	10-Jul-01
	Prior to that, self employed as an independent process control consultant	1-Jan-01
Jeff Gould Edmonton, Alberta	Prior to that, a process control consultant at Walsh Automation Inc.	1-Jan-98
	Vice President of Matrikon	4-Oct-05
Randy Kondor Edmonton, Alberta	Prior to that, product manager at Matrikon	2-Jul-96
	Vice President of Matrikon	4-Oct-05
Warren Mitchell St. Albert, Alberta	Prior to that, manager of OPC sales and the OPC business unit at Matrikon. Prior to that, sales account manager at Matrikon.	1-Oct-97
	Vice President of Matrikon	4-Oct-05
Dave Shook Edmonton, Alberta	Prior to that, manager of the advanced application group at Matrikon and prior to that manager of the control and automation group at Matrikon.	25-Apr-94
	Chief Technology Officer	4-Oct-05
	Prior to that manager of research and development at Matrikon	6-Mar-00
Ian Brown Aberdeen, Scotland	Prior to that, self-employed as a control engineer consultant	1-Oct-98
	Managing Director, Europe	19-May-05
Sam Crisafulli New Lambton, New South Wales	Prior to that managing director of PI Automation until acquired by Matrikon	20-Dec-99
	Managing Director, Australia	12-Oct-04
	Prior to that director of Matrikon Australia	5-Sept-02
	Prior to that manager of the UNAC division of Hunter Control until acquired by Matrikon	23-Mar-01
Gordon Freund Edmonton, Alberta	Prior to that managing director of UNAC Automation Pty Ltd until merged with Hunter Control	1-Apr-97
	General Counsel of Matrikon	16-Jul-03
Gordon Freund Edmonton, Alberta	Prior to that a lawyer in a private legal practice	

Share Ownership

As at October 28, 2005, as a group the directors and officers of Matrikon held, either directly or indirectly, or exercised control over 12,115,772 (39.59%) common shares of the company.

Interest of Management & Others in Material Transactions

To Matrikon's knowledge, no director or executive officer of Matrikon, or any of their associates or affiliates has any material interest, directly or indirectly, in any transaction within the three most recently completed fiscal years that has materially affected or will materially affect Matrikon.

Transfer Agents & Registrars

Olympia Trust Company is the registrar and transfer agent for Matrikon's common shares at its principal office in Calgary, Alberta and also co-transfer agent in Edmonton, Alberta. Equity Transfer Services Inc. acts as co-transfer agent in Toronto, Ontario.

Material Contracts

Matrikon did not enter into any material contracts outside the ordinary course of business in 2005 or any material contract outside the ordinary course of business since January 1, 2002 that is still in effect.

Interests of Experts

Names of Experts

KPMG LLP, Matrikon's independent external auditors, review our consolidated financial statements and provide a report as to whether such statements present fairly, in all material respects and in accordance with Canadian generally accepted accounting principles, the financial position of the company as at the two most recently completed financial year ends, the results of our operations and our cash flows for the years then ended.

Interests of Experts

KPMG LLP does not hold any direct or indirect interests in the Matrikon's common shares or other property.

Audit Committee Information

Audit Committee Charter

The Terms of Reference of Matrikon's Audit Committee are included as Appendix 1.

Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee is comprised of the following members:

Committee Member	Relevant Education & Experience
Janice Rennie CHAIR Independent Financially literate	Mrs. Rennie is a Chartered Accountant. She has served as an executive including both operations and financial roles in a number of private and public companies. In these roles, Mrs. Rennie has actively supervised persons engaged in preparing, auditing, analyzing or evaluating financial statements. In addition, Mrs. Rennie has served on and chaired a number of Audit committees of public companies.
Robert Moore Independent Financially literate	Dr. Moore acquired significant financial experience and exposure to accounting and financial issues while serving for 13 years as Co-Founder, President and Director of Gensym Corporation, a USA-based public company. Dr. Moore is also Finance Director for Tech Coast Angels in Orange County, California.
David Kramer Independent Financially literate	Mr. Kramer is a CFA charterholder. Mr. Kramer acquired experience in corporate financial statement review and analysis in his capacity as equity research analyst with a Canadian bank-owned investment dealer.

Pre-Approval Policies and Procedures

All services provided by the Auditors, including non-audit related services, are subject to preapproval by the Audit Committee through established procedures. Matrikon's chief financial officer (CFO) discusses proposed non-audit related services to be performed by KPMG with the chair of the Audit Committee. If the amount is immaterial and will not otherwise interfere with the independence of the auditors, the Chair approves the services and the CFO reports to the Audit Committee on these services at the next regularly scheduled committee meeting. If the amount of the proposed services is material, a special Audit Committee meeting is convened to discuss the proposed service and the preapproval is put to a vote. Management regularly updates the Committee on the services rendered by the Auditors.

The Audit Committee has reviewed other services provided by the Auditors and has determined that they do not interfere with the independence of the Auditors. Other accounting firms provide most non-Audit services.

External Auditor Service Fees

KPMG, LLP have been Matrikon's Auditors since March 29, 2001. In addition to performing the audit of Matrikon's consolidated financial statements, KPMG, LLP provided other services to the company and its subsidiaries as follows:

	2005	2004	2003
Audit fees	\$ 127,285	\$ 126,182	\$ 89,158
Audit related fees	58,200	43,062	50,535
Tax fees	-	-	9,000
All other fees	47,950	6,000	1,305
Total	\$ 233,435	\$ 162,344	\$ 149,998

'Audit related fees' include fees for the review of the quarterly financial statements and management's discussion and analysis. 'Tax fees' include tax compliance services and tax advisory and planning services. 'All other fees' include acquisition review fees and a disclosure controls documentation workshop.

Additional Information

Additional information relating to Matrikon's business is available on SEDAR at www.sedar.com or on Matrikon's website at www.matrikon.com/investors.

Additional information, including directors' and officers' remuneration, our principal shareholders, and our equity compensation plans are contained in Matrikon's management information circular prepared for the Annual and Special Meeting of Shareholders to be held December 9, 2005. Additional financial information about Matrikon is provided in our comparative consolidated financial statements for the year ended August 31, 2005 and the related Management's Discussion and Analysis.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to August 31, 2005 and additional copies of this Information Circular are available on request.

Please direct your request for materials to:

By Mail: Investor Relations
Matrikon Inc.
1800, 10405 Jasper Avenue
Edmonton, AB T5J 3N4

By Phone: 780-448-1010 in Edmonton and area
877-628-7456 elsewhere

By Fax: 780-448-9191

By Email: ir@matrikon.com

Or Online: www.matrikon.com/investors

Appendix 1 – Terms of Reference of the Audit Committee

A. OVERVIEW AND PURPOSE

The Audit Committee (the “Committee”) is responsible to the Board of Directors (the “Board”). The committee approves, monitors, evaluates, advises or makes recommendations to the Board, in accordance with these terms of reference, on matters affecting the external audit and the financial reporting and accounting control policies and practices of the Corporation. In addition, the committee has oversight responsibility with respect to management’s duties regarding financial risks encountered by the Corporation as more particularly set out in Sub Paragraphs C.2. (a) below.

B. MEMBERSHIP AND ATTENDANCE AT MEETINGS

1. The members of the Committee shall consist of a minimum of three independent and financially literate (as defined by securities legislation), unrelated, directors, appointed by the Board.
2. The Chair of the Committee shall be designated by the Board.
3. Attendance by invitation at all or a portion of Committee meetings is determined by the Committee Chair or its members and would normally include the Chief Financial Officer of the Corporation, the auditor, and such other corporate officers, advisors, or support staff as may be deemed appropriate.

C. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Financial Accountability
 - a. To review, and recommend to the Board for approval, the annual audited financial statements.
 - b. To review, and recommend to the Board for approval, the following public disclosure documents:
 - i. the financial content of the annual report;
 - ii. the annual management information circular and proxy materials;
 - iii. the annual information form; and
 - iv. management discussion and analysis section of the annual report.
 - c. To review, and recommend to the Board for approval, the quarterly financial statements and the quarterly press release on earnings of the Corporation, which require approval by the Board prior to public disclosure thereof.
 - d. To review, and recommend to the Board for approval, all financial statements, reports of a financial nature, and the financial content of prospectuses or any other reports which require approval by the Board prior to submission thereof to the shareholders, any regulatory authority, or the public.

- e. To review any report of management which accompanies published financial statements (to the extent such a report discusses the financial position or operating results) for consistency of disclosure with the financial statements themselves.
- f. To review and assess, in conjunction with management and the external auditor:
 - i. the appropriateness of accounting policies and financial reporting practices used by the Corporation;
 - ii. any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;
 - iii. any new or pending developments in accounting and reporting standards that may affect or impact on the Corporation;
 - iv. identification of the Corporation’s principal financial risks and uncertainties and the systems to manage such risks and uncertainties;
 - v. the integrity (including without limitation, the effectiveness) of the Corporation’s disclosure controls and procedures, internal control and management information systems; and
 - vi. the key estimates and judgments of management that may be material to the financial reporting of the Corporation.
- g. To periodically assess and be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the Corporation’s financial statements, MD&A and annual and interim earnings press releases.
- h. To assess the performance and consider the annual appointment of external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, for recommendation to the Board for ultimate recommendation for appointment by the shareholders.
- i. To recommend to the Board the compensation of external auditors.
- j. To review the terms of the annual external audit engagement including, but not limited to, the following:
 - i. staffing;
 - ii. objectives and scope of the external audit work;
 - iii. materiality limits;
 - iv. audit reports required;
 - v. areas of audit risk;

- vi. timetable; and
 - vii. the proposed fees.
- k. To pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors or the external auditors of the Corporation's subsidiary entities. If and when applicable, to delegate to one or more independent members of the Committee the authority to pre-approve non-audit services provided that such pre-approval by one or more independent members with such authority, shall be presented to the committee at its first scheduled meeting following such pre-approval.
 - l. To review the fees paid to the external auditors or its affiliates for non-audit services, and consider the impact on the independence of the external audit work.
 - m. To oversee the work of the external auditors engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.
 - n. To review with the external auditors the results of the annual audit examination including, but not limited to the following:
 - i. any difficulties encountered, or restrictions imposed by management, during the annual audit;
 - ii. any significant accounting or financial reporting issues;
 - iii. the auditor's evaluation of the Corporation's system of internal accounting controls, procedures and documentation;
 - iv. the post-audit or management letter containing any findings or recommendations of the external auditor including management's response thereto and the subsequent follow-up to any identified internal accounting control weaknesses; and
 - v. any other matters which the external auditors should bring to the attention of the Committee
 - o. To meet with the external auditors, at least annually or as requested by the auditors, without management representatives present; and to meet with management, at least annually, without the external auditors present.
 - p. To obtain reasonable assurance, by discussions with and reports from management and the external auditors, that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.
 - q. To annually request the external auditor to provide its views on the quality (not just the acceptability) of the Corporation's annual and interim financial reporting. Such quality assessment should encompass judgments about the appropriateness, aggressiveness or conservatism of estimates and elective accounting principles or methods and judgments about the clarity of disclosures.
 - r. When there is to be a change in auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under applicable securities regulations and the rules of applicable exchanges, and the planned steps for an orderly transition.
 - s. To review any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements.
 - t. To review the internal control and approval policies and practices concerning the expenses of the officers of the Corporation, including the use of the Corporation's assets.
 - u. To review any claims of indemnification pursuant to the Bylaws of the Corporation.
 - v. To review, and recommend to the Board for approval, the management report to be included in the annual report to shareholders.
 - w. To request such information and explanations in regard to the accounts of the Corporation as the Committee may consider necessary and appropriate to carry out its duties and responsibilities.
 - x. To request that the Chief Executive Officer and Chief Financial Officer or persons who perform functions similar to them, report on issues which are the subject of any Certificates to be signed and filed in accordance with applicable securities regulations by the Chief Executive Officer and Chief Financial Officer or persons who perform functions similar to them; and to review such report.
 - y. To establish procedures for:
 - i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
 - z. To review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.
2. Risk Management
 - a. To oversee the Corporation's management to ensure that management discharges its responsibility to identify and mitigate financial risks faced by the Corporation.
 3. General Responsibilities
 - a. To consider any other matters which, in the opinion of the Committee or at the request of the Board, would assist the directors to meet their responsibilities.
 - b. To review annually the terms of reference for the Committee and to recommend any required changes to the Board.

- c. To provide reports and minutes of meetings to the Board.

D. MEETINGS

1. Regular meetings of the Committee are held at least four times each year.
2. Meetings may be called by the Committee chair or by a majority of the Committee members, and usually in consultation with the management of the Corporation.
3. Meetings are chaired by the Committee Chair or, in the Chair's absence, by a member chosen by the Committee from among themselves.
4. A quorum for the transaction of business at any meeting of the Committee is a majority of members.
5. The Secretary of the Corporation shall provide for the delivery of notices, agendas and supporting materials to the Committee members at least five (5) days prior to the date of the meeting, except in unusual circumstances.
6. Meetings may be conducted with members present, or by telephone or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.

7. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.
8. The Secretary of the Corporation shall be the secretary for the Committee and keep a record of minutes of all meetings of the Committee.
9. Minutes of the meetings of the Committee, prepared in draft, shall be distributed by the Secretary of the Corporation to all members of the Committee within seven (7) working days of each meeting, and shall be submitted for approval at the next regular meeting of the Committee.

E. AUTHORITY OF THE AUDIT COMMITTEE

1. The Audit Committee shall have the authority to:
 - a. engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - b. to set and pay the compensation for any advisors employed by the committee; and,
2. to communicate directly with the internal (if any) and external auditors.