

**ANNUAL INFORMATION FORM
NOVEMBER 17, 2006**



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Date of information: All information contained in this Annual Information Form is dated August 31, 2006 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, our communications often include written or oral forward-looking statements. This annual information form and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements are made pursuant to the "safe harbor" provisions of applicable Canadian securities legislation. These statements represent Matrikon's intentions, plans, expectations and beliefs 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. These statements may include, but are not limited to, comments about our objectives and priorities for 2007 and beyond, strategies and targets, expectations for our financial condition, and the outlook for our operations and external factors that may impact results, including global economies and industry trends.

Forward-looking statements require assumptions and involve risks and uncertainties related to our business and the general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, conclusions or projections we make will not prove to be accurate and that our actual results to be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. We caution readers of this annual information form not to place undue reliance on our forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; currency fluctuations; market demand for our products and services; our ability to execute projects and deliver solutions; our ability to execute our strategic plans and to complete and integrate acquisitions; the degree of competition in the geographic and business areas in which we operate; our ability to attract and retain qualified employees and contain payroll costs; our ability to contain expenses; technological changes and research and development; the length of the sales cycle required to closer larger solution contracts; availability of financial resources to carry out our strategy; our ability to protect our intellectual and intangible properties; legal claims; critical accounting estimates; the possible effects on our business of war or terrorist activities; disease or illness that affects local, national or international economies; and disruptions to public infrastructure, such as transportation, communications, power or water supply. We caution that this list is not exhaustive of all possible factors.

Other factors could adversely affect our results. For more information, please see the discussion on the principal risks that could affect our results, beginning on page 42 of Matrikon's 2006 annual report.

When relying on forward-looking statements to make decisions with respect to Matrikon, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the company or on its behalf.

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:

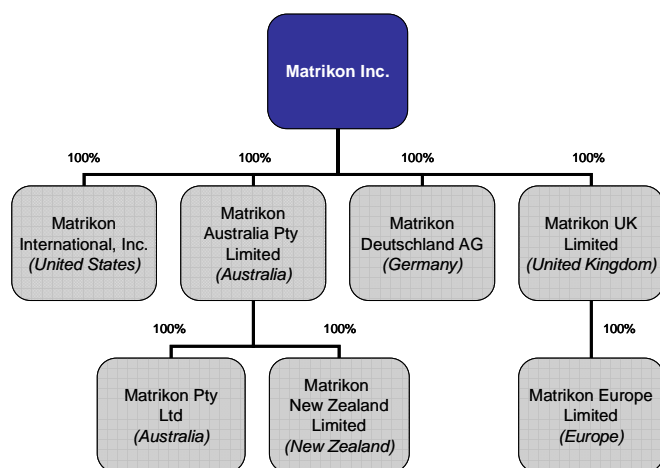
Matrikon Inc.
1800, 10405 Jasper Avenue
Edmonton, AB T5J 3N4

Registered Office:

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

Intercorporate Relationships

As of November 17, 2006, 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, a corporation incorporated under the laws of New Zealand, has conducted the business in New Zealand.

Matrikon UK Limited was incorporated under the *Companies Act 1985* (United Kingdom) as Alphaneer Limited on February 26, 2004. Matrikon Inc. acquired Alphaneer Limited to facilitate the acquisition of PI Automation Limited in 2004 (now known as Matrikon Europe Limited). Alphaneer 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 Limited is wholly owned by Matrikon UK Limited.

Matrikon Deutschland AG (MDAG) was originally incorporated under German laws as Best Solutions AG. Best Solutions became an exclusive Matrikon distributor on July 1, 2004 and changed its name to Matrikon Deutschland AG on August 4, 2004. On September 1, 2005, MDAG was acquired by Matrikon Inc.

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 is as follows:

MatrikonOPC™: Standard for universal connectivity

MatrikonOPC is the 'glue' of Matrikon's products and professional services, enabling communication between plant floor hardware, software and devices. These products are based on OPC, the industry standard for plant floor communication.

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

ProcessSuite™: Analysis & decision support

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™).

ProcessSuite technology is the basis for industry solutions, including well optimization, paper break, and equipment condition monitoring.

ProcessSuite products are at a mature stage and are feature rich. This enables current development to focus on high-end features that add significant value, extend the footprint of individual products and enable the development of industry-specific solutions within the MI3 platform.

Resolution Suite™: Integrated production management

Resolution delivers production management solutions within an integrated framework. This model provides solutions for operations management, product management, asset management, quality management, and performance management to improve business performance. These solutions are standards-

compliant, scalable, configurable to specific needs, and allow incremental deployment.

MI3™: Matrikon's Integrated Industrial Intelligence (MI3) Platform

MI3 provides an integrated operations environment by bringing the strengths of Matrikon's technologies together with a client's existing plant information systems to provide a customer-centric solution for:

- Real-time data access to all information systems, with MatrikonOPC Suite
- Turning data into actionable information with ProcessSuite's condition monitoring and decision support technologies
- Providing real-time collaboration and production performance management with ResolutionSuite

The MI3 platform consists of a common web user interface, configurable business logic, meta data model and transparent application intercommunications to deliver a single version of the truth.

A variety of vertical solutions are under development for MI3. These solutions combine Matrikon's technology suites with the power of the MI3 platform to deliver solutions that address specific industry issues, from well optimization in oil and gas to volumetric inventory management in refining to asset performance and reliability in mining and pulp and paper.

MxSuite™

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

SCADANet™

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. SCADANet is a solution used primarily by mid stream oil & gas companies.

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 and delivering solutions based on these products.

Our integration and consulting services deliver value by ensuring that the operating infrastructure is in place to achieve optimal performance, providing applications to meet specific needs through customized solutions, and integrating third party software and hardware.

Three Year History

In May 2004, Matrikon acquired PI Automation in Scotland. Much like the Hunter Control acquisition, PI Automation (now Matrikon Europe Limited) 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 fiscal year 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 and 2006, 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 fiscal year 2005 include:

- Pilot of Matrikon's well optimization solution with three clients.
- In April 2005, Matrikon acquired the assets of Resolution Integration Solutions, Inc. (Resolution), a technology company based in Cleveland, Ohio. This technology acquisition provides the foundation for MI3. This acquisition was not considered significant under National Instrument 51-102 Part 8.

Highlights of fiscal year 2006 include:

- In September 2005, Matrikon completed the acquisition of our distribution partner, Matrikon Deutschland based in Köln, Germany. This acquisition was not considered significant under National Instrument 51-102 Part 8.
- Matrikon's users conference, MVP, was held in North America for the third year, and for the first time, an international MVP was held in Australia.
- The MI3 platform was launched to customers at both MVPs; two clients purchase MI3 in fiscal year 2006
- In January 2006, Matrikon formalized its Partner Growth program; 16 distribution partners are enrolled in the program to date. These partners leverage Matrikon's internal sales force and consulting capability in new geographic regions and could become potential acquisition targets.

Today Matrikon provides services around the world through 18 offices (as of November 17, 2006):

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

United States: St. Louis, Houston, Cleveland

Bahrain: Al Hidd

Australia: Newcastle, Brisbane, Melbourne, Perth, Gladstone

New Zealand: Hamilton

Europe: Aberdeen, Scotland; Köln, Germany

Matrikon's employee base increased from 517 as at August 31, 2005 to 569 as at August 31, 2006.

Matrikon intends to continue to seek out acquisition targets to complement our growth strategy.

Description of Matrikon's Business

Matrikon has four strategic business segments: United States, Canada, Australia and Europe. A fifth segment, Corporate, is a non-revenue earning segment that captures expenses and reflects activities not related to a specific segment. 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 page 30-31 of the 2006 annual report, incorporated herewith and filed on SEDAR at www.sedar.com.

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 platforms.

Principal Markets

In addition to the geographic and industry focus of each segment described in the table on the next page, 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 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 through the Canadian segment and described on page 3) are sold, installed and integrated by all segments.

All geographic segments perform services as described on page 3-4 of this annual information form.

	Canada	United States	Europe	Australia
Revenue % ¹	51%	10%	23%	16%
Employees ² : at 31-Aug-06	309, including 131 in product development, support and sales and marketing	39	53	117
Principal markets	Services: Worldwide services and solutions; support for other geographic segments Products: Worldwide process and discrete manufacturing industries	Primary industries served include power & utilities, refining & chemical and oil & gas in the United States	Primary industries include oil & gas and power & utilities companies in Europe	Primary industries include mining and power & utilities companies in Australia and New Zealand
Distribution methods	Direct sales, plus product distributors in Korea, China, Norway, South Africa, South America and Spain	Direct sales	Primarily direct sales with some distributors (Middle East)	Direct sales
Revenue greater than 15%	For sales to customers outside the consolidated entity, one customer was 16% of total billings in 2006; in 2005 no customers were greater than 15%.			
Product development	<p>Services: Primarily implementation and consulting services.</p> <p>Research & development activity is conducted internally. Solution development is paid for, thus costs are not estimated.</p> <p>Product: All products commercially developed and installed at customer sites. Ongoing development underway to add features, develop industry solutions and integrate products within the MI3 platform.</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 28 of Annual Report). Matrikon commercializes technology based on the results of these research chairs.</p>	Primarily implementation and consulting services.	Primarily implementation and consulting services. Well optimization solution has moved to phase three at one customer and to phase two at another. As this progress continues, well optimization revenue will shift from primarily consulting revenue to license revenue. Research & development conducted internally. Solution development is paid for, thus costs are not estimated.	Primarily implementation and consulting services. Products are at commercial production stage with ongoing research and development and product enhancement. Research and development is a combination of internal research and development and sponsored University research (focus on ProcessACT development)
Specialized skill & knowledge required	Extensive knowledge of Matrikon products coupled with advanced control and/or software development experience	Extensive industry expertise, knowledge of Matrikon products coupled with advanced control	Extensive knowledge of Matrikon products coupled with advanced control and/or software development experience	Extensive knowledge of Matrikon products coupled with control and advanced control experience

	Canada	United States	Europe	Australia
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) Q2, which coincides with the calendar year end and the end of the budget cycle for many clients, may be a strong quarter for the products segment.	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)
Economic dependence	None	None	A major customer accounts for 40% of this segment's revenues through multiple projects. A global preferred vendor agreement with the customer is in place.	None

Notes:

- 1 Revenue in geographic-based segments represents where work is performed and not necessarily where the end client is located.
- 2 An additional 51 people are in the Corporate segment

Risk Factors

Reference is made to pages 42 to 46 of Matrikon's 2006 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 2006 was as follows:

Month	Price (\$)			Traded Volume
	High	Low	Closing	
September	4.96	4.55	4.85	995,242
October	4.85	3.91	4.10	1,691,116
November	4.65	4.10	4.65	1,094,522
December	4.70	4.36	4.45	510,109
January	5.50	4.50	5.45	2,357,654
February	5.75	4.51	5.25	1,154,231
March	5.50	5.05	5.50	1,017,572
April	5.43	4.75	4.95	908,168
May	5.10	4.76	5.09	447,576
June	5.05	3.95	4.35	302,048
July	4.45	2.94	3.30	1,330,318
August	3.50	3.00	3.10	458,312

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 7 to 9 of Matrikon's 2006 Management Information Circular, dated October 26, 2006 and are incorporated herewith.

Matrikon's board has two committees. The members of each committee are presented on page 13 (Audit Committee) and page 16 (Compensation and Governance Committee) of the 2006 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	5 Year History
Amin Rawji Edmonton, Alberta	President & CEO	9-Dec-05
	President, Matrikon	17-Jul-05
	Prior to that Executive Vice President of Matrikon	5-Jan-00
Tariq Malik Edmonton, Alberta	Prior to that Manager of various business units within Matrikon	15-Nov-95
	Chief Financial Officer	7-Jul-06
	Prior to that, Director of Finance for Sterling Centercorp	1-Mar-05
Dave Shook Edmonton, Alberta	Prior to that, Consultant for Consulting Associates	1-Aug-98
	Chief Technology Officer	4-Oct-05
	Prior to that manager of research and development at Matrikon	6-Mar-00
Floyd Bjorgan Edmonton, Alberta	Vice President, Canadian Operations	1-Feb-06
	Prior to that, Vice President, Human Resources of Matrikon	12-Oct-04
	Prior to that Managing Director of Australian operations and prior to that Manager of various offices and groups within Matrikon	1-Feb-98

Name and Municipality of Residence	Principal Occupation	5 Year History
Ian Brown Aberdeen, Scotland	Vice President, Europe, Middle East & Africa (EMEA)	10-Nov-06
	Prior to that, Managing Director, Europe	19-May-05
	Prior to that managing director of PI Automation until acquired by Matrikon	20-Dec-99
Mike Brown, Edmonton, Alberta	Vice President, Products	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	Vice President, Sales	4-Oct-05
	Prior to that, product manager at Matrikon	2-Jul-96
Randy Kondor Edmonton, Alberta	Vice President, Marketing	4-Oct-05
	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
Karim Moti Houston, Texas	Vice President, US Operations,	12-Apr-06
	Prior to that, Houston Office Branch Manager	1-Jul-01
Sam Crisafulli New Lambton, New South Wales	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	General Counsel	16-Jul-03
	Prior to that a lawyer in a private legal practice	

Share Ownership

As at November 10, 2006, as a group the directors and officers of Matrikon held, either directly or indirectly, or exercised control over 12,221,634 (39.35%) 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. 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 fiscal 2006 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

As at November 10, 2006, KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

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	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
CHAIR	
Independent	
Financially literate	
Robert Moore	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 Chairman and CEO of Vigilistics, Inc.
Independent	
Financially literate	
David Kramer	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.
Independent	
Financially literate	

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:

	2006	2005
Audit fees	\$177,000	\$ 146,081
Audit related fees	60,392	58,200
Tax fees	-	-
All other fees	-	47,950
Total	\$237,392	\$ 252,231

'Audit related fees' include fees for the review of the quarterly financial statements and management's discussion and analysis. 'Audit related fees' include fees for the review of the quarterly financial statements and management's discussion and analysis. 'Other fees' include acquisition review fees and a disclosure controls documentation workshop. 2006 Audit fees are estimates.

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 Meeting of Shareholders to be held January 10, 2007. Additional financial information about Matrikon is provided in our comparative consolidated financial statements for the year ended August 31, 2006 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, 2006 and additional copies of this Annual Information Form 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.