



2007 Information Circular

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Date of information

All information contained in this Information Circular is dated November 1, 2007 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 information circular and other material 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 will be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. We caution readers of this information circular 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 close 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 44 of Matrikon’s 2007 Annual Report.

When relying on forward-looking statements to make decisions with respect to Matrikon, investors 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.

Invitation to our Shareholders

Dear Shareholder:

Please accept my invitation to join our Board of Directors and management team at our next annual meeting on January 15, 2008. We are pleased to host this event at our corporate headquarters in Edmonton, Alberta.

WHEN: Tuesday, January 15, 2008
1:00 pm (Edmonton time)

WHERE: Matrikon Inc.
Suite 1800
10405 Jasper Avenue
Edmonton, Alberta

RSVP: 877-MATRIKON (877-628-7456) or email: ir@matrikon.com

If you RSVP, you must still follow the instructions in the attached information form to maintain the right to vote your proxy in person at the meeting.

This is your opportunity to meet your Board of Directors and management team and to hear about our financial results of 2007 and our plans for the future.

YOUR VOTE IS IMPORTANT

If you cannot attend the annual meeting in person, I urge you to make your vote count by exercising the power of your proxy, which is explained in the attached Information Circular.

I thank you for your continued interest in our company and look forward to meeting you and answering your questions.

Sincerely,

(signed)

Nizar J. Somji
President & Chief Executive Officer

November 1, 2007

Notice of Annual Meeting of Shareholders

The 2008 Annual Meeting of Shareholders will be held in the Training Center at Matrikon's corporate offices, Suite 1800, 10405 Jasper Avenue, Edmonton, Alberta on Tuesday, January 15, 2008 at 1:00 p.m. (Mountain Standard Time) to:

1. receive and consider our 2007 audited financial statements;
2. elect the directors of Matrikon for 2008;
3. appoint auditors for 2008; and
4. transact any other business properly brought before the meeting.

The Information Circular contains more information on these matters. Our 2007 audited financial statements are included in our Annual Report being mailed with the Circular.

Shareholders as of November 27, 2007 will be entitled to vote at the meeting. The number of eligible votes that may be cast at this meeting is 30,422,630, the total number of common shares of Matrikon outstanding on November 27, 2007.

If you cannot attend the meeting in person, please date, sign and return the enclosed form of proxy. For your vote to be recorded, your proxy must be in the hands of Valiant Trust Company no later than 5:00 p.m. (Mountain Standard Time) on Friday, January 11, 2008.

By order of the Board of Directors,

(signed)

Dwight I. Bliss
Corporate Secretary

Management Information Circular

Q&A on Voting and Proxies

Q: WHEN IS THE ANNUAL MEETING?

A: The meeting will be held on Tuesday, January 15, 2008 at 1:00 p.m. at Matrikon's corporate head office:

Suite 1800
10405 Jasper Avenue
Edmonton, Alberta T5J 3N4

Q: WHAT IS THE PURPOSE OF THE MEETING?

A: The purpose of the meeting is to:

- vote on the election of Directors for 2008
- vote on the appointment of KPMG LLP as the auditors for 2008

Q: WHO IS ENTITLED TO VOTE?

A: You are entitled to vote if you were a shareholder of Matrikon common shares as of the close of business on November 27, 2007. Each common share is entitled to one vote on the items of business identified in this Information Circular. At November 27, 2007, 30,422,630 common shares were issued and outstanding.

Q: WHAT IF I ACQUIRED MY SHARES AFTER NOVEMBER 27TH?

A: If you acquired shares after November 27, 2007, you must produce properly endorsed share certificates or otherwise establish that you own the shares, and must ask that your name be included in the list of shareholders. This must be done no later than ten days before the meeting in order to be entitled to vote at the meeting.

To ask that your name be included on the list of shareholders, contact Matrikon's transfer agent, Valiant Trust Company (see Valiant's contact details on page 6).

Q: HOW DO I VOTE?

A: **REGISTERED SHAREHOLDERS.** (Your shares are held in certificate form in your name.) There are two ways you can vote your shares if you are a registered shareholder:

- 1) **In person at the meeting.** If you plan to attend the meeting and wish to vote your shares in person, do not complete or return the proxy. Your vote will be taken and counted at the meeting. Please register with the transfer agent, Valiant Trust Company, when you arrive at the meeting.
- 2) **By proxy.** By signing the enclosed proxy form, you will be appointing the 'named persons' or someone of your choosing (who doesn't need to be a shareholder) to represent you and vote your shares at the meeting.

The proxy must be signed by you, the shareholder, or by your attorney. If the shareholder is a corporation, it must be either under its corporate seal or signed by an authorized officer.

Completing and returning the form of proxy does not mean you cannot attend the meeting in person.

NON-REGISTERED SHAREHOLDERS. (Your shares are held in the name of a nominee, such as a bank, trust company, securities broker, or trustee, including trustees of RRSPs, RRIFs, RESPs and similar plans, etc.) If you are a non-registered shareholder, you can vote your shares in any of the following ways:

- 1) **By proxy.** By providing voting instructions to your nominee. Your nominee will have sent you either a request for voting instructions or a form of proxy for the number of shares you hold. Please follow the voting instructions provided by your nominee, which may include voting by telephone, voting online, or returning the form of proxy in the mail.
- 2) **In person at the meeting.** Since we do not generally have access to the names of our non-registered shareholders, we will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder.

If you wish to vote in person at the meeting, please insert your own name in the space provided on the request for voting instructions or form of proxy received from the nominee to appoint yourself as proxyholder. Return the form of proxy as per the instructions provided by your nominee. Do not complete the voting instructions as your vote will be counted at the meeting. Please register with the transfer agent, Valiant Trust Company, when you arrive at the meeting.

Q: WHAT HAPPENS WHEN I SIGN AND RETURN THE FORM OF PROXY?

A: Signing the enclosed proxy form gives authority to Gordon Freund, Matrikon's General Counsel or Dwight Bliss, Matrikon's Corporate Secretary (the named proxyholders or named persons) or to another person you have appointed to vote your shares at the meeting according to the instructions you provide.

Q: CAN I APPOINT SOMEONE OTHER THAN THE NAMED PROXYHOLDER TO VOTE MY SHARES?

A: **Yes. To do so, write the name of the person you choose to appoint to represent you in the blank**

space provided on the form of proxy. The person appointed does not need to be a shareholder. It is important to ensure that the person you appoint is attending the meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should present themselves to a representative of Valiant Trust Company when they arrive at the meeting.

Q: WHAT DO I DO WITH MY COMPLETED PROXY?

A: Return it to Valiant Trust Company in the envelope provided, or by fax to 403-233-2857 so that it arrives no later than 5:00 pm (Mountain Standard Time) on Friday, January 11, 2008. This will ensure that your vote is recorded.

If you receive a request for voting instructions from your nominee, please follow the voting instructions provided by your nominee.

Q: WHO IS SOLICITING MY PROXY?

A: The enclosed form of proxy is being solicited by Matrikon's management in order to vote your shares as you instruct at the annual meeting.

Proxies will be solicited primarily by mail, but may also be solicited by electronic means, by telephone or in person. Matrikon pays the costs associated with soliciting proxies.

Q: HOW WILL MY SHARES BE VOTED IF I RETURN MY PROXY?

A: You can indicate on your proxy how you want the proxyholder to vote your shares, or you can let your proxyholder decide for you. If you specify on your proxy how you want your shares to be voted on a particular matter, the proxyholder will vote your shares that way. If you do not specify how you want your shares to be voted, your proxyholder can vote your shares as he or she sees fit.

If you appoint the persons designated in the enclosed proxy and do not specify how you want your shares voted, they will be voted as follows:
 Election of directors FOR
 Appointment of auditors FOR

Q: WHAT IF AMENDMENTS ARE MADE TO THE MATTERS TO BE VOTED ON OR OTHER MATTERS ARE BROUGHT BEFORE THE MEETING?

A: The person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may come up during the meeting. As of the date of this Information Circular, Matrikon's management does not know of any such amendment, variation or other matter expected to come up at the meeting. If other matters properly come up at the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q: IF I CHANGE MY MIND, CAN I TAKE BACK MY PROXY ONCE I HAVE GIVEN IT?

A: Yes. If you change your mind and wish to revoke your proxy, you may do so by completing, signing

and returning a new proxy with a later date or a written statement of your wish to revoke your proxy. The new proxy or statement of revocation must be delivered to Valiant Trust Company no later than 1:00 pm Mountain Standard Time on January 13, 2008 or to the Chairman of the annual meeting on the day of the meeting, or any adjournment of the meeting.

Q: WHAT DOCUMENTS ARE SENT TO SHAREHOLDERS?

A: Matrikon sends a package of annual corporate documents, including the annual report, this Information Circular and the form of proxy to all Registered shareholders. Copies of the meeting materials are also sent to clearing agencies and intermediaries for distribution to Non-Registered shareholders. Intermediaries are required to forward the meeting materials to Non-Registered shareholders unless the Non-Registered shareholder has waived the right to receive them.

Q: HOW WILL THE VOTES BE COUNTED?

A: Voting at the meeting will be by a show of hands, unless a ballot is demanded by a shareholder or proxyholder. Each question brought before the meeting is determined by a majority of votes.

Q: WHO COUNTS THE VOTES?

A: Our transfer agent, Valiant Trust Company, counts and tabulates the proxies. This preserves the confidentiality of individual shareholder votes.

Q: HOW MANY PEOPLE NEED TO ATTEND THE MEETING FOR BUSINESS TO BE CONDUCTED?

A: A quorum is required in order to transact business at the meeting. Quorum is achieved when two people entitled to vote are present in person.

Q: HOW CAN I CONTACT THE TRANSFER AGENT?

A: By Mail: Valiant Trust Company
 Corporate & Shareholder Services
 310, 606 – 4th Street SW
 Calgary, Alberta T2P 1T1

By Phone: 1-866-313-1872

By Email: inquiries@valianttrust.com

Q: WHO ARE THE PRINCIPAL SHAREHOLDERS OF THE COMPANY?

A: To the knowledge of the directors and senior officers of Matrikon, the only persons or corporations who beneficially own or exercise control or direction of more than 10% of the outstanding shares of the company are:

Name	Number of Common Shares Owned or Controlled	Percentage of Common Shares as of 1-Nov-07
Nizar J. Somji	9,895,710	32.53%
Crescendo Partners, L.P. ¹	3,152,900	10.36%

¹ *Crescendo Partners II LP Series N (2,839,835 shares) and Crescendo Partners III LP (313,065 shares)*

Business to be Conducted at the Meeting

1. Financial Statements

Our audited financial statements for the year ended August 31, 2007 will be placed before shareholders for their consideration. The financial statements are contained in the 2007 Annual Report, which was sent with this Information Circular.

2. Election of Directors

The seven (7) nominees proposed for election as directors of Matrikon are listed on pages 7-9. Each of the nominees is currently a director of Matrikon.

Our Articles of Incorporation require a minimum of 3 and a maximum of 15 directors.

Once elected, these directors will hold office until the next shareholder meeting or until their successors are elected or appointed.

If any of the nominees is for any reason unable to serve as a director at the time of the meeting, proxies in favour of management will be voted **For** another nominee at management's discretion unless you have specified that your shares are to be withheld from voting in the election of directors.

Management has no reason to believe that any nominee will be unable to serve as director.

3. Appointment of Auditors

The Board of Directors propose that KPMG LLP be appointed as Matrikon's independent auditors for fiscal year 2008. KPMG LLP have been Matrikon's auditors since March 29, 2001.

You will be asked at the Meeting to vote in favour of the appointment of KPMG LLP, of Edmonton, Alberta, as Matrikon's auditors for the 2008 fiscal year and to authorize the directors to fix their remuneration.

The persons designated in the enclosed form of proxy intend to vote **For** the re-appointment of KPMG LLP as Matrikon's auditors, unless instructed otherwise.

Interest of Certain Persons in Matters to be Acted Upon

None of Matrikon's directors or executive officers, or any associate or controlled corporation of any such person, has any direct or indirect material interest in any of the matters to be acted upon at the Meeting other than the election of directors.

Nominees for Election to the Board of Directors



Hugh J. Bolton, FCA
Edmonton, Alberta, Canada

Age: 69

Independent – Chairman

Director Since: March 29, 2001

2007 Meeting Attendance: 100%

2007 Director Compensation:.....\$57,647

Common Shareholdings¹:..... 72,878

Change from 2006¹:..... +4,955

Meets minimum shareholding requirement

Committee:..... Compensation & Governance

Principal Occupation:

Chairman of EPCOR Utilities Inc. (Electric & Water Utility)

Recent Business Experience:

Mr. Bolton retired as Chairman and CEO of Coopers & Lybrand Canada in 1998 after a 40-year career with Coopers & Lybrand (now PricewaterhouseCoopers) and predecessor firms.

Other Directorships:

EPCOR Utilities Inc. (Chairman), Teck Cominco Limited, The Toronto Dominion Bank, The Canadian National Railway Company, WestJet Airlines Ltd., Alberta Shock Trauma Air Rescue Society

Stock Options:

Number	Price (\$)	Grant	Exercisable	Expiry	Exercised
10,000	2.01	19-Jul-02	19-Jul-03	19-Jul-08	-
10,000	1.85	22-Apr-03	22-Apr-04	22-Apr-09	-
10,000	2.89	19-May-04	19-May-05	19-May-10	-
10,000	4.15	28-Apr-05	28-Apr-06	28-Apr-11	-

RSUs:

Number	Grant	Vesting Schedule
9,000	7-Jul-06	4,500 (7-Jul-08); 4,500 (7-Jul-09)



C. Kent Jespersen
Calgary, Alberta, Canada

Age: 61

Independent

Director Since: March 29, 2001

2007 Meeting Attendance: 93%

2007 Director Compensation:.....\$35,000

Common Shareholdings¹:.....76,808*

Change from 2006¹:..... +4,750

Meets minimum shareholding requirement

Committees:
.....Compensation & Governance (Chair)

*includes 3,100 common shares held by associates or affiliates

Principal Occupation :

Chairman, La Jolla Resources International Ltd. (Advisory & Investments)

Recent Business Experience:

Mr. Jespersen is the Chairman and Chief Executive Officer of La Jolla Resources Int'l. Ltd. And has held senior executive positions with several energy resource companies, including serving as President at NOVA Gas International and Foothills Pipe Lines and as Senior Vice President at Husky Oil.

Other Directorships:

Axia Netmedia, CCR Technologies Inc. (Chairman), TransAlta Corporation

Stock Options:

Number	Price (\$)	Grant	Exercisable	Expiry	Exercised
10,000	2.01	19-Jul-02	19-Jul-03	19-Jul-08	-
10,000	1.85	22-Apr-03	22-Apr-04	22-Apr-09	-
10,000	2.89	19-May-04	19-May-05	19-May-10	-
10,000	4.15	28-Apr-05	28-Apr-06	28-Apr-11	-

RSUs:

Number	Grant	Vesting Schedule
9,000	7-Jul-06	4,500 (7-Jul-08); 4,500 (7-Jul-09)



Robert Moore, Ph.D.
Tustin, California, USA

Age: 65

Independent

Director Since: March 29, 2001

2007 Meeting Attendance: 93%

2007 Director Compensation:.....\$25,000

Common Shareholdings¹:..... 118,031

Change from 2006¹:..... +4,728

Meets minimum shareholding requirement

Committees:.....Audit

Principal Occupation:

Chairman and CEO, Vigiliistics, Inc. (Technology)

Recent Business Experience:

Dr. Moore is Chairman and CEO of Vigiliistics, Inc., an early-stage company that provides real-time operations intelligence systems for dairy and food processing. Previously, he was a Founder and President of Gensym Corporation, a public company in Massachusetts.

Other Directorships:

Digital Performance Inc., Vigiliistics, Inc. (Chairman)

Stock Options:

Number	Price (\$)	Grant	Exercisable	Expiry	Exercised
10,000	2.01	19-Jul-02	19-Jul-03	19-Jul-08	-
10,000	1.85	22-Apr-03	22-Apr-04	22-Apr-09	-
10,000	2.89	19-May-04	19-May-05	19-May-10	-
10,000	4.15	28-Apr-05	28-Apr-06	28-Apr-11	-

RSUs:

Number	Grant	Vesting Schedule
9,000	7-Jul-06	4,500 (7-Jul-08); 4,500 (7-Jul-09)



Michael B. Percy, Ph.D.
Edmonton, Alberta, Canada

Age: 59

Independent

Director Since: March 29, 2001
2007 Meeting Attendance: 100%
2007 Director Compensation:.....\$25,000
Common Shareholdings¹:..... 28,200
Change from 2006¹:..... +4,500
Meets minimum shareholding requirement
Committees:.....Audit

Prior to July 12, 2007, Mr. Percy was a member of the Compensation & Governance Committee



Janice G. Rennie, FCA
Edmonton, Alberta, Canada

Age: 50

Independent

Director Since:January 21, 2003
2007 Meeting Attendance: 100%
2007 Director Compensation:.....\$37,500
Common Shareholdings¹:..... 25,321
Change from 2006¹:..... +4,750
Meets minimum shareholding requirement
Committees:..... Audit (Chair)



Eric Rosenfeld¹
New York, New York, USA

Age: 50

Independent

Director Since: July 12, 2007
2007 Meeting Attendance: 100%
2007 Director Compensation:..... \$nil
Common Shareholdings¹:..... 3,152,900*
Change from 2006:n/a
Meets minimum shareholding requirement
Committees:..... Compensation & Governance

**common shares held by affiliates over which Mr. Rosenfeld exercises control:*

- Crescendo Partners II LP Series N (2,839,835 shares)
- Crescendo Partners III LP (313,065 shares)

Principal Occupation:

Dean of the Faculty of Business, University of Alberta (Education)

Recent Business Experience:

Dr. Percy is the Dean of the School of Business at the University of Alberta and has been with the University since 1979. Dr. Percy is an active researcher and commentator on a variety of public policy issues.

Other Directorships:

EPCOR Utilities Inc., K-Bro Income Trust, Timber Investments Ltd. (Tolko Forest Products), Alberta Life Sciences Institute

Stock Options:

Number	Price (\$)	Grant	Exercisable	Expiry	Exercised
10,000	2.89	19-May-04	19-May-05	19-May-10	-
10,000	4.15	28-Apr-05	28-Apr-06	28-Apr-11	-

RSUs:

Number	Grant	Vesting Schedule
9,000	7-Jul-06	4,500 (7-Jul-08); 4,500 (7-Jul-09)

Principal Occupation:

Independent Director

Recent Business Experience:

Mrs. Rennie is an independent director and business advisor. She has held senior management positions with a number of companies including, most recently, Senior Vice President of Human Resources and Organizational Effectiveness at EPCOR Utilities Inc., a company on whose board she served for ten years. Mrs. Rennie was also Principal of Rennie & Associates, which operated a number of business interests.

Other Directorships:

Greystone Capital Management Inc., Methanex Corporation, Teck Cominco Limited, West Fraser Timber Co. Ltd.

Stock Options:

Number	Price (\$)	Grant	Exercisable	Expiry	Exercised
50,000	1.85	22-Apr-03	22-Apr-04	22-Apr-09	-
10,000	2.89	19-May-04	19-May-05	19-May-10	-
10,000	4.15	28-Apr-05	28-Apr-06	28-Apr-11	-

RSUs:

Number	Grant	Vesting Schedule
9,000	7-Jul-06	4,500 (7-Jul-08); 4,500 (7-Jul-09)

Principal Occupation:

President & Chief Executive Officer, Crescendo Partners, L.P. (Investment Firm)

Recent Business Experience:

Mr. Rosenfeld is President and CEO of Crescendo Partners, L.P., which he formed in 1998. Prior to forming Crescendo, he was a Managing Director at CIBC Oppenheimer and its predecessor company, Oppenheimer & Co., Inc. for fourteen years. Mr. Rosenfeld holds an MBA from Harvard University and an A.B. degree in economics from Brown University.

Other Directorships:

CPI Aerostructures Inc. (Chairman), Computer Horizons Corp. (Chairman), Rhapsody Acquisition Corporation (Chairman), Emergis Inc., Hill International

Stock Options:

Nil

RSUs:

Number	Grant	Vesting Schedule
13,500	12-Jul-07	4,500 (12-Jul-08); 4,500 (12-Jul-09); 4,500 (12-Jul-10)



Nizar J. Somji, P.Eng.
Edmonton, Alberta, Canada
Age: 48

Principal Occupation:

President, Chief Executive Officer & interim Chief Financial Officer, Matrikon Inc. (Industrial Technology)

Recent Business Experience:

Mr. Somji is the founder, President and CEO and interim CFO of Matrikon Inc. He is also President of Jaffer Inc., a consulting company offering a broad range of services for small business owners as well as assistance with mergers and acquisitions. He is a frequent guest speaker for industry associations and business groups and regularly contributes to a variety of publications.

Other Directorships:

Optimal Geomatics Inc., CARE Canada

Stock Options:

Nil

RSUs:

Number	Grant	Vesting Schedule
9,000	7-Jul-06	4,500 (7-Jul-08); 4,500 (7-Jul-09)

Related – Management

Director Since: March 29, 2001

2007 Meeting Attendance: 100%

2007 Director Compensation: \$51,872²

Common Shareholdings¹: 10,607,286*

Change from 2006¹: 4,500

Meets minimum shareholding requirement

*includes 711,576 common shares held by associates or affiliates

¹ “Common Shareholdings” refers to the number of common shares of Matrikon beneficially owned, or over which control or direction is exercised, by the nominee as of November 1, 2007 and as of October 26, 2006 for 2006.

² Mr. Rosenfeld was a director of Hip Interactive Corp in 2005 while a cease trade order was issued because the company did not file its year-end financial information. Mr. Rosenfeld then resigned from the board. An interim receiver was later appointed.

³ Mr. Somji received director compensation for the portion of the year that he was the non-executive Chairman of the board.

Board of Directors

Director Compensation

As at November 1, 2007, Matrikon has 7 directors, including 6 independent directors and one executive director. Matrikon defines independent directors according to the definition contained in Multilateral Instrument 52-110 Section 1.4.

Director compensation is paid only to directors who are not employees of or consultants to Matrikon, thus, Mr. Somji received compensation as a director only for the portion of the year that he was a non-employee director.

Effective January 1, 2006, director compensation was structured as follows:

- *Annual director retainer:*
\$12,500 per year
- *Board meeting retainer:*
\$12,500 per year
- *Board chair retainer:*
\$60,000 per year (in addition to the annual director retainer and meeting fee)
- *Lead director retainer:*
\$15,000 per year (in addition to the annual director retainer and meeting fee)
- *Annual audit committee chair retainer:*
\$12,500 per year (in addition to the annual director retainer and meeting fee)
- *Annual compensation and governance committee chair retainer:*
\$10,000 per year (in addition to the annual director retainer and meeting fee)

Directors who do not reside in Canada are paid the annual director retainer and annual board meeting fees in equivalent US dollars.

Matrikon also reimburses directors for related travel and out-of-pocket expenses.

Total compensation paid to all directors during the fiscal year ended August 31, 2007 was \$257,019 (2006 \$220,093).

Non-Employee Director Compensation

Director	Annual Director Retainer	Board Meeting Retainer	Committee Chair Retainer	Other Retainer	Total
Hugh Bolton	\$12,500	\$12,500	\$-	\$32,647	\$57,647
Kent Jespersen	12,500	12,500	10,000	-	35,000
David Kramer ¹	12,500	12,500	-	-	25,000
Robert Moore	12,500	12,500	-	-	25,000
Michael Percy	12,500	12,500	-	-	25,000
Amin Rawji ²	-	-	-	-	-
Janice Rennie	12,500	12,500	12,500	-	37,500
Eric Rosenfeld ³	-	-	-	-	-
Nizar Somji ⁴	7,057	7,057	-	37,758	51,872

¹ David Kramer resigned from Matrikon's board on July 12, 2007

² Effective June 5, 2007 Amin Rawji stepped down as President & CEO and resigned from Matrikon's board. As a management director, he did not receive director compensation

³ Eric Rosenfeld was appointed a director on July 12, 2007. No director compensation was paid to him in fiscal 2007

⁴ Effective February 12, 2007 Nizar Somji resigned as Chair of the Board and became interim CFO. Hugh Bolton became Chair of the Board. Prior to this date, Mr. Bolton was Lead Director. As an employee director, Mr. Somji did not receive director compensation. The amounts above are prorated to reflect this change

Directors' Shareholdings Requirements

To ensure that director interests are aligned with shareholders' interests, Matrikon's directors are required to own the dollar value equivalent of three (3) times their annual director retainer in shares after a period of three years on the Board. As of November 1, 2007, all directors owned the equivalent of at least three (3) times their annual director retainer in Matrikon shares based on share value at time of purchase.

Shareholdings of Independent Directors as at November 1, 2007

	Number	Value ¹
Common Shares	3,474,138	\$9,067,500
Options	210,000	\$78,800
Unvested RSUs	58,500	\$152,685

¹ Based on closing price of Matrikon shares on November 1, 2007 and taking into account only options that are currently exercisable and in the money

Director Stock Options

Matrikon's Stock Option plan was discontinued in fiscal 2006. Under the previous stock option plan, newly appointed or elected directors received a grant of 50,000 options to purchase shares. Directors also received annual grants of 10,000 options.

These stock options were only available to non-executive directors.

The exercise price for options was set at the closing market price of Matrikon's common shares on the day they were granted unless a trading blackout was in effect at the time. In this case, the exercise price was set at the closing market price of Matrikon's common shares on the day following the lifting of the trading blackout.

RSU Plan

In 2006, Matrikon replaced its Stock Option Plan with a Restricted Share Unit (RSU) plan. Under the RSU plan, Directors receive RSUs at approximately the equivalent value to the options they would have received annually under the Stock Option plan. The RSUs vest over a period of three years. Once vested, the RSUs are converted to Matrikon common shares.

On July 7, 2006, each current director received 13,500 RSUs. These RSUs vest equally over three years.

In 2007, Eric Rosenfeld received 13,500 RSUs when he joined Matrikon's board. These RSUs vest equally over three years on July 12.

Independent Director Nominees Equity Ownership Summary

Director	As at 1-Nov-07		As at 26-Oct-06		Net Change		Market Value ¹ (1-Nov-07)
	Common Shares	RSUs/ Options ⁴	Common Shares	RSUs/ Options ³	Common Shares	RSUs/ Options	Total
Hugh Bolton	72,878	49,000	67,923	53,500	+4,955	-4,500	\$190,212
Kent Jespersen	76,808 ²	49,000	72,058 ²	53,500	+4,750	-4,500	\$200,469
Robert Moore	118,031	49,000	113,303	53,500	+4,728	-4,500	\$345,151
Michael Percy	28,200	29,000	23,700	33,500	+4,500	-4,500	\$97,092
Janice Rennie	25,321	79,000	20,571	83,500	+4,750	-4,500	\$127,578
Eric Rosenfeld	3,152,900	13,500	n/a	n/a	n/a	n/a	\$8,264,304

¹ Based on closing price of Matrikon shares on November 1, 2007. Market value is the value of common shares held, the in the money value of options and the value of unvested RSUs.

² Includes 3,100 common shares held by associates or affiliates

³ Includes 13,500 RSUs which vest over three years

⁴ Includes 9,000 RSUs, except for Mr. Rosenfeld. Mr. Rosenfeld has 13,500 RSUs which vest over three years.

Independence and Board Committees

Director independence is determined based on the guidelines of Multilateral Instrument 52-110 Section 1.4 and Section 1.5 for members of the Audit Committee.

Seven of Matrikon's nine directors in fiscal 2007 were independent. All committees are made up entirely of independent outside directors.

Director	Audit Committee	Compensation & Governance Committee
Independent Outside Directors		
Hugh Bolton		✓
Kent Jespersen		✓
David Kramer ¹	✓	
Robert Moore	✓	
Michael Percy ²	✓	
Janice Rennie	✓	
Eric Rosenfeld		✓

Management Directors (no committee membership)

Nizar Somji Not independent: president, CEO and interim CFO

Amin Rawji³ Not independent: former president & CEO

¹ Resigned from board July 12, 2007

² Moved to Audit Committee July 12, 2007

³ Resigned June 5, 2007

Summary of Board and Committee Meetings Held

For the fiscal year ended August 31, 2007:

Meeting Type	In Person Meetings	Conference Calls	In Camera Sessions ²
Board	5 ¹	5	4
Audit Committee	4	1	4
Compensation & Governance Committee	4	-	2

¹ Includes all-day strategic planning session

² Meetings held without management present

Summary of Director Attendance at Meetings

For the fiscal year ended August 31, 2007

Director	Board meetings attended	Committee meetings attended ¹	% attendance
Hugh Bolton	10 of 10	4 of 4	100%
Kent Jespersen	9 of 10 ²	4 of 4	93%
David Kramer	10 of 10	5 of 5	100%
Robert Moore	10 of 10	4 of 5 ³	93%
Michael Percy	10 of 10	4 of 4	100%
Amin Rawji	6 of 6	-	100%
Janice Rennie	10 of 10	5 of 5	100%
Eric Rosenfeld	2 of 2	1 of 1	100%
Nizar Somji	10 of 10	-	100%

¹ Committee meetings are open to all board members and are frequently attended by the full board

² Mr. Jespersen was unable to attend a board conference call

³ Mr. Moore was unable to attend an audit committee conference call

Interlocking Directorships

Two of Matrikon's directors share directorship on the board of EPCOR Utilities Inc.: Hugh Bolton and Michael Percy. In addition, Janice Rennie was a former director of EPCOR Utilities Inc. Two of Matrikon's directors also share directorship on the board of Teck Cominco Limited: Hugh Bolton and Janice Rennie.

It is the board's view that these relationships do not impair the individual directors' ability to exercise independent judgment.



Janice Rennie (Chair), Robert Moore, Mike Percy

Audit Committee Report

The Audit Committee, on behalf of the Board of Directors, has oversight responsibility for Matrikon's financial reporting processes and the quality of the company's financial reporting. The Committee has a written charter that describes the Committee's objectives and how it operates.

From November 9, 2004 until July 12, 2007, the Audit Committee was comprised of the following three members: Janice Rennie (Chair), Robert Moore and David Kramer.

Effective July 12, 2007, the Audit Committee is comprised of the following three members: Janice Rennie (Chair), Robert Moore and Michael Percy.

Each member of the Audit Committee is considered by the Board of Directors to be "independent" and "financially literate" within the meaning of Multilateral Instrument 52-110 – Audit Committees.

Relevant Education & Experience of Audit Committee Members

Committee Member	Relevant Education & Experience
Janice Rennie CHAIR	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	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.
Michael Percy	Dr. Percy has a PhD in Economics. Dr. Percy has served on and chaired a number of public company Audit committees.
David Kramer <i>Resigned as of July 12, 2007</i>	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.

Audit Committee Charter

The Audit Committee charter is summarized below. The full text of the charter is available on our website at www.matrikon.com/investors and is attached to our annual information form dated November 19, 2007 and available on SEDAR at www.sedar.com.

The Audit Committee approves, monitors, evaluates, advises and makes recommendations to the Board on matters affecting the external audit and the financial reporting and accounting control policies and practices of Matrikon. In addition, the committee has oversight responsibility with respect to management's duties regarding Matrikon's financial risks.

During fiscal 2007, the Audit Committee met 5 times (four in person meetings, one teleconference). Each in person meeting included the external auditors, the Chief Financial Officer and General Counsel. At four in person meetings, the Audit Committee met with the auditors without management present and with management without the auditors present.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certified certain information in the consolidated financial statements and related disclosure and internal control design materials as required by Canadian securities regulators.

In fulfilling its mandate and responsibilities, the Audit Committee focuses on three areas:

Financial Reporting

The Audit Committee performs:

- A review with management and the external auditors of:
 - the appropriateness of Matrikon's accounting and financial reporting practices
 - any significant new or pending developments in accounting and reporting standards and how they will impact Matrikon
 - the integrity of Matrikon's internal control and management information systems
 - the key estimates and judgments of management that may be material to Matrikon's financial reporting

- A review of the annual audited financial statements, the financial content and the management's discussion and analysis section of the annual report, the management information circular and proxy materials, the annual information form, and the quarterly financial statements and earnings releases and recommends their approval to the Board.

External Auditors

The Audit Committee:

- Assesses the performance and considers the annual appointment of external auditors for recommendation to the Board for ultimate recommendation for appointment by the shareholders, including a review of the auditor's performance, qualifications, independence, audit plans and fees.
- Pre-approves all non-audit services provided by the external auditors or its affiliates and considers any potential impact the non-audit service may have on the independence of the external audit work.
- Reviews the results of the annual audit examination with the external auditors and meets with the external auditors without management present at most in person meetings.
- Receives annual reports from the external auditor on its views of the quality (not just the acceptability) of Matrikon's annual and interim financial reporting.

Risk Management

The Audit Committee oversees management's identification of Matrikon's principal financial risks and uncertainties and the systems used to minimize these risks.

In 2007, the Audit Committee continued its oversight of Matrikon's internal controls compliance, including internal controls over financial reporting and disclosure controls and procedures. The Audit Committee also oversaw the remediation of weaknesses disclosed at the end of fiscal 2006 as described on pages 46 and 47 of our 2006 annual report.

As the CEO and CFO position are held by the same person, the Audit Committee ensures that the Controller and other members of the finance team are present at the meetings.

(signed)

Janice G. Rennie, FCA
Chair, Audit Committee

Auditors

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:

	2007	2006	2005
Audit fees	\$ 161,565	\$ 183,832	\$ 146,081
Audit related fees	55,560	64,489	58,200
Tax fees	-	-	-
All other fees	11,034	16,589	47,950
Total	\$ 228,340	\$ 264,910	\$ 252,231

'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 expenses. 2007 Audit fees are estimates.

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.

The Auditors, Audit Committee and management maintain regular and open communication in relation to the audit of Matrikon's financial statements. There were no disagreements between the Auditors, the Audit Committee and management on matters affecting the audit of Matrikon's financial statements.

In addition, the Auditors reviewed and discussed Matrikon's unaudited 2007 quarterly financial statements and earnings releases with management and the Audit Committee.

The Audit Committee meets with the Auditors without management present at most in person Committee meetings.



Kent Jespersen (Chair), Hugh Bolton, Eric Rosenfeld

Compensation and Governance Committee Report

The Compensation and Governance Committee focuses on ensuring that human resources strategies support Matrikon's objectives and sustain shareholder value, and on measuring Board performance with respect to governance standards.

The Compensation and Governance Committee is responsible for reviewing compensation levels of senior management, for succession planning for the Chief Executive Officer and for providing advice to the Board concerning the general oversight of compensation and governance matters.

The committee also acts as the Nominating Committee and assists the Board in identifying individuals qualified to become Board members and recommending director nominees.

The Committee's current members are Kent Jespersen (Chair), Hugh Bolton and Eric Rosenfeld.

Prior to July 12, 2007, the Committee's members were Kent Jespersen (Chair), Hugh Bolton and Michael Percy.

During fiscal 2007, the Compensation and Governance Committee met four times (all in person meetings).

In fulfilling its mandate and responsibilities, the Compensation and Governance Committee focuses on three areas:

Compensation

The committee is responsible for reviewing and approving the compensation of all senior officers of Matrikon. The committee regularly discusses personnel and human resources matters, including recruitment and development, management succession and benefit plans.

The Compensation and Governance Committee:

- Conducts an annual review of Matrikon's officers' salaries, the general salary structure and employee benefits plans, including restricted share units, and the employee stock purchase plan.
- Reviews incentive bonus arrangements for senior officers.
- Ensures compliance with compensation disclosure requirements and approves the report on executive compensation for the Management Information Circular.
- Reviews the adequacy of director compensation and ensures that it realistically reflects the

responsibilities and risk involved in being an effective director.

- Reviews senior officer performance and succession plans with the Board annually.

Corporate Governance

The Committee is responsible for reviewing and making recommendations to the Board with respect to developments in the area of corporate governance and the practices of the Board, including:

- Ensuring the annual adoption of a corporate strategy and a strategic planning process
- Ensuring the adoption of corporate objectives through the strategic planning process
- Ensuring that Matrikon's disclosure policy facilitates effective communication and satisfies continuous disclosure requirements
- Ensuring that each Board Committee annually reviews its scope and responsibilities
- Ensuring that appropriate orientation and education programs are provided to new directors
- Undertaking an annual assessment of the effectiveness of the Board, the Board Chairman, and the committees of the Board and reporting the findings to the Board. The assessment process examines the effectiveness of the Board as a whole and specifically reviews areas that the Board believe could be improved to ensure the continued effectiveness of the Board in the execution of its responsibilities. A questionnaire addressing Board responsibility, operations, communications and effectiveness is completed by each director. The Chairman of the Board compiles the results of the surveys and interviews each director to discuss individual concerns. A separate evaluation of the Board Chairman is conducted by the chair of the Compensation and Governance committee and includes individual interviews with each director.
- Reviewing and making recommendations to the Board on significant corporate governance issues relating to functional and operational matters, including monitoring the development and maintenance of Matrikon's approach to governance issues, considering new guidelines, and reviewing the description of Matrikon's corporate governance procedures in the annual report and Information Circular

- Monitoring and reviewing Matrikon's Health, Safety and Environment (HSE) policies to ensure they are being effectively implemented

A description of Matrikon's corporate governance practices under National Instrument 58-101 is provided in Appendix 1.

Nominations

The Committee considers the composition of the Board annually and prepares recommendations for director nominees. In this process, the views and recommendations of the Board Chairman, the Chief Executive Officer, and all directors are sought and considered.

Executive Compensation

Summary Compensation Table for Named Executive Officers

Compensation for the Chief Executive Officers, the Chief Financial Officers, and the next three most highly compensated executive officers (Named Executive Officers or NEOs) is summarized in the following table.

Name	Fiscal Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Bonus/Commissions (\$) ⁷	Other Annual Compensation (\$)	Awards		Payouts		
					Restricted Share Units (#) ¹¹	Restricted Share Units (\$) ¹⁰	LTIP Payouts (\$) ⁹		
Amin Rawji President & CEO ¹	2007	225,000	113,840	NIL	NIL	NIL	NIL ¹²	1,318,000 ⁸	1,656,840
	2006	150,000	227,118	NIL	100,000	350,000	NIL	16,063 ²	393,181
	2005	150,000	414,364	NIL	NIL	NIL	NIL	NIL	564,364
Nizar Somji President & CEO,	2007	147,500	107,322	NIL	NIL	NIL	12,555	NIL	267,377
Interim CFO ³	2006	49,846	12,736	NIL	13,500	47,250	NIL	NIL	62,582
	2005	180,000	452,360	NIL	NIL	NIL	NIL	NIL	632,360
Tariq Malik Chief Financial Officer ⁴	2007	116,031	NIL	NIL	NIL	NIL	NIL ¹²	NIL	116,031
	2006	51,282	NIL	NIL	30,000	105,000	NIL	NIL	51,282
Randy Kondor Vice President,	2007	196,273	NIL	NIL	NIL	NIL	NIL ¹²	NIL	196,273
Marketing ⁵	2006	NIL	192,609	NIL	40,000	140,000	NIL	NIL	192,609
	2005	NIL	252,912	NIL	NIL	NIL	NIL	NIL	252,912
Gordon Freund General Counsel	2007	120,000	36,745	NIL	NIL	NIL	13,750	3,644 ²	174,139
	2006	120,000	73,821	NIL	20,000	70,000	NIL	18,294 ²	212,115
	2005	120,000	67,814	NIL	NIL	NIL	NIL	NIL	187,814
Ian Brown Vice President, Europe,	2007	186,706	89,482	NIL	NIL	NIL	NIL	30,095 ^{2,13}	306,283
Middle East, Africa ^{5,6}	2006	153,776	200,148	NIL	NIL	NIL	NIL	7,425 ²	361,349
	2005	170,877	429,480	NIL	NIL	NIL	NIL	NIL	600,357
Jeff Gould Vice President,	2007	120,000	80,883	NIL	NIL	NIL	27,500	3,644 ²	204,527
Products	2006	96,000	62,444	NIL	40,000	140,000	NIL	14,740 ²	173,184
	2005	92,333	36,700	NIL	NIL	NIL	NIL	7,885 ²	136,918

Notes:

- Mr. Rawji was Executive Vice President from 2000 until July 17, 2005 when he was promoted to President. On December 9, 2005, Amin Rawji became Chief Executive Officer. On June 5, 2007, he stepped down.
- Other Compensation is for common shares received under Matrikon's Employee Stock Ownership Program valued using the closing price on the date the shares are issued. This program is available to all employees. In fiscal 2007, Mr. Brown received 1,341 common shares (2006 - 1,350), Mr. Freund received 1,091 common shares (2006 - 3,692) and Mr. Gould received 1,091 common shares (2006 - 3,046, 2005 - 2,501). In fiscal 2006, Mr. Rawji received 3,649 common shares.
- Mr. Somji was President & CEO until July 17, 2005, after which he remained CEO until December 10, 2005 when he became Chairman of the Board. On February 12, 2007, he resigned as Chairman of the Board and became interim CFO. On June 5, 2007, he became President & CEO.
- Mr. Malik left Matrikon on February 12, 2007.
- Mr. Brown is paid in Euros, the amounts shown above are converted based on the exchange rate at the time of payment.
- Mr. Kondor's compensation plan did not include a base salary in 2005 and 2006. Mr. Kondor left Matrikon on August 7, 2007.
- Bonuses paid to Mr. Rawji, Mr. Somji, Mr. Kondor and Mr. Freund for fiscal year 2006 have been restated from estimates to actual payouts which were not available at the date of the 2006 Information Circular.
- Severance payment to Mr. Rawji.
- Long Term Incentive Plan payout is for RSUs which vested on September 1, 2007 for Mr. Freund and Mr. Gould. Mr. Somji received RSUs under a different vesting schedule as a director. Mr. Somji's RSUs vested July 7, 2007.
- RSUs valued at the closing market price on the date of grant.
- RSUs vested over a period of three years, with 25% of the grant vesting September 1, 2007, 33% vesting September 1, 2008 and 42% vesting September 1, 2009.
- Non-vested RSUs expire when employment with Matrikon ceases.
- Includes \$25,639 for a contribution to a personal pension fund. The value of this contribution is tied to the value of an equivalent payout of 40,000 RSU shares according to the vesting schedule described in Note 11.

LTIP - Awards for the Year Ended August 31, 2007

Matrikon introduced a long term incentive program based on Restricted Share Units for key employees and directors in 2006. No RSUs were granted to named executives in fiscal year 2007.

Share Ownership

The following table shows the shareholdings and options (exercisable and total) to acquire common shares by Named Executive Officers at November 1, 2007.

Name	Shareholdings at 1-Nov-07	Exercisable Options	Total Options	Market Value ¹ (1-Nov-07)
Nizar Somji	9,895,710	NIL	NIL	\$25,827,803
Gordon Freund	23,841	45,000	45,000	\$98,375
Ian Brown	7,691	NIL	NIL	\$20,074
Jeff Gould	62,672	NIL	NIL	\$163,574

Notes:

- Based on closing price of Matrikon shares on November 1, 2007. Market value includes the value of common shares held and the value of in the money options.

Aggregated Option Exercises During the Year Ended August 31, 2007 and Financial Year-End Option Values

The following table shows the exercise of options to acquire common shares by Named Executive Officers during the fiscal year ended August 31, 2007.

Name	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options at Financial Year-End		Value of Unexercised In-the-Money Options at Financial Year-End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Amin Rawji	NIL	NIL	NIL	NIL	NIL	NIL
Nizar Somji	NIL	NIL	NIL	NIL	NIL	NIL
Tariq Malik	NIL	NIL	NIL	NIL	NIL	NIL
Randy Kondor	45,656	\$55,987	NIL	NIL	NIL	NIL
Gordon Freund	NIL	NIL	45,000	NIL	\$42,450	NIL
Ian Brown	NIL	NIL	NIL	NIL	NIL	NIL
Jeff Gould	NIL	NIL	NIL	NIL	NIL	NIL

Equity Compensation Plan Information

The following table shows the compensation plans under which Matrikon's securities are authorized for issuance from treasury as of August 31, 2007.

Plan Category	(A)		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
	Number of securities to be issued upon exercise of outstanding options and rights	Weighted average exercise price of outstanding options and rights	
Stock Option Plan approved by shareholders January 24, 2002	586,734	\$2.64	NIL ¹
Employee Stock Ownership Plan approved by shareholders January 24, 2002	79,143	-	NIL ²
Restricted Share Unit Plan approved by shareholders December 9, 2005	1,066,000 ³	-	1,286,861

Notes:

1 Grants of options under Matrikon's Stock Option Plan have been discontinued.

2 Registrations of shares under Matrikon's Employee Stock Ownership Plan have been discontinued as of May 1, 2007.

3 247,375 RSU shares vested on September 1, 2007

Stock Option Plan Details

Overview	Matrikon's Stock Option Plan provides for the granting of options to purchase common shares to directors, officers, employees and consultants of Matrikon and its subsidiaries.
Note	Grants of options under the Stock Option Plan were discontinued in 2006 and have been replaced by the Restricted Share Unit (RSU) Plan.
Approved by shareholders	January 24, 2002

	Plan Maximum	Options Outstanding	Options Exercised	Options Available for Future Grants
Balance as of August 31, 2007	Nil	586,734	1,920,155	NIL ¹
% of Common Shares outstanding as of August 31, 2007	Nil%	1.94%	6.36%	Nil%

1. Grants of options under the Stock Option Plan were discontinued in 2006 and available option grants were rolled into the RSU plan.

Maximum percentage available to insiders	10% of the shares outstanding at the time of issuance on a non-diluted basis, excluding shares issued to insiders under any other Share Compensation Arrangement.
Maximum number of securities any one person or company may receive	5% of issued and outstanding shares on a non-diluted basis at the date of the grant.
Vesting of options	Determined by the Board; typically vesting on the one-year anniversary of the grant or on a vesting schedule over a three or four year period.
Term of stock options	Each option granted has a maximum term of 10 years and is exercisable on terms determined by the Board of Directors, including vesting.
Exercise price determination	The exercise price is set at the closing price of Matrikon's common shares on the Toronto Stock Exchange on the date of Board approval of the grant. If the Company is in a blackout period at the date of the board meeting approving the grant, the exercise price is set at the closing price on the date the blackout is lifted.
Assignability conditions	Non-transferable and non-assignable other than in the case of death.
Cessation of entitlement	<p>If an optionee ceases to be a director, officer or employee of Matrikon for any reason other than death, each option is cancelled as of the date they cease to be a director, officer or employee, regardless of whether the person is terminated with or without cause. If an employee resigns, the options are cancelled as of the resignation date.</p> <p>In the case of death, the legal representative of the estate of the optionee may exercise any options that were otherwise exercisable at the time of death within 90 days following the death.</p>
Procedure for amending each arrangement (whether shareholder approval is required)	<p>The board may amend, suspend or discontinue the plan at any time provided that the amendment is in accordance with the requirements of the Toronto Stock Exchange or any securities commission or regulatory body to which the plan is or may be subject to, except that they may not:</p> <ul style="list-style-type: none"> ▪ Amend the plan to increase the maximum number of shares available for granting under the plan ▪ Change the manner of determining the exercise price

Financial assistance to facilitate purchase of securities	Nil
Entitlements previously granted but subject to ratification of shareholders	Nil

Employee Stock Ownership Plan

Overview	Matrikon's Employee Stock Ownership Plan (ESOP) provides for the matching of Matrikon common shares purchased and held for a period of 16 months by directors, officers and employees of Matrikon and its subsidiaries.
Note	The Matrikon ESOP program was discontinued in fiscal 2007, with the final registration date of April 30, 2007.

	Plan Maximum	Shares Matched to Date	Shares Registered for Matching	Shares Available for Future Registrations
Balance as of August 31, 2007	2,200,000	336,479	79,143	NIL ¹
% of Common Shares outstanding as of August 31, 2007	7.29%	1.11%	0.26%	Nil% ¹

1. The Matrikon ESOP program was discontinued in fiscal 2007.

Maximum number of securities any one person or company may receive (including insiders)	The value of the shares registered for matching in any plan year is a maximum of 10% of the annual compensation of the employee in the preceding calendar year or \$12,000, whichever is less. The value of the shares available for matching is set at the closing price of Matrikon's common shares on the Toronto Stock Exchange on the date of the enrolment period. There are four enrolment periods annually, which are presently set at the last business day of the calendar quarter.
Matching	Shares are matched on a 1 for 2 basis if the registered employee still holds the Matrikon common shares 16 months after the enrolment date.
Exercise price determination	Matched shares are issued from treasury with no consideration paid by the plan registrant.
Assignability conditions	Non-transferable and non-assignable.
Cessation of entitlement	ESOP participant's right to the ESOP matching ceases on the date the participant is no longer a director, officer or employee of Matrikon for any reason, regardless of whether the person is terminated with or without cause.
Procedure for amending each arrangement (whether shareholder approval is required)	Matrikon, through the ESOP administrative committee, may make amendments or terminate the ESOP program at any time, provided the amendment is in accordance with the requirements of the Toronto Stock Exchange or any securities commission or regulatory body to which the plan is or may be subject to.
Financial assistance to facilitate purchase of securities	Nil
Entitlements previously granted but subject to ratification of shareholders	Nil

Restricted Share Unit Plan

Overview	Matrikon's Restricted Share Unit (RSU) plan provides for the granting of RSUs to directors, officers and employees of Matrikon and its subsidiaries.			
Approved by shareholders	December 9, 2005			
	Plan Maximum¹	RSUs Granted	RSUs Exchanged for Shares	RSUs Available for Future Issuance
Balance as of August 31, 2007	1,286,861	1,097,500 ²	31,500	1,286,861 ²
% of Common Shares outstanding as of August 31, 2007	4.26%	3.64%	0.10%	4.26%
<p>1. 10% of the shares outstanding at the time of grant on a non-diluted basis, less the aggregate number of shares reserved for issuance under this or other share compensation arrangements.</p> <p>2. RSU grants are taken into account in the Plan Maximum balance as per Note 1.</p>				
Maximum percentage available to insiders	10% of the shares outstanding at the time of grant on a non-diluted basis, less the aggregate number of shares reserved for issuance to insiders under this or any other share compensation arrangement.			
Maximum number of securities any one person or company may receive	5% of issued and outstanding shares on a non-diluted basis at the date of the grant.			
Vesting of RSUs	Determined by the Board; typically vesting on the one-year anniversary of the grant or on a vesting schedule over a three year period.			
Term of RSUs	<p>Vesting dates for RSU grants may not exceed three years after the end of the calendar year in which they are allocated to a participant.</p> <p>Upon maturation of the RSU, each participant may elect to receive common shares of Matrikon or convert the RSUs into DSUs. DSUs are not convertible to common shares until such time as the participant ceases to be a director, officer or employee of Matrikon. The DSU option has been removed from the plan for future grants.</p>			
Assignability conditions	Non-transferable and non-assignable other than in the case of death.			
Cessation of entitlement	<p>All rights to unvested RSUs granted to a participant become null and void upon the effective date that the participant ceases to be an employee, officer or director of Matrikon.</p> <p>In the event of the death of a participant, RSU shares will be issued to the estate of the participant as soon as practicable after the death of the participant.</p>			
Procedure for amending each arrangement (whether shareholder approval is required)	The board may amend, suspend or discontinue the plan at any time provided that the amendment is in accordance with the requirements of the Toronto Stock Exchange or any securities commission or regulatory body to which the plan is or may be subject to.			
Financial assistance to facilitate purchase of securities	Nil			
Entitlements previously granted but subject to ratification of shareholders	Nil			

Report on Executive Compensation

The Compensation and Governance Committee, composed of three independent directors, reviews and approves Matrikon's compensation program for executive officers.

The primary objectives of Matrikon's compensation program are to enable the company to attract, motivate and retain outstanding individuals and to align their success with that of Matrikon's shareholders through the achievement of strategic corporate objectives and the creation of shareholder value. The level of compensation paid to an executive is based on the executive's overall experience, responsibility and performance.

Compensation of executive officers for 2007 was comprised of three elements, with some variation depending on area of responsibility and individual objectives:

- Base salary (25–33% of total compensation)
- Long-term incentive in the form of RSUs (20-30% of total compensation)
- Short term incentives in the form of cash bonuses (25-50% of total compensation):

- Company wide performance bonus for meeting specific overall growth targets (8-30% of total compensation)
- Area of responsibility performance bonus for meeting area-specific objectives (15-25% of total compensation)

Performance bonuses are calculated based on parameters such as the achievement of target revenue and earnings growth and individual behavioural objectives which could include such metrics as employee retention or office growth. The following table shows the actual compensation breakdown.

The short term company wide performance bonus which was available to all NEOs was not paid out for fiscal 2007 as the target performance was not achieved. Personal objective bonuses range from a percentage of overall revenue and/or operating income to divisional results, depending on the employee's ability to influence results.

Target	Base Salary	Long Term RSUs	Short Term Bonus		Total Pay	Total Bonus <i>Maximum Bonus 2x Base Salary</i>
	25 - 33%	20 - 30%	Company Objectives 8 - 30%	Personal Objectives 15 - 25%		
Amin Rawji ¹	\$225,000 66%	\$ - 0%	\$ - 0%	\$113,840 ³ 43%	\$338,840	\$113,840 0.51 ⁴
Nizar Somji	147,500 55%	12,555 5%	- 0%	107,322 ³ 40%	267,377	119,877 0.81 ⁴
Tariq Malik ¹	116,031 100%	- 0%	- 0%	- 0%	116,031	- -
Randy Kondor ¹	196,273 100%	- 0%	- 0%	- 0%	196,273	- -
Gordon Freund	120,000 70%	13,750 8%	- 0%	36,745 ² 22%	170,495	50,495 0.42 ⁴
Ian Brown	186,706 62%	25,639 8%	- 0%	89,482 30%	301,827	115,121 0.62 ⁴
Jeff Gould	120,000 53%	27,500 12%	- 0%	80,883 35%	228,383	108,383 0.90 ⁴

- 1 Mr. Rawji, Mr. Malik and Mr. Kondor left Matrikon mid year, thus RSU grants were forfeit
- 2 Mr. Freund's performance compensation was a percentage of total revenue
- 3 Mr. Rawji's performance compensation was a percentage of total revenue and a percentage of operating income. Mr. Somji took the same compensation plan when he replaced Mr. Rawji.
- 4 This number represents the proportion of bonus to base salary (calculated as total bonus payout divided by base salary).

Other compensation includes medical and insurance benefits, which are also generally available to all employees.

Governance Committee Report) for additional information.

Refer to the description under the heading **Compensation** on page 17 (Compensation and

Base Salaries

Matrikon's approach to base salaries is to offer amounts which are slightly below par with industry peers, targeting the 25th percentile. Greater emphasis is placed on pay for performance through variable compensation plans. No formal benchmarks or reviews have been performed for fiscal 2007 executive compensation. Actual individual salary levels are based on a number of factors, including the individual's performance, responsibilities and experience and reflect the contribution of each executive officer.

Short-Term Incentive Compensation – Bonuses

Matrikon believes that incentive pay encourages employees to contribute to overall performance. Thus, in addition to base salaries, Matrikon awards cash bonuses to executives based on achieving individual performance targets including certain revenue and net income goals in relation to the company's annual plan as approved by the Board. The bonus plan is restructured annually to motivate specific behaviours. In some instances, the Committee also awards discretionary bonuses to certain of these executives at the conclusion of the year.

Long-Term Incentive Compensation – Restricted Share Units (RSUs)

In fiscal year 2006, we implemented a long term executive compensation strategy that replaces option grants to key employees with grants of restricted share units (RSUs).

Matrikon's RSU plan is intended to encourage key employees and directors to acquire a proprietary interest in Matrikon and thus provide additional incentive to further Matrikon's growth and development while aligning the interests of these employees with those of our shareholders.

The RSU Plan was approved by shareholders on December 9, 2005. Matrikon's employees, officers and directors are eligible to participate in the RSU Plan.

Subject to the vesting requirements (continued employment with Matrikon), each RSU is exchangeable for one common share or one Deferred Share Unit (DSU) at the employee's election. The option to exchange RSUs for DSUs has been removed from the plan and will not apply to future grants of RSUs. The number of RSUs granted is based on each Executive's position, the need for retention incentives, and as part of a multi-year approach to the Executive's compensation.

Long-Term Incentive Compensation - Employee Stock Ownership Program

Eligible employees and directors are entitled to participate in Matrikon's employee stock ownership program (ESOP), which was designed to encourage employees to become shareholders of the company. Employees, including Named Executive Officers, are

eligible to receive one common share for every two common shares purchased and held for a period of 16 months, with certain restrictions. Nizar J. Somji is not eligible to participate in the plan. Shares held by employees under the program are eligible for matching only once. To date, Matrikon has issued 336,479 common shares under ESOP.

The final ESOP registration was April 30, 2007. Matrikon intends to replace this program with a different employee share purchase program in fiscal year 2008.

Compensation of Chief Executive Officer

Both Nizar J. Somji & Amin Rawji acted as CEO in the 2007 fiscal year. The compensation philosophy for both was similar and included:

- Base salary (30-60% of total compensation)
- Short term incentives in the form of cash bonuses (40-80% of total compensation). Performance bonuses are calculated on revenue and operating income.

Employment Contracts

Matrikon does not have any written contracts, plans, arrangements or agreements to compensate Named Executive Officers in excess of \$100,000 in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change of responsibilities following a change of control.

Indebtedness of any Directors, Executive Officers and Senior Officers

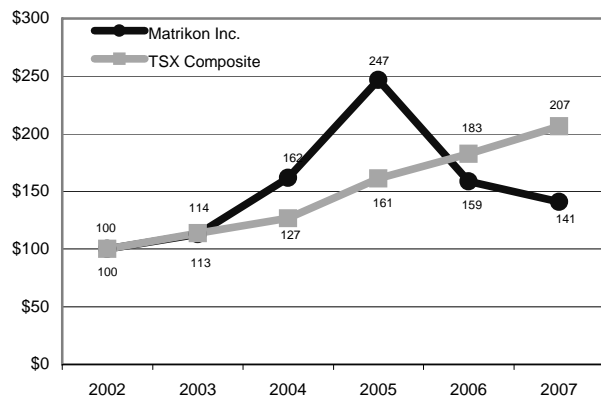
Management is not aware of any indebtedness outstanding by its directors, senior officers or executive officers to the company, or any guarantees, support agreements, letters of credit or other similar arrangements provided by Matrikon to any of its directors, senior officers or executive officers, at any time since the commencement of the last completed fiscal year.

Submitted on behalf of the Board of Directors,

C. Kent Jespersen (Chairman of the Compensation and Governance Committee)
Hugh Bolton
Eric Rosenfeld

Performance Graph

The following graph illustrates the cumulative shareholder return for \$100 invested in Matrikon common shares on August 31, 2002 in comparison to the total shareholder return of Standard & Poor's TSX Composite Index (formerly the TSE 300 Composite Index) for the five most recently completed financial years. Matrikon's trading symbol on the Toronto Stock Exchange is MTK.



	TSX Composite	Matrikon Closing Price (\$)	TSX Composite Investment	Matrikon Common Shares
31-Aug-07	13,660.48	2.75	206.60	141.03
31-Aug-06	12,073.75	3.10	182.60	158.97
31-Aug-05	10,668.94	4.81	161.36	246.67
31-Aug-04	8,377.03	3.16	126.70	162.05
31-Aug-03	7,510.32	2.20	113.59	112.82
31-Aug-02	6,611.95	1.95	100.00	100.00

Directors' and Officers' Insurance

Matrikon has purchased, at its expense, insurance covering liability of directors and officers of Matrikon and its subsidiaries, including defence costs, incurred as a result of their acting as such, except in the case of failure to act honestly and in good faith. The policy also provides coverage against certain risks in situations where Matrikon may be prohibited by law from indemnifying the directors or officers.

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 financial information about Matrikon is provided in our comparative consolidated financial statements for the year ended August 31, 2007 and the related Management's Discussion and Analysis.

Copies of these documents, along with Matrikon's annual information form for the fiscal year ended August 31, 2007 and documents incorporated by reference, additional interim financial statements for periods subsequent to August 31, 2007 and additional copies of this Information Circular are available on request.

Direct your request for materials to:

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

By Phone: 780-945-4010 in Edmonton and area
877-628-7456 elsewhere

By Fax: 780-448-9191

By Email: ir@matrikon.com

Or Online: www.matrikon.com/investors

Approval of Directors

Matrikon's Board of Directors has approved the content and the sending of this Information Circular to the shareholders.

Appendix 1 - Statement of Corporate Governance Practices

Matrikon's Board believes in the importance of maintaining sound corporate governance practices, and has therefore established the Compensation and Governance Committee to periodically review, evaluate and modify governance processes as necessary.

The following table summarizes Matrikon's governance procedures according to National Instrument 58-101.

Corporate Governance Guideline	Comments																																								
1. Board of Directors																																									
(a) Disclose the identity of directors who are independent	<p>The independent directors are:</p> <p>Hugh J. Bolton C. Kent Jespersen Robert Moore Michael B. Percy Janice G. Rennie Eric Rosenfeld</p> <p>The Board evaluates individual director independence based on Multilateral Instrument 52-110 Section 1.4</p>																																								
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination	Nizar J. Somji, founder, president & CEO of Matrikon is the only director who is not considered independent under Multilateral Instrument 52-110 Section 1.4																																								
(c) Disclose whether or not a majority of directors are independent	Six of Matrikon's seven current directors (86%) are independent.																																								
(d) If a director is presently a director of any other issuer that is a reporting issuer in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer	All directorships with other public entities for each director are disclosed in the 2007 annual report (pages 16-17) and information circular (pages 8-10)																																								
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.	<p>The independent directors regularly hold <i>in camera</i> sessions at in person board and committee meetings. The Audit Committee also holds <i>in camera</i> sessions with the external auditors and with management.</p> <p>FY2007 In Camera Sessions Board: 4 Audit Committee:..... 4 Compensation & Governance Committee: 2</p>																																								
(f) Disclose whether or not the chair of the board is an independent director.	The board chairman, Hugh J. Bolton, is an independent director.																																								
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	<table border="1"> <thead> <tr> <th>Director</th> <th>Committee Meetings</th> <th>Board Meetings</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Hugh Bolton</td> <td>4/4</td> <td>10/10</td> <td>100%</td> </tr> <tr> <td>Kent Jespersen</td> <td>4/4</td> <td>9/10</td> <td>93%</td> </tr> <tr> <td>David Kramer</td> <td>5/5</td> <td>10/10</td> <td>100%</td> </tr> <tr> <td>Robert Moore</td> <td>4/5</td> <td>10/10</td> <td>93%</td> </tr> <tr> <td>Michael Percy</td> <td>4/4</td> <td>10/10</td> <td>100%</td> </tr> <tr> <td>Amin Rawji</td> <td>n/a</td> <td>6/6</td> <td>100%</td> </tr> <tr> <td>Janice Rennie</td> <td>5/5</td> <td>10/10</td> <td>100%</td> </tr> <tr> <td>Eric Rosenfeld</td> <td>1/1</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>Nizar J. Somji</td> <td>n/a</td> <td>10/10</td> <td>100%</td> </tr> </tbody> </table> <p>The Board has established a minimum meeting attendance policy of 80%. Attendance of less than this amount would without extenuating circumstances would be a cause for concern. Mr. Jespersen and Mr. Moore were both absent from conference call meetings which were called on short notice.</p> <p>Mr. Rawji and Mr. Kramer resigned from the board on June 5, 2007 and July 12, 2007 respectively. Mr. Rosenfeld joined the board on July 12, 2007.</p>	Director	Committee Meetings	Board Meetings	%	Hugh Bolton	4/4	10/10	100%	Kent Jespersen	4/4	9/10	93%	David Kramer	5/5	10/10	100%	Robert Moore	4/5	10/10	93%	Michael Percy	4/4	10/10	100%	Amin Rawji	n/a	6/6	100%	Janice Rennie	5/5	10/10	100%	Eric Rosenfeld	1/1	2/2	100%	Nizar J. Somji	n/a	10/10	100%
Director	Committee Meetings	Board Meetings	%																																						
Hugh Bolton	4/4	10/10	100%																																						
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Nizar J. Somji	n/a	10/10	100%																																						
2. Board Mandate																																									

Corporate Governance Guideline	Comments
Disclose the text of the board's written mandate.	<p>Matrikon's Charter of Expectations for the Board and Individual Directors is available on our website at www.matrikon.com/investors and was included as Appendix 2 to our information circular for our December 9, 2005 annual and special meeting (the "2005 Circular"), filed on SEDAR at www.sedar.com and such appendix is incorporated by reference herewith.</p> <p>The Board Charter discusses the responsibilities of the board and individual directors and the Board's involvement in Matrikon's strategic planning process.</p>
3. Position Descriptions	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.	Position descriptions are available on our website at www.matrikon.com/investors
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO.	A position description for the CEO is available on our website at www.matrikon.com/investors
4. Orientation & Continuing Education	
(a) Briefly describe the way new directors are oriented about	
(i) the role of the board, its committees and its directors, and	The Board Charter of Expectations outlines Matrikon's expectations with respect to director behaviour, roles and responsibilities. Each committee has a Terms of Reference that outline the specific responsibilities of the committee.
(ii) the nature and operation of the issuer's business.	<p>Arrangements are made for specific briefing sessions from appropriate senior personnel to help new directors better understand Matrikon's strategies and operations.</p> <p>Senior managers and other Matrikon employees make frequent presentations at board meetings on a variety of business issues and strategies. In addition, external resources occasionally present at board meetings (insurance agents, health & safety consultant)</p> <p>Directors are invited to attend various Matrikon events, including the employee appreciation dinner and annual user conference (Matrikon Summit). Through these events, they have an opportunity to meet with employees and clients and learn more about our business and our technology. Two directors attended Matrikon Summit in 2007.</p> <p>Directors may also attend industry conferences at Matrikon's expense.</p>
(b) Briefly describe what measures the board takes to provide continuing education for its directors.	<p>Subject to board approval, directors may enroll in professional development courses at Matrikon's expense.</p> <p>No directors were enrolled in professional development courses at Matrikon's expense in 2007.</p>
5. Ethical Business Conduct	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	Matrikon has a Business Code of Conduct that is applicable to all directors, officers and employees.
(i) disclose how a person or company may obtain a copy of the code	<p>Our Business Code of Conduct is available on our web site: www.matrikon.com and on SEDAR at www.sedar.com.</p> <p>It will be mailed to anyone requesting it by contacting Matrikon's investor relations department at 1-877-MATRIKON extension 4010</p>
(ii) describe how the board monitors compliance with its code	<p>All new employees are required to read and sign off of the Code as part of the orientation process.</p> <p>Employees are reminded annually about Matrikon's policies, including the Business Code of Conduct, as part of the annual performance review process.</p>
(iii) provide a cross-reference to any material change report filed since the beginning of	The Board has not granted any waiver of the Code of Conduct nor has a material

Corporate Governance Guideline	Comments
the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code	change report been required or filed.
(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest	Matrikon's Business Code of Conduct outlines our conflict of interest guidelines. If a director has a material interest in a specific topic, they are not permitted to be present when the matter is discussed or voted upon. Care is taken to ensure all director conflicts are documented in the meeting minutes.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	Ethical business conduct is a constant focus of the Board. Board members are encouraged to interact with employees and members of the management team.
6. Nomination of Directors	
(a) Describe the process by which the board identifies new candidates for board nomination.	The Compensation and Governance Committee is responsible for identifying new candidates for recommendation to the Board. The Committee considers the composition of the Board annually and prepares recommendations for director nominees. In this process, the views and recommendations of the Board Chairman, the Chief Executive Officer, and all directors are sought and considered. See the Compensation & Governance Committee Terms of Reference (Appendix 2) <i>Section E: Responsibilities and Authority – Nominations</i> for additional information.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors.	The Compensation and Governance Committee is responsible for director nominations and is composed entirely of independent directors.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The Compensation and Governance Committee is responsible for nominations. Please refer to the Compensation & Governance Committee Terms of Reference (Appendix 2) <i>Section E: Responsibilities and Authority – Nominations</i> for information regarding the responsibilities, powers and operations of the committee.
7. Compensation	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Compensation and Governance Committee is responsible for reviewing and approving the compensation of all senior officers of Matrikon, including the general salary structure and short and long term incentive programs and bonuses. The Committee regularly discusses personnel and human resources matters, including recruitment and development, management succession and benefit plans. The Committee reviews the adequacy of director compensation and ensures that it realistically reflects the responsibilities and risk involved in being an effective director. See the Report on Executive Compensation (page 24) and Director Compensation (page 11) contained in the 2007 information circular for additional information.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors.	The compensation and governance committee is composed entirely of independent directors.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation and Governance Committee focuses on ensuring that human resources strategies support Matrikon's objectives and sustain shareholder value, and on measuring Board performance with respect to governance standards. The Compensation and Governance Committee is responsible for reviewing compensation levels of senior management, for succession planning for the Chief Executive Officer and for providing advice to the Board concerning the general oversight of compensation and governance matters. The committee also acts as the Nominating Committee and assists the Board in identifying individuals qualified to become Board members and recommending director nominees. See the Compensation and Governance Committee report (page 17) of the 2007 Information Circular and the Compensation & Governance Committee Terms of

Corporate Governance Guideline	Comments
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained.	Reference (Appendix 2) for additional information. No compensation consultants or advisors were retained in fiscal year 2007.
8. Other Board Committees	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	None
9. Assessments	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	The Compensation and Governance Committee has the responsibility for assessing the board's effectiveness as a whole, as well as the effectiveness of the individual directors and the committee's of the board. A board performance review is conducted annually with the findings reported to the board. The assessment process examines the effectiveness of the board as a whole and specifically reviews areas that board members believe could be improved to ensure the continued effectiveness of the board in the execution of its responsibilities. A questionnaire addressing board responsibility, organization, operations, communications and effectiveness is completed by each director. The chairman of the board compiles the results of the questionnaire. A separate evaluation of the board Chairman is conducted by the chair of the Compensation and Governance committee.

Appendix 2 – Compensation & Governance Committee Charter

A. OVERVIEW AND PURPOSE

The Compensation, Governance and Nominating Committee (the “Committee”) is a committee of the Board of Directors and reports to the Board. The Committee is responsible for reviewing compensation levels of senior management and for providing advice to the Board concerning the general oversight of compensation and governance matters to assist the Board in the dispatch of its overall stewardship responsibility for the Corporation. The Committee also sits as the Nominating Committee of the Board. When sitting as the Nominating Committee, the primary objective of the Committee is to assist the Board by identifying individuals qualified to become Board members, and annually recommending director nominees for the next annual meeting of shareholders. The Committee provides advice and assistance to the Board, when necessary, with respect to potential successors to the Chief Executive Officer of the Corporation. The Committee may properly be referred to as the ‘Compensation and Governance Committee’.

B. MEMBERSHIP AND ATTENDANCE AT MEETINGS

1. The members of the Committee shall consist of three 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 Executive Officer or the Chief Financial Officer, and the Secretary of the Corporation and such other corporate officers or support staff as may be deemed appropriate.

C. RESPONSIBILITIES AND AUTHORITY – COMPENSATION

1. Conduct a periodic review, not less than annually, and report to the Board for approval of any recommended changes of the following:
 - a. officers’ salaries and the general salary structure of the Corporation and its subsidiaries, and salary administration procedures;
 - b. employee pension plans and trends and developments in the pension area; and
 - c. employee benefits generally, including the Corporation’s stock option plans and stock purchase plans.
2. Review incentive bonus arrangements for senior officers and, if and when approved by the Board,

oversee the implementation and administration thereof.

3. Ensure compliance with compensation disclosure requirements and approve the report on executive compensation for the Corporation’s Annual Information Circular.
4. Annually review the adequacy and form of compensation of the directors to ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director and make appropriate recommendations to the Board for approval.
5. At the request of the Board, consider any other matters which would assist the directors to meet their responsibilities regarding compensation matters.
6. Report to the Board as required.

D. RESPONSIBILITIES AND AUTHORITY – GOVERNANCE

1. To assist the Board in meeting its responsibility for the stewardship of the Corporation, the Committee shall review the following matters, at least annually, to ensure that such items are being addressed by the Corporation and the Board:
 - a. adoption of a corporate strategy and a strategic planning process;
 - b. adoption on an annual basis of the corporate objectives for which the Chief Executive Officer is responsible;
 - c. senior management succession planning, including the appointment, training and monitoring thereof; and
 - d. the communications policy for the Corporation.
2. Ensure each Board committee annually reviews its scope, duties and responsibilities and recommends to the Board amendments thereto, where advisable.
3. Ensure that an appropriate orientation and education program is provided to new board members.
4. Annually conduct a candid assessment of the effectiveness of the Board and the committees of the Board, including the Committee, and report on such assessment to the full Board. In performing its annual assessment, the Committee should seek out and receive comments from all Directors as to the Board’s performance and any other matters of concern.

5. Prepare and review from time to time, for board approval, a statement of the duties and responsibilities of the Board and the position descriptions of the offices of Chairman of the Board and Chief Executive Officer.
6. Review and make recommendations to the Board as required on significant corporate governance issues relating to functional and operational matters pertaining to the Board, including but not limited to:
 - a. monitoring the ongoing development and maintenance of the Corporation's approach to corporate governance issues, including the statement of corporate governance guidelines;
 - b. considering new matters or guidelines established by any stock exchange or other regulatory body which regulates the affairs of the Corporation; and
 - c. reviewing the description of the Corporation's system of corporate governance in its annual report or Information Circular.
7. Review and approve, if appropriate, the request of individual directors to engage outside advisors at the expense of the Corporation.
8. Review executive management performance with the Board at least once per year.
9. Review the Corporation's succession plans for all executive management positions and provide a report to the Board at least once per year.
10. At the request of the Board, consider any other matters which would assist the directors to meet their responsibilities regarding corporate governance matters.
11. Review annually the terms of reference for the Committee and recommend any required changes for approval by the Board.
12. Report to the Board as required.

E. RESPONSIBILITIES AND AUTHORITY – NOMINATIONS

1. Annually consider the composition of the Board and prepare recommendations to the Board for nominees for appointment to the Board by the shareholders. In this process, the views and recommendations of the Chairman of the Board, the Chief Executive Officer and all members of the Board will be sought and considered.
2. When required, the Committee will seek out and recommend to the Board, new nominees for appointment to the Board by the shareholders.
3. When identifying individuals qualified to become members of the Board, the Committee may conduct

such inquiries and background checks respecting such individuals as it wishes.

4. At least annually, or as required, review and recommend to the Board for approval, the need, composition, membership and chairs of Board committees.
5. The Committee shall have the authority to retain a search firm or other advisors to identify Director or Chief Executive Officer candidates and to assist it with any background checks.

F. MEETINGS

1. Meetings of the Committee are held as required.
2. The Committee shall meet as the Nominating Committee at least two times per year and more frequently as circumstances require. Committee meetings as the Nominating Committee may be coincidental with meetings of the Committee in its Compensation and Governance capacity.
3. 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.
4. Meetings are chaired by the Committee chair or, in the chair's absence, by a member chosen by the Committee from among themselves.
5. A quorum for the transaction of business at any meeting of the Committee is a majority of members.
6. 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.
7. Meetings may be conducted with members physically present, or present by telephone or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.
8. 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.
9. The Secretary of the Corporation shall be the secretary for the Committee and keep a record of minutes of all meetings of the Committee.
10. 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.