

**Management Information Circular
2004**



Invitation to our Shareholders

Dear Shareholder:

Please accept my invitation to join our Board of Directors and senior leadership team at our next annual and special meeting on January 12, 2005 at our corporate headquarters in Edmonton.

This is your opportunity to meet your Board of Directors and management, hear about our financial results of 2004 and our plans for the future.

If you cannot attend the annual and special 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 interest and confidence in our company and look forward to meeting you and answering your questions.

Sincerely,

(signed)

Nizar J. Somji
President & CEO

December 15, 2004

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

Notice of Annual & Special Meeting of Shareholders

The 2005 Annual & Special Meeting of Shareholders will be held in the Training Center at Matrikon's corporate offices, Suite 1800, 10405 Jasper Avenue, Edmonton, Alberta on Wednesday, January 12, 2005 at 3:00 p.m. (Edmonton time) to:

1. receive and consider our 2004 audited financial statements;
2. consider, and if deemed advisable, approve a special resolution regarding an amendment to the Articles of Incorporation enabling the board of directors to appoint new directors between annual meetings
3. elect the directors of Matrikon for 2005;
4. appoint auditors for 2005;
5. transact any other business properly before the meeting.

The Information Circular contains more information on these matters. Our 2004 audited financial statements are included in our Annual Report being mailed with the Circular.

Shareholders as at December 13, 2004 will be entitled to vote at the meeting. The number of eligible votes that may be cast at this meeting is 29,497,739, the total number of common shares of Matrikon outstanding on December 13, 2004.

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 Olympia Trust Company no later than 5:00 p.m. (Mountain Standard Time) on Monday, January 10, 2005.

By order of the Board of Directors,

(signed)

Dwight Bliss
Corporate Secretary

Management Information Circular

All information is as at December 1, 2004 unless otherwise stated.

Q&A on Voting and Proxies

Q: WHEN IS THE ANNUAL & SPECIAL MEETING?

A: The meeting will be held on Wednesday, January 12, 2005 at 3:00 pm 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 to the Board for 2005, to vote on the appointment of KPMG LLP as the auditors for 2005, and to vote on the special resolution to amend the Articles of Incorporation of the company which enables the board to appoint new directors between annual meetings.

Q: WHO IS ENTITLED TO VOTE?

A: Shareholders as of the close of business on December 13, 2004 are entitled to vote. Each common share is entitled to one vote on the items of business identified in this Information Circular. At December 13, 2004, 29,497,739 common shares were issued and outstanding.

Q: WHAT IF I ACQUIRED MY SHARES AFTER DECEMBER 13TH?

A: If you acquired shares after December 13, 2004, 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.

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.
- 2) 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 common 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.) There are two ways you can

vote your shares if you are a non-registered shareholder:

- 1) 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.
- 2) By attending the meeting in person. 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. At the meeting, please register with the transfer agent, Olympia Trust Company.

Q: WHAT IF I PLAN TO ATTEND THE MEETING AND VOTE IN PERSON?

A: If you are a registered shareholder and plan to attend the meeting on January 12, 2005 and wish to vote in person, do not complete or return your form of proxy. Your vote will be taken and counted at the meeting. Please register with the transfer agent, Olympia Trust Company, upon arrival at the meeting.

If your shares are held in the name of a nominee, please refer to the instructions in the previous question 'How do I vote?'

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 Olympia Trust Company when they arrive at the meeting.**

Q: WHAT DO I DO WITH MY COMPLETED PROXY?

A: Return it to the transfer agent, Olympia Trust Company, in the envelope provided, or by fax to 780-408-3382 so that it arrives no later than 5:00 pm (Mountain Standard Time) on Monday, January 10, 2005. 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 the management of Matrikon for use at the annual and special meeting to vote your shares as you instruct.

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: The person named in the form or Proxy will vote for or withhold from voting your shares in accordance with your instructions. If you do not provide instructions on the form of proxy, your shares will be voted **in favour of (FOR)** the election of directors and **in favour of (FOR)** the appointment of the auditors.

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 properly come before 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 before the meeting. If other matters properly come before 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 the Olympia Trust Company no later than 5:00 pm MST on January 10, 2005 or to the Chairman of the annual and special 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: Matrikon's transfer agent, Olympia 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 and a minimum of 5% of the outstanding common shares are represented.

Q: HOW CAN I CONTACT THE TRANSFER AGENT?

A: You can contact the transfer agent by mail at:

Olympia Trust Company
#460 Sun Life Place
10123 – 99 Street
Edmonton, Alberta T5J 3H1

Or by telephone:
780-702-1270

Or by email:
molloyj@olympiustrust.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 December 1, 2004
Nizar J. Somji	12,216,210	41.5%
Van Berkomp & Associates Inc.	3,007,400*	10.2%

* As at the end of May 2004 as disclosed in an Early Warning Report filed by Van Berkomp & Associates

Business to be Conducted at the Meeting

1. Financial Statements

The audited financial statements of Matrikon for the year ended August 31, 2004 contained in the Annual Report included with this Proxy Circular will be placed before shareholders for their consideration at the Meeting.

2. Amendment of the Articles of Amalgamation

From time to time, management and the board of directors of Matrikon may identify new areas where additional expertise at the board level would be beneficial to the corporation. As well, from time to time, the board may identify individuals who are desirable candidates for director, generally and/or for his or her specific expertise. Unfortunately, these situations do not always occur in accordance with the scheduling of annual shareholder meetings and, as a result, candidates for the board who possess the desired expertise cannot be appointed until the next annual shareholder meeting and sometimes, due to timing conflicts, not at all.

If so authorized by the Articles of the Corporation, the Business Corporations Act (Alberta) (the "ABCA") permits existing directors to appoint one or more additional directors of a corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual meeting of that corporation. The current Articles of Matrikon do not provide this flexibility. The board of directors of Matrikon propose that the Articles of Amalgamation of Matrikon be amended to permit the appointment of additional directors between annual shareholder meetings in accordance with ABCA.

At the meeting, you will be asked to vote in favour of the following resolution, with or without variation.

RESOLVED AS SPECIAL RESOLUTION THAT:

Pursuant to section 173 of the Business Corporations Act (Alberta), article 4 of the Articles of Amalgamation of Matrikon Inc. be and is hereby amended by adding the following:

"Subject to the foregoing, the directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual meeting of the Corporation."

Proxies in favour of management will be voted **FOR** the resolution to amend the Articles of Matrikon unless you have specified that your shares are to be voted against voting in favour of this resolution.

For a special resolution to be implemented, the foregoing resolution must be passed, with or without variation, by at least two-thirds of the holders of the shares present in person or by proxy at the Meeting.

3. Election of Directors

The eight (8) nominees proposed for election as directors of Matrikon are listed on page 7. All eight (8) of the nominees are currently directors of Matrikon.

The Articles of the corporation require a minimum of 3 and a maximum of 15 directors.

Once elected, directors will hold office until the next annual meeting of shareholders 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.

4. Appointment of Auditors

The Board of Directors propose that KPMG, LLP be appointed as Matrikon's independent auditors for the 2005 fiscal year.

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 2005 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.

KPMG, LLP have been Matrikon's auditors since March 29, 2001.

Interest of Certain Persons in Matters to be Acted Upon

None of Matrikon's directors or senior 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

Director Since: March 29, 2001

Independent – Chairman of the Board

FY2004 Meeting Attendance: 100%

FY2004 Director Compensation: ..\$49,150

Common Shareholdings: 16,439

Matrikon Board Committees:

Compensation & Governance Committee

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), EPCOR Preferred Equity Inc. (Chairman), Teck Cominco Limited, The Toronto Dominion Bank, The Canadian National Railway Company, Canadian Diabetes Association

Stock Options:

Options	Price	Grant	Exercisable	Expiry
50,000	1.90	6-Jun-01	6-Jun-01	6-Jun-06
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



C. Kent Jespersen

Calgary, Alberta, Canada

Director Since: March 29, 2001

Independent

FY2004 Meeting Attendance: 88%

FY2004 Director Compensation: . \$24,725

Common Shareholdings: 40,048

Matrikon Board Committees:

Compensation & Governance Committee (Chair)

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:

Geac (Chairman), Axia Netmedia, CCR Technologies Inc. (Chairman); Telesystem International Wireless (Lead Director), TransAlta Corporation

Stock Options:

Options	Price	Grant	Exercisable	Expiry
50,000	1.90	6-Jun-01	6-Jun-01	6-Jun-06
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



David Kramer, CFA

Vancouver, British Columbia, Canada

Director Since: January 20, 2004

Independent

FY2004 Meeting Attendance: 100%

FY2004 Director Compensation: \$13,000

Common Shareholdings: 22,200

Matrikon Board Committees:

Audit Committee

Principal Occupation:

Independent Analyst

Recent Business Experience:

Mr. Kramer is an independent financial analyst with extensive experience researching software and technology companies.

Other Directorships:

None

Stock Options:

Options	Price	Grant	Exercisable	Expiry
50,000	2.89	19-May-04	19-May-04	19-May-09



Robert Moore, PHD
Tustin, California, USA

Director Since:March 29, 2001
Independent

FY2004 Meeting Attendance:100%

FY2004 Director Compensation: \$23,500

Common Shareholdings:60,785

Matrikon Board Committees:

Audit Committee

Principal Occupation:

President, CalVentureTech LLC (Early-stage Business Development & Investment)

Recent Business Experience:

Dr. Moore is Finance Director for Tech Coast Angels in Orange County, California. Dr. Moore was a Founder and President of Gensym Corporation, a public company in Massachusetts.

Other Directorships:

None

Stock Options:

Options	Price	Grant	Exercisable	Expiry
50,000	1.90	6-Jun-01	6-Jun-01	6-Jun-06
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



Michael B. Percy, PHD
Edmonton, Alberta, Canada

Director Since:March 29, 2001
Independent

FY2004 Meeting Attendance:86%

FY2004 Director Compensation: \$24,125

Common Shareholdings:23,700

Matrikon Board Committees:

Audit Committee

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 also a Principal of Strategic Relationships Inc. He is an active researcher and commentator on a variety of public policy issues.

Other Directorships:

EPCOR Utilities Inc., Timber Investments Ltd., Institute of Certified Management Consultants of Alberta

Stock Options:

Options	Price	Grant	Exercisable	Expiry
40,000	1.90	6-Jun-01	6-Jun-01	6-Jun-06
10,000	2.01	19-Jul-02	19-Jul-03	19-Jul-08
10,000	2.89	19-May-04	19-May-05	19-May-10



Janice G. Rennie, FCA
Edmonton, Alberta, Canada

Director Since:January 21, 2003
Independent

FY2004 Meeting Attendance:95%

FY2004 Director Compensation: \$24,750

Common Shareholdings:14,600

Matrikon Board Committees:

Audit Committee (Chair)

Principal Occupation:

Senior Vice President Human Resources and Organizational Effectiveness, EPCOR Utilities Inc. (Electric & Water Utility)

Recent Business Experience:

Mrs. Rennie joined EPCOR in September 2004. Prior to that she was Principal of Rennie & Associates, which operated a number of business interests. She has held senior management positions with a number of companies including President of Research Technology Management Inc. and Bellanca Developments Ltd. and Senior Vice President of Princeton Developments Ltd., all private companies.

Other Directorships:

NOVA Chemicals, Canadian Hotel Income Properties, Greystone Capital Management Inc., West Fraser Timber Co. Ltd.

Stock Options:

Options	Price	Grant	Exercisable	Expiry
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



Nizar J. Somji, MEng
Edmonton, Alberta, Canada

Director Since:March 29, 2001
Management

FY2004 Meeting Attendance: 100%

FY2004 Director Compensation: Nil

Common Shareholdings:13,127,786*

Matrikon Board Committees:

None

** includes 911,576 common shares held by associates or affiliates*

Principal Occupation:

President & CEO of Matrikon (Industrial Technology)

Recent Business Experience:

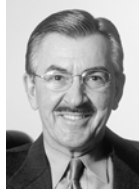
Mr. Somji is the founder, President and CEO of Matrikon Inc. He is a frequent guest speaker for industry associations and business groups and regularly contributes to a variety of publications. Mr. Somji was the recipient of the Dr. Charles Allard Chair in Business at Grant MacEwan College in 2002.

Other Directorships:

Platform Resources, CARE Canada, SME (Small and Medium Sized Enterprises) Task Force on International Trade

Stock Options:

None



John Zaozirny, QC
Calgary, Alberta, Canada

Director Since:March 29, 2001
Independent

FY2004 Meeting Attendance: 100%

FY2004 Director Compensation: \$23,500

Common Shareholdings: 80,505

Matrikon Board Committees:

Compensation & Governance Committee

Principal Occupation:

Counsel to McCarthy Tetrault (Law Firm) and Vice-Chairman of Canaccord Capital Corp. (Financial Services)

Recent Business Experience:

Mr. Zaozirny is Counsel to the law firm McCarthy Tetrault LLP and has served in that capacity since 1987. He served as Alberta's Minister of Energy and Natural Resources from 1982 to 1986 and negotiated the Western Energy Accord, which ended the Federal Government's National Energy Program.

Other Directorships:

Canaccord Capital Corporation (Vice-Chairman), Governor of the Business Council of British Columbia, Acetex Corporation, ACTIVEnergy Income Fund, Alberta Newsprint Company, Bankers Petroleum Inc., Canadian Oil Sands Limited, Computer Modelling Group Ltd., Fording Canadian Coal Trust, IPSCO Inc., MRF Resource Management Limited, Pengrowth Energy Inc. (Lead Director), Provident Energy Ltd., TerraVest Income Fund (Chairman), Titanium Corporation

Stock Options:

Options	Price	Grant	Exercisable	Expiry
50,000	1.90	6-Jun-01	6-Jun-01	6-Jun-06
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

Board of Directors Compensation

As at December 1, 2004, Matrikon has 8 directors, including 7 independent directors and one executive director.

Director compensation is paid only to directors who are not employees of or consultants to Matrikon, thus, Mr. Somji does not receive compensation as a director.

Summary of Compensation

Effective December 1, 2003 until March 1, 2004, director compensation was structured as follows:

- *Annual director retainer:*
\$12,500 per year
- *Annual board chair retainer:*
\$25,000 per year (in addition to the annual director retainer)
- *Board meeting fee:*
\$1,250 per meeting attended, including committee meetings
- *Committee chair fee:*
\$2,500 per year

As of March 1, 2004, director compensation was modified to the following:

- *Annual director retainer:*
\$12,500 per year
- *Annual board chair retainer:*
\$25,000 per year (in addition to the annual director retainer)
- *Board meeting fee:*
\$12,500 per year
- *Committee chair fee:*
\$2,500 per year (in addition to the annual director retainer)

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, 2004 was \$182,750.

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. This requirement was passed in November 2003, with existing directors having one year to attain the minimum holding requirement. As of November 1, 2004, all directors owned the equivalent of at least three (3) times their annual director retainer in Matrikon shares.

Total shareholdings of current non-executive board members was 258,277 as at December 1, 2004. The total value of the shares held by non-executive directors was \$787,745 based on the closing price of Matrikon's shares (\$3.05) on December 1, 2004.

Director Stock Options

Newly appointed or elected directors receive grants of options to purchase shares, in an amount to be decided by the Board and presently set at 50,000. Directors also receive annual grants of options in an amount determined by the Board and presently set at 10,000 per year.

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

The exercise price for options is set at the closing market price of Matrikon's common shares on the day they are granted.

In 2004, each director received options for 10,000 common shares at an exercise price of \$2.89, exercisable on May 19, 2005 and expiring May 19, 2010, with the exception of David Kramer, who as a newly appointed director received options for 50,000 common shares at an exercise price of \$2.89, exercisable on May 19, 2004 and expiring May 19, 2009.

Summary of Board and Committee Meetings Held

For the fiscal year ended August 31, 2004

Board ¹	13
Audit Committee	5
Compensation and Governance Committee	4
Financing Subcommittee	4

¹ Includes all-day strategic planning session

Summary of Director Attendance at Meetings

For the fiscal year ended August 31, 2004

Director	Board meetings attended	Committee meetings attended
Hugh Bolton	13 of 13	13 of 13
Kent Jespersen	11 of 13	4 of 4
David Kramer ¹	7 of 7	3 of 3
Robert Moore	13 of 13	9 of 9
Michael Percy	11 of 13	8 of 9
Janice Rennie	13 of 13	8 of 9
Nizar Somji	13 of 13	-
John Zaozirny	13 of 13	4 of 4

Note:

¹ David Kramer was elected in January 2004, therefore the total number of meetings since he became a director is less than the total for the fiscal year

Charter of Expectations for the Board and Individual Directors

Matrikon has adopted a *Charter of Expectations for the Board and Individual Directors* which sets out specific responsibilities to be discharged by Matrikon's directors and the individual roles expected of them.

The following is a summary of the Charter. The full text of the Charter is available online at www.matrikon.com/investors or via fax or mail by request (see Additional Information).

Managing the business and affairs of the Corporation

The Board delegates authority to the CEO to provide Matrikon with day-to-day leadership and management.

The Board has established two committees to provide more detailed review and oversight of important areas of responsibility. These committees are the Audit Committee and the Compensation and Governance Committee. The Board is responsible for appointing directors to these committees, and establishing and periodically reviewing their terms of reference. (See Audit Committee Report and Compensation and Governance Committee Report.)

The Board has implemented a process to evaluate its performance and effectiveness in fulfilling its responsibilities.

Other responsibilities of the Board include:

- Implementing a process for new director orientation
- Periodic review of the composition of the Board
- Appointing the Chairman and Secretary of the Board
- Establishing and enforcing a Board and Corporate confidentiality policy
- Implementing corporate governance policies to fulfil the Board's responsibilities for oversight and control

Strategy and plans

Matrikon's Board is responsible for ensuring that the company develops and implements a strategic business plan. The Board fulfils this responsibility by participating in the strategic planning process with management, including one all-day board meeting each year specifically dedicated to reviewing and approving the strategic plan.

With respect to strategic plan oversight, the Board also:

- Oversees management's implementation of the strategic plan
- Evaluates management's performance against the strategic plan
- Reviews and approves Matrikon's financial objectives
- Approves the organization of significant business units
- Monitors Matrikon's progress towards its goals

Management and human resources

The Board has responsibility for the appointment, termination and succession of the CEO, establishing CEO compensation, monitoring and reviewing CEO performance against written objectives, providing advice and counsel to the CEO, and approving decisions related to corporate officers. The Board also ensures that succession plans are in place and approves certain matters related to all employees, including the annual compensation policy for employees, and new benefit programs or material changes to existing programs.

Business and risk management

The Board monitors Matrikon's performance against its strategic, operating and capital plans and financial budgets and assesses whether the company is meeting its objectives.

The Board ensures that management identifies the principal risks facing Matrikon, implements systems to manage these risks, and regularly reports on them to the Board to determine whether Matrikon has achieved an appropriate balance between risk and reward.

The Board receives an annual report from management on matters relating to proper financial accounting, reporting and disclosure, employee health and safety and related party transactions.

Financial and corporate issues

The Board monitors the implementation and integrity of Matrikon's internal control and management information systems, monitors operational and financial results, approves annual and quarterly financial statements, meets regularly with and receives reports from Matrikon's independent Auditors, approves significant debt and equity financing, reviews material corporate insurance policies, reviews the commencement or settlement of litigation that is expected to have a material impact on the company, and recommends the appointment of external auditors to shareholders.

Shareholder and corporate communications

The Board ensures that management has appropriate policies in place to facilitate effective communication processes, satisfy continuous disclosure requirements and ensure that financial results and other material events are reported on a timely basis.

Corporate policies and procedures

The Board approves and monitors Matrikon's policies, which are intended to ensure compliance with the laws, regulations, agreements, policies and procedures, including but not limited to: a code of business conduct, continuous disclosure, conflict of interest, insider trading, computer usage and confidentiality. The Board also directs management to ensure appropriate corporate record keeping is in place.

Individual Director Expectations

The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for business acumen and integrity. Potential new directors are assessed on their individual qualifications as well as skill and experience in the context of the needs of the Board.

The Charter stipulates the personal and professional characteristics expected of directors, including:

- high ethical standards and integrity in their personal and professional dealings
- a willingness to act upon and remain accountable for their boardroom decisions
- wise and thoughtful counsel to the Board and management on a broad range of issues
- depth of knowledge to understand and question the assumptions upon which the strategic and business plans are based
- a reasonable level of financial literacy (know how to read financial statements and understand the use of financial ratios)
- respect for confidentiality
- willingness to be available as a resource to management and the Board
- respect for others

Individual directors are also expected to:

- prepare for each Board and committee meeting
- maintain an excellent Board and committee meeting attendance record (attendance of less than 80% without extenuating circumstances would create considerable concern)
- participate fully and frankly in Board deliberations and discussions
- demonstrate willingness to listen to others' opinions and consider them
- be willing to raise tough questions in a manner that encourages open discussion
- establish an effective, independent and respected presence on the Board and a collegial relationship with other directors
- focus inquiries on issues related to strategy, policy and results rather than day to day issues of corporate management
- think, speak and act independently
- be willing to risk rapport with the Chair and other directors in taking a reasoned, independent position
- participate on committees and become knowledgeable about the duties, purpose and goals of each committee

- become knowledgeable about Matrikon's business and the industry it operates in
- participate in director orientation and development programs
- maintain a current understanding of the regulatory, legislative, business, social and political environments in which Matrikon operates
- become acquainted with Matrikon's senior managers
- visit Matrikon's offices when appropriate

Other Matters

With respect to retirement, the Board does not favour term limits, but monitors the overall performance of the Board annually. The Compensation and Governance Committee reviews each directors' continuation on the Board every year.

Non-independent directors are expected to offer to resign from the Board upon their resignation, removal or retirement as an officer of Matrikon.

One independent director is elected as Chair of the Board each year.

Board performance is assessed annually to determine whether it is functioning effectively.

The annual 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.

Board members have complete and open access to Matrikon's CEO, CFO and General Counsel and to all other members of management.

The Board and each committee has the power to hire independent legal, financial or other advisors at Matrikon's expense as it deems necessary. Prior approval from Matrikon is not required.

The Board will have at all times an Audit Committee and a Compensation and Governance Committee. Each of these committees shall consist solely of independent directors.



Janice Rennie (Chair), Robert Moore, David Kramer

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.

Prior to November 9, 2004, the Audit Committee consisted of four members:

- Janice Rennie
- Robert Moore
- David Kramer
- 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.

Effective November 9, 2004, Michael Percy serves on the Compensation and Governance Committee instead of the Audit Committee.

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 also Finance Director for Tech Coast Angels in Orange County, California.
David Kramer	Mr. Kramer is a CFA charterholder. Mr. Kramer acquired experience in corporate financial statement review and analysis in his capacity as equity research analyst with a Canadian bank-owned investment dealer.
Michael Percy	Dr. Percy has a PhD in Economics. Dr. Percy has served on and chaired a number of public company Audit committees. Dr. Percy is no longer a member of the Audit Committee.

Audit Committee Charter

The Audit Committee charter is summarized below. The full text of the charter is attached as Appendix 2.

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 2004, the Audit Committee met 5 times. Each of these meetings included the external auditors, the Chief Financial Officer and General Counsel. At most meetings, the Audit Committee meets with the auditors without management present and with management without the auditors present.

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 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.

(signed)
Janice Rennie
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:

	2004	2003
Audit fees	\$ 126,182	\$ 89,158
Audit related fees	30,162	50,535
Tax fees	-	9,000
All other fees	6,000	1,305
Total	\$ 162,344	\$ 149,998

'Audit related fees' include fees for the review of the quarterly financial statements and management's discussion and analysis. 'Tax fees' include tax compliance services and tax advisory and planning services. 'Other fees' include acquisition review fees.

All services provided by the Auditors, including non-audit related services, are subject to preapproval by the Audit Committee through established procedures. Management regularly updates the Committee on the services rendered by the Auditors.

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

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 2004 quarterly financial statements and earnings releases with management and the Audit Committee.

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



Kent Jespersen (Chair), John Zaozirny, Hugh Bolton

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 Compensation and Governance committee is composed of 3 independent directors.

During fiscal 2004, the Compensation and Governance Committee met 4 times, and a portion of each meeting was held without management present.

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

Compensation

The committee is responsible for determining the compensation of all senior officers of Matrikon and 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 the stock option and 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
- Adopting the corporate objectives that are the responsibility of the CEO
- 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

A description of Matrikon's corporate governance practices relative to the TSX corporate governance guidelines is set out 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 Officer, the Chief Financial Officer, the next three most highly compensated executive officers (the Named Executive Officers) is summarized in the following table.

Name	Fiscal Year	Annual Compensation			Long-Term Compensation	
		Salary (\$)	Bonus/Commissions (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (# of Common Shares)	All Other Compensation (\$)
Nizar J. Somji President and CEO	2004	180,000	125,628	NIL	NIL	NIL
	2003	180,000	248,726	NIL	NIL	NIL
	2002	180,000	318,193	NIL	NIL	NIL
Shafin U. Kanji Chief Financial Officer ³	2004	150,000	63,288	NIL	NIL	\$9,567 ²
	2003	150,000	69,643	NIL	100,000	NIL
	2002	140,000	106,110	NIL	61,863	NIL
Amin Rawji Executive Vice-President	2004	150,000	152,612	NIL	NIL	NIL
	2003	150,000	298,273	NIL	NIL	\$6,000 ²
	2002	150,000	267,875	NIL	NIL	NIL
Cory Engel Vice-President, US Operations	2004	159,477 ¹	50,113 ¹	NIL	50,000	NIL
	2003	176,162 ¹	42,242 ¹	NIL	NIL	\$4,808 ²
	2002	168,345 ¹	NIL	NIL	8,640	NIL
Bijan Shams Vice-President, Services	2004	148,000	74,000	NIL	NIL	NIL
	2003	132,000	80,000	NIL	100,000	NIL
	2002	120,000	40,000	NIL	91,584	NIL

Notes:

- ¹ Mr. Engel is paid in United States dollars, the amounts in the table are the converted amounts based on the exchange rate on the date of payment.
- ² Messrs. Rawji, Kanji and Engel received common shares (3,000, 3,243 and 2,404 respectively) under Matrikon's Employee Share Ownership Program.
- ³ Mr. Kanji was Chief Financial Officer from September 1999 until October 31, 2004. Effective November 1, 2004, Mr. Kanji was promoted to Executive Vice President, Operations.

Option Grants During the Year Ended August 31, 2004

In fiscal year 2004, stock options to purchase common shares of Matrikon were granted to the Named Executive Officers as set out in the following table. The options granted had an exercise price equal to the closing price of Matrikon common shares on the day they were granted. The options vest over 4 years at a rate of 25% per year and expire five years after vesting.

Name	Common Shares Under Options Granted ¹	% of Total Options Granted to Employees During Year Ended August 31, 2004	Exercise or Base Price (\$/Common Share)	Market Value of Securities Underlying Options on the Date of Grant (\$/Common Share)	Expiration Date
Cory Engel	50,000 ¹	11.9%	2.89	2.89	May 19, 2012

Notes:

- ¹ The options were granted under Matrikon's Stock Option Plan and are exercisable as follows:
 - 12,500 available for exercise May 19, 2004
 - 12,500 available for exercise May 19, 2005
 - 12,500 available for exercise May 19, 2006
 - 12,500 available for exercise May 19, 2007

Aggregated Option Exercises During the Year Ended August 31, 2004 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, 2004.

Name	Securities Acquired on Exercise	Aggregate Value Realized ¹	Unexercised Options at Financial Year-End		Value of Unexercised In-the-Money Options at Financial Year-End ¹	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Nizar J. Somji	NIL	NIL	NIL	NIL	NIL	NIL
Amin Rawji	NIL	NIL	NIL	NIL	NIL	NIL
Shafin U. Kanji	44,000	\$59,400	84,862	33,000	\$102,191	\$44,500
Cory Engel	NIL	NIL	21,140	37,500	\$13,311	\$10,125
Bijan Shams	117,000	\$147,950	41,584	33,000	\$47,822	\$44,500

Note:

¹ Based on the August 31, 2004 closing price on the Toronto Stock Exchange of \$3.16.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table shows the compensation plans under which Matrikon's securities are authorized for issuance from treasury as of August 31, 2004.

Plan Category	(A)	Weighted average exercise price of outstanding options, warrants and rights	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, warrants and rights		
Equity compensation plans approved by securityholders	1,957,360	\$2.12	1,028,914
Equity compensation plans not approved by securityholders ¹	216,833	\$3.00	NIL

¹ Warrants issued to the underwriters in connection with the private placement completed in September, 2003. The warrants expire September 24, 2005.

Report on Executive Compensation

The Compensation and Governance Committee, which is composed of three independent directors, administer Matrikon's compensation program for all 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.

The Committee also considers the compensation levels for similar positions in the business services (computer software and processing) and other industries in Canada. Compensation of executive officers is comprised of three elements:

- base salary (30-40% of total compensation)
- long-term incentive (10-20% of total compensation)
- short-term incentives in the form of cash bonuses (50-60% of total compensation)

Matrikon uses parameters such as the achievement of target revenue and earnings growth in determining cash bonus payment.

Matrikon's executive compensation program consists of a base salary, a performance-based annual incentive bonus and a share option plan. Other compensation includes medical and insurance benefits, which are also generally available to all employees.

Refer to the description under the heading **Compensation** on page 15 (Compensation and Governance Committee Report) for additional information.

Base Salaries

Matrikon's approach to base salaries is to offer amounts which are competitive with salaries paid by its industry peers in the country in which the employee is located. In reviewing industry peers, the Compensation and Governance Committee tries to review peers that have a similar business profile to Matrikon, specifically companies with less than \$150 million in assets, less than \$150 million in market capitalization, and where possible, a similar profit margin. This may require going outside of Matrikon's industry peer group to obtain a comprehensive sample.

Short-Term Incentive Compensation – Bonuses

In addition to base salaries, Matrikon awards cash bonuses to executives based on achieving certain revenue and net income goals in relation to the company's annual plan as approved by the Board. The Compensation Committee restructures the bonus plan annually. In some instances, the Committee also awards discretionary bonuses to certain of these executives at the conclusion of the year.

Long-Term Incentive Compensation – Stock Options

The Board grants individual stock options to senior executives based on the recommendation of the Compensation Committee and to other employees based on the recommendation of the President. Participation in Matrikon's stock option plan rewards overall corporate performance, as measured through the price of the company's shares. The stock options are intended to align the interests of Matrikon's executives and other employees with those of its shareholders.

The stock option grant to Cory Engel in 2004 is consistent with previous grants to other Named Executive Officers. Mr. Engel was promoted to Vice President late in 2003.

Long-Term Incentive Compensation - Employee Share Ownership Program

Eligible employees are entitled to participate in Matrikon's employee share ownership program (the "Share Ownership Program"), 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 by them 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 132,085 common shares under the Share Ownership Program.

Compensation of Chief Executive Officer

As CEO of Matrikon, Nizar Somji's compensation was determined by referencing compensation paid by competitors to their chief executives. In referencing industry peers, the Compensation and Governance Committee tries to review peers that have a similar business profile to Matrikon, specifically companies with less than \$150 million in assets, less than \$150 million in market capitalization, and where possible, a similar profit margin. In addition, Matrikon's operating results for fiscal 2003 were considered in determining the CEO's compensation package as well as the company's expected results for 2004.

Employment Contracts

Matrikon does not have any employment contracts, plans, arrangements or agreements to compensate Named Executive Officers 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

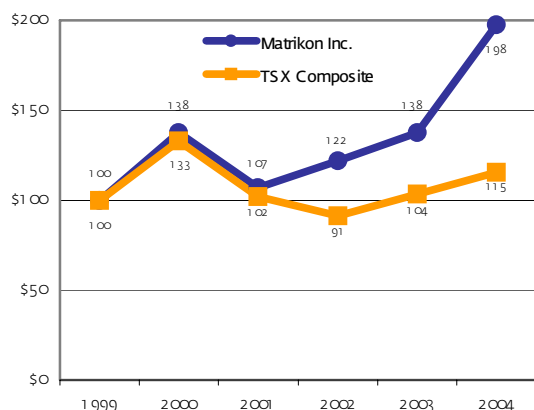
Management is not aware of any indebtedness outstanding by its directors, senior officers or executive officers to the company, or any guarantees, support agreements, letters of credit or other similar arrangements provided by Matrikon to any of its directors, senior officers or executive officers, at 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
John Zaozirny

Performance Graph

The following graph illustrates the cumulative shareholder return for \$100 invested in Matrikon common shares on October 31, 1999 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. In April 2001, Matrikon completed the reverse takeover of TigrSoft Inc., therefore Closing Price information prior to August 31, 2001 is that of TigrSoft and has been adjusted to reflect the five for one share consolidation that occurred with the reverse takeover. Matrikon's trading symbol on the Toronto Stock Exchange is MTK.



	TSX Composite	Corporation Closing Price (\$)	TSX Composite Investment	Corporate Common Shares
31-Aug-2004	8,377.03	3.16	115.45	197.50
31-Aug-2003	7,510.32	2.20	103.50	137.50
31-Aug-2002	6,611.95	1.95	91.12	121.88
31-Aug-2001	7,399.22	1.71	101.97	106.88
31-Oct-2000	9,639.57	2.20*	132.85	137.50
31-Oct-1999	7,256.22	1.60*	100.00	100.00

*TigrSoft Inc. Closing Price, adjusted for the 2001 stock consolidation, pursuant to which five common shares were consolidated into one common share.

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 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, 2004 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, 2004 (when it becomes available) and documents incorporated by reference (when they become available), additional interim financial statements for periods subsequent to August 31, 2004 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: 780-448-1010 in Edmonton and area
877-628-7456 elsewhere

By Fax: 780-448-9191

By Email: ir@matrikon.com

Or Online: www.matrikon.com/investors

Approval of Directors

Matrikon's Board of Directors has approved the contents 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 compares Matrikon's governance procedures with the TSX corporate governance guidelines.

TSX Corporate Governance Guidelines	Matrikon's Governance Procedures
1. The board of directors should explicitly assume responsibility for the stewardship of Matrikon and, specifically for the following matters:	
(a) Adoption of strategic planning process and approval of the strategic plan	One board meeting each year is dedicated as a full day strategy session in which the board reviews, discusses and approves strategies developed by management. Matrikon's general strategies and their implementation are discussed regularly at board meetings. In addition, the board oversees implementation of the plan and evaluates management's performance against the plan.
(b) The identification of the principal risks of Matrikon's business and ensuring the implementation of appropriate systems to manage these risks	The Audit Committee monitors and considers the principal risks of Matrikon's business and reviews and monitors insurance coverage and financial risk management activities. The Committee also reviews the methods and procedures established by management to control key risks.
(c) Succession planning, including appointing, training and monitoring board members and senior management	The board and its Compensation and Governance Committee regularly review Matrikon's organizational plan and structure, monitor senior management's progress, and review succession plans at the board and senior executive level.
(d) A shareholder communications policy	Management, supported by the board, has put structures in place to ensure effective communication between Matrikon and its stakeholders, including adoption of a disclosure policy to guide appropriate two-way communication, avoid selective disclosure and address how management interacts with analysts and the public. Matrikon has a dedicated Investor Relations Department, reporting to the Chief Financial Officer, to respond to individual inquiries and receive feedback from stakeholders and to ensure compliance with its ongoing disclosure obligations. Shareholders may contact Matrikon through a direct e-mail link on the web site or by telephone to Investor Relations. Information that is publicly disclosed is released through news wire services, the general media, a web site address, the Internet and mailings to shareholders and interested parties. The management information circular, annual information form and financial statements are reviewed and, where required, approved by the board prior to disclosure. The board approves all news releases and other communication relating to material changes and reviews Matrikon's communication policy annually.
(e) The integrity of Matrikon's internal control and management information systems	The integrity of internal control and management information systems are ensured through delegation of this responsibility to the Chief Financial Officer and the Audit Committee, which ensure compliance with Generally Accepted Accounting Principles. The Audit Committee reviews the methods of controlling corporate assets and information systems and oversees the financial reporting process in accordance with proper accounting principles. In addition to a full annual audit, external auditors review Matrikon's quarterly results and meet with the Audit Committee without management at most committee meetings.
2. Majority of directors should be unrelated to management and free from conflicting interests	<p>The board is composed of eight members; seven are unrelated and one is an officer of Matrikon. A director is considered unrelated if they did not work for Matrikon, did not benefit from a business relationship with Matrikon that could reasonably be perceived to interfere with their ability to act in shareholders' best interests, did not receive remuneration from Matrikon other than directors fees and disbursements and are not a family member of the senior executives of the company.</p> <p>The board chairman is unrelated to the company.</p> <p>As a company with a significant shareholder (Nizar J. Somji, 41.5%), the board believes that its composition is balanced to represent Matrikon's minority shareholders. All directors other than Mr. Somji are independent and all committees are composed solely of independent directors.</p> <p>John Zaozirny, who is Vice-Chair of Canaccord Capital Corporation, excused himself from board discussion and approval of the financing completed in September 2003 (underwritten by a syndicate that included Canaccord Capital) to avoid potential conflict of interest.</p> <p>Two directors on Matrikon's board also share directorship on the EPCOR Utilities Inc. board of directors. The board does not consider this interlock to interfere with Matrikon's board independence. The directors who are also directors on EPCOR's board are Hugh Bolton and Michael Percy. In addition, Janice Rennie is an employee of EPCOR Utilities Inc. and was previously a director of EPCOR.</p> <p>Matrikon's external auditors, KPMG, are engaged primarily in audit services. KPMG also performs tax services for the Australian operations. Matrikon retains other accounting firms for most other non-audit services.</p>

TSX Corporate Governance Guidelines	Matrikon's Governance Procedures
3. Disclose for each director whether he or she is related, (a member of management) and how the conclusion was reached	The board has reviewed the status of each of the proposed directors and determined whether they are related or unrelated, as described in the TSX Report. A director is considered unrelated if they did not work for Matrikon, did not benefit from a business relationship with Matrikon that could reasonably be perceived to interfere with their ability to act in shareholders best interests, did not receive remuneration from Matrikon other than directors fees and disbursements and are not a family member of the senior executives of the company. As a result of this review, the board determined that there is one related director: Nizar J. Somji.
4. Appoint a committee responsible for proposing and assessing directors	The Compensation and Governance Committee, (comprised solely of unrelated directors), has the responsibility for reviewing board members' performance and suitability and recommending new members for election to the board and to ensure the appropriate mix of related and unrelated members.
5. Implement a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors	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 members of the board and the board's committees. A board performance review process is completed 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 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.
6. Provide orientation and education programs for new directors	Matrikon provides appropriate orientation briefing packages and presentations for new directors. Matrikon's Charter of Expectations for the Board and Individual Directors outlines the duties and expectations of the board and directors. In addition, board members may attend industry conferences, if requested, at Matrikon's expense.
7. Consider the appropriateness of the number of board members to ensure maximum effectiveness	The board has reviewed the appropriateness of the number of board members and has determined the number to be effective considering Matrikon's size and needs.
8. Review compensation of directors, in light of risks and responsibilities	Matrikon's unrelated directors are compensated to reflect the high degree of responsibility and expected commitment. The board, through its Compensation and Governance Committee, periodically reviews the adequacy and form of compensation to directors. Effective March 1, 2004 the annual director retainer was set at \$12,500 and 10,000 stock options per year. Directors receive an additional annual fee of \$12,500 for meeting attendance. Committee chairs receive additional compensation (\$2,500 annually) and the chairman of the board receives an additional annual retainer (\$25,000).
9. Committees of the board should generally be composed of outside directors, a majority of whom are unrelated directors	Matrikon currently has two standing committees: the Audit Committee and the Compensation and Governance Committee. Each committee is comprised entirely of unrelated directors.
10. Appoint a Committee responsible for determining Matrikon's approach to Corporate Governance	In addition to the Compensation and Governance Committee (comprised solely of unrelated directors), the board as a whole regularly considers Corporate Governance issues. The Compensation and Governance Committee monitors best practices for governance and reviews Matrikon's practises to ensure high standards.
11. Define the mandate for the board and the CEO and approve or develop the corporate objectives that are the CEO's responsibility	
(a) The board of directors	The board manages Matrikon's business for the collective benefit of the shareholders. The board strives to meet or exceed the duties and responsibilities outlined in Section 474 of the TSX Company Manual. These include strategic planning, monitoring and management of the company's principal business risks, succession planning and information systems and internal controls. Any responsibility that is not delegated to senior management or a board committee remains with the full board. In addition to matters that require board approval by law, management seeks board approval for major transactions, including those that involve material investments and expenditures or divestitures. Matrikon's Charter of Expectations for the Board and Individual Directors outlines the duties of the board.
(b) The CEO	The scope and extent of the CEO's mandate has evolved through interaction and an ongoing consultative process with the board. The CEO's objectives are discussed annually with the Compensation and Governance Committee. These objectives include the general mandate to manage the company's physical, intellectual, financial and human resources, and to maximize shareholder value. In addition, specific goals are set which are in line with the corporate goals established by management and approved by the board.
(c) Corporate objectives	The Compensation and Governance Committee reviews the CEO's general objectives on an annual basis and reviews the corporate goals for which the CEO has responsibility. The corporate objectives are then reviewed by the full board. The variable pay component of compensation for the CEO and other senior management is dependent upon their meeting corporate objectives approved by the board and the Compensation and Governance Committee.

TSX Corporate Governance Guidelines	Matrikon's Governance Procedures
12. Establish structures and procedures to enable the board to function independently of management	Board independence is established through the non-executive Chairman, whose responsibilities include ensuring that adequate and proper information is made available to the board and maintaining communication between the board and senior management. Sufficient time is allocated on the agenda of each board and committee meeting for the unrelated directors to meet without management.
13. Establish an Audit Committee made up of unrelated directors and define the Audit Committee's mandate	<p>The Audit Committee meets at least four times each year and is comprised entirely of unrelated directors, each of whom is financially literate. The Audit Committee has a written mandate that is approved by the board. The mandate includes:</p> <ul style="list-style-type: none"> • monitoring audit functions and the preparation of financial statements • reviewing management's actions in relation to the preparation of financial statements and the maintenance of internal controls • reviewing Matrikon's financial reporting in connection with the annual audit and the preparation of financial statements • discussing Matrikon's policies and procedures for managing risk with management • reviewing audit plans for the external auditors • meeting quarterly with external auditors independently of management to discuss the quality and appropriateness of Matrikon's accounting policies
14. Implement a system to enable individual directors to engage outside advisors, at the expense of the Corporation	Requests to engage an outside advisor by individual directors are considered by the chairman, who recommends that the board approve the request if it is deemed appropriate. If deemed appropriate, the outside advisors are engaged at Matrikon's expense.

Appendix 2 – Terms of Reference of the Audit Committee

A. OVERVIEW AND PURPOSE

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

B. MEMBERSHIP AND ATTENDANCE AT MEETINGS

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

C. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

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

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

2. Risk Management
 - a. To oversee the Corporation's management to ensure that management discharges its responsibility to identify and mitigate financial risks faced by the Corporation.
3. General Responsibilities
 - a. To consider any other matters which, in the opinion of the Committee or at the request of the Board, would assist the directors to meet their responsibilities.
 - b. To review annually the terms of reference for the Committee and to recommend any required changes to the Board.
 - c. To provide reports and minutes of meetings to the Board.

D. MEETINGS

1. Regular meetings of the Committee are held at least four times each year.
2. Meetings may be called by the Committee chair or by a majority of the Committee members, and usually in consultation with the management of the Corporation.
3. Meetings are chaired by the Committee Chair or, in the Chair's absence, by a member chosen by the Committee from among themselves.
4. A quorum for the transaction of business at any meeting of the Committee is a majority of members.
5. The Secretary of the Corporation shall provide for the delivery of notices, agendas and supporting materials to the Committee members at least five (5) days prior to the date of the meeting, except in unusual circumstances.
6. Meetings may be conducted with members present, or by telephone or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.
7. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.
8. The Secretary of the Corporation shall be the secretary for the Committee and keep a record of minutes of all meetings of the Committee.
9. Minutes of the meetings of the Committee, prepared in draft, shall be distributed by the Secretary of the Corporation to all members of the Committee within seven (7) working days of each meeting, and shall be submitted for approval at the next regular meeting of the Committee.

E. AUTHORITY OF THE AUDIT COMMITTEE

1. The Audit Committee shall have the authority to:
 - a. engage independent counsel and other advisors as it determines necessary to carry out its duties;

- b. to set and pay the compensation for any advisors employed by the committee; and,
2. to communicate directly with the internal (if any) and external auditors.

Adopted by the Board, December 3, 2001 and amended November 9, 2004.

(signed)

Dwight I. Bliss, Secretary