

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Comnetix Inc. (the "Corporation"), 2872 Bristol Circle, Suite 100, Oakville, Ontario, L6H 6G4

Item 2 Date of Material Change

August 19, 2004.

Item 3 News Release

A news release with respect to the material change referred to in this report was filed by the Corporation through PR Newswire on August 19, 2004 and filed on SEDAR. A copy of the news release is attached to this report as Appendix "A".

Item 4 Summary of Material Change

The Corporation announced that Tim Zahavich has been appointed Chief Financial Officer beginning August 24, 2004, subject to regulatory approval.

Item 5 Full Description of Material Change

The Corporation announced that Tim Zahavich has been appointed Chief Financial Officer beginning August 24, 2004, subject to regulatory approval. Mr. Zahavich was previously Chief Financial Officer of Toronto-based Vixs Systems Inc., a Canadian high technology company specializing in semiconductors for the transmission of wireless video signals, a position he has held since 2002. From 2000 to 2002 he was Chief Financial Officer of Com Dev International, a Canadian publicly traded high technology company specializing in the manufacture of components for satellites and cellular telephone base stations. He also served as Chief Financial Officer for St. Joseph Printing Ltd. of Concord, Ontario from 1999 to 2000 and from 1991 to 1999 was Vice-President Finance & Administration and Chief Financial Officer for Gennum Corporation, an international specialist manufacturer of semi-conductors. Mr. Zahavich has also held a series of increasingly responsible financial positions for Babcock & Wilcox Canada, from 1982 to 1991, and Shell Canada Resources, from 1980 to 1982. Mr. Zahavich holds an Honours Degree in Commerce from Queen's University, Ontario and is a Chartered Accountant.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information contact James P. Scullion, Chief Executive Officer, who is knowledgeable about the material change and this report, at (905) 829-9988 or (408) 879-7420.

Item 9 Date of Report

DATED as of this 19th day of August, 2004.

COMNETIX INC.

By: “James P. Scullion”
James P. Scullion
Chief Executive Officer

APPENDIX “A”

See attached.



COMNETIX INC APPOINTS TIM ZAHAVICH AS NEW CHIEF FINANCIAL OFFICER

TORONTO, August 19, 2004 – Comnetix Inc (TSX:CXI), a leading provider of biometric identification and authentication solutions, announced today that Tim Zahavich has been appointed Chief Financial Officer beginning August 24, 2004. The appointment is subject to regulatory approval. Mr. Zahavich adds extensive finance experience, together with a proven ability in providing financial leadership to high technology companies, to the Comnetix executive team.

“Tim’s talents are an excellent fit for us, particularly his strong background in the development of high technology companies,” said James P. Scullion, CEO of Comnetix. “We’re looking forward to putting his skills to good use as we pursue our plans to grow the business while maintaining tight controls.”

Zahavich was previously Chief Financial Officer of Toronto-based Vixs Systems Inc, a Canadian high technology company specializing in semiconductors for the transmission of wireless video signals, a position he has held since 2002. From 2000 to 2002 he was Chief Financial Officer of COM DEV International, a Canadian publicly traded high technology company specializing in the manufacture of components for satellites. He also served as Chief Financial Officer for St Joseph Printing Ltd of Concord, Ontario, from 1999 to 2000, and from 1991 to 1999 was Vice President Finance & Administration and Chief Financial Officer for Gennum Corporation, an international specialist manufacturer of semi conductors. Zahavich has also held a series of increasingly responsible financial positions for Babcock & Wilcox Canada, from 1982 to 1991, and Shell Canada Resources, from 1980 to 1982. Zahavich holds an Honors Degree in Commerce from Queen’s University, Kingston, Ontario, and is a Chartered Accountant.

About Comnetix Inc (www.Comnetix.com)

Comnetix provides secure criminal identification and authentication hardware and software to law enforcement agencies throughout North America. It also offers secure commercial systems for use in areas such as applicant screening, financial services, health care, transportation, airlines and airports, casinos and gaming, and energy/utilities. Clients include American Airlines, Lehman Brothers, New York State Health and Hospital Corporation, New York State Department of Criminal Justice Services, Toronto Police Services Board, Boston Police Department, and the Royal Canadian Mounted Police. Comnetix offers packaged and custom-designed multimode biometric identification systems.

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Statements made in this news release that relate to future plans, events or performances are forward-looking statements. Any statement in this release containing words such as "believes", "plans", "expects" or "intends" and other statements which are not historical facts are forward-looking, and these statements involve risks and uncertainties and are based on current expectations. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements.

For further information

Investor Relations:

Jesse Deal

877-691-8087 (toll-free)

investor.relations@comnetix.com

Alan Brousseau

Comnetix Inc.

905-829-9988 ext 234

investor.relations@comnetix.com

Media Relations:

Michael Corcoran

416-529-5709

mcorcoran@hartwellgroup.ca