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Successful Completion of Placement and Institutional Entitlement Offer and Operational & Financial Update

Perth, Australia – 24 May 2012: Matrix Composites & Engineering Ltd (“**Matrix**” or the “**Company**”) today announces the successful completion of the recently announced Placement and the institutional component (“**Institutional Offer**”) of the 1 for 15 accelerated pro-rata non-renounceable offer (“**Entitlement Offer**”), as part of a capital raising to raise approximately \$36.7 million (“**Capital Raising**”).

A total of approximately \$25.9 million has been raised pursuant to the Placement and \$6.7 million pursuant to the Institutional Offer from participating, eligible institutional shareholders and investors.

The Institutional Offer experienced extremely strong support from existing eligible shareholders.

Matrix CEO, Aaron Begley said: “We are delighted with the strong support demonstrated from our existing institutional shareholders and from the new shareholders participating in the Capital Raising. We welcome those new shareholders to Matrix’s register, and also look forward to welcoming participation from our eligible retail shareholders when the retail entitlement offer, which is fully underwritten, opens.”

Matrix is moving towards nameplate production rates by continuing to advance the ramp up of its Henderson Facility and remains on track to achieve nameplate capacity by the end of June 2012.

Proceeds of the Capital Raising will be applied to the repayment of \$8.5 million in financial debt, and increasing available cash resources. Post capital raising, Matrix will be in a strong financial position, with cash of approximately \$18 million, a working capital surplus of approximately \$50 million and total financial debt of approximately \$27 million. Matrix’s net debt to equity ratio will be approximately 7%.

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Settlement of the Placement and the Institutional Offer is scheduled for Tuesday, 29 May 2012, with the new shares expected to commence trading on Wednesday, 30 May 2012.

RETAIL ENTITLEMENT OFFER

The fully underwritten retail component of the Entitlement Offer ("Retail Entitlement Offer") opens on Thursday, 31 May 2012 and is expected to close at 5:00pm (AWST) on Friday, 15 June 2012 and raise approximately \$4.1 million.

Retail shareholders who are eligible to participate under the terms of the Retail Entitlement Offer will have the opportunity to participate at the same price and offer ratio as the Institutional Offer with eligible retail shareholders having the opportunity to subscribe for 1 new Matrix share for every 15 existing Matrix shares held at 7:00pm (AEST) on Monday, 28 May 2012 at the offer price of \$2.10 per share.

Eligible retail shareholders should carefully read the retail offer booklet and personalised entitlement and acceptance form, which is expected to be mailed to each eligible retail shareholder on Thursday, 31 May 2012.

The Retail Entitlement Offer is not being extended to any shareholder with a registered address outside Australia and New Zealand.

Matrix shares are expected to resume trading on the ASX today.

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Argonaut Capital Limited ("Argonaut") acted as Lead Manager and Book-runner to the Capital Raising. Argonaut has agreed to fully underwrite settlement of the commitments from institutional and sophisticated shareholders and investors under the Institutional Offer and Placement and to fully underwrite the Retail Entitlement Offer subject to the terms and conditions of an underwriting agreement.

Ashurst Australia is Matrix's legal adviser in relation to the Capital Raising.

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FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any forecasts, projections and forward-looking statements. You should not place undue reliance on forward-looking statements and neither Matrix nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

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This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

IMPORTANT NOTICE TO NOMINEES: Because of legal restrictions, you must not send copies of this letter or any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States and on whose behalf you are the registered owner of shares. Failure to comply with these restrictions may result in violations of applicable securities laws.

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