



31 May 2012

NOT FOR DISTRIBUTION IN THE UNITED STATES

Dear Shareholder

RETAIL ENTITLEMENT OFFER

On 23 May 2012 Matrix Composites & Engineering Ltd ("**Matrix**") announced it would seek to raise approximately \$36.7 million in new equity to strengthen its balance sheet, reduce debt and provide for enhanced financial capability to pursue larger scale tendering opportunities.

The equity is being raised through a placement ("**Placement**") of fully paid ordinary shares ("**New Shares**") to institutional investors and a 1 for 15 accelerated non-renounceable pro rata entitlement offer of New Shares at an issue price of \$2.10 per New Share to existing shareholders ("**Entitlement Offer**") (together the "**Offer**").

Matrix undertook the Placement and the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") on 23 May 2012, both of which were strongly supported by institutional shareholders and settled on 29 May 2012, raising \$32.6 million.

Under the retail component of the Entitlement Offer ("**Retail Entitlement Offer**"), eligible retail shareholders are now invited to apply for 1 New Share at a price of \$2.10 per New Share for every 15 Matrix shares held by them at 7.00pm (AEST) on Monday, 28 May 2012 (the "**Record Date**") on the terms set out in the enclosed Offer Booklet ("**Entitlement**"). This price is the same as the offer to institutional shareholders and investors under the Placement and Institutional Entitlement Offer.

You will find enclosed with this letter the following documents:

- An Offer Booklet detailing how to participate in the Entitlement Offer if you choose to do so, including a timetable of key dates, description of key terms under the Entitlement Offer and other important information;
- Annexed to the Offer Booklet, a copy of the investor presentation, offer announcement and cleansing notice that were released by Matrix to the ASX on 23 May 2012 providing further information on Matrix, its capital management initiatives, the impact of the Offer and key risks for you to consider; and
- A personalised Entitlement and Acceptance Form detailing your Entitlement.

Argonaut Capital Limited ("**Argonaut**") has been appointed as sole lead manager and global book-runner to the Offer. Argonaut has agreed to fully underwrite the Retail Entitlement Offer subject to the terms and conditions of an underwriting agreement.

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I encourage you to read these documents before deciding whether or not to take up your Entitlement. You may wish to obtain professional advice to assist you with your decision.

The Retail Entitlement Offer closes at 5.00pm (AEST) on Friday, 15 June 2012. To participate in the Retail Entitlement Offer, you must have applied for New Shares so that your completed Entitlement and Acceptance Form and application money, or BPAY[®] payment, is received by this time.

You may choose to take up all, part or none of your Entitlement. Shareholders recorded on the share register with an address outside Australia and New Zealand are not eligible to participate in the Retail Entitlement Offer.

If you have any questions in respect of the Retail Entitlement Offer please consult your stockbroker, accountant or other professional adviser.

On behalf of the Board of Matrix, I thank you for your continued support of Matrix and invite you to consider this investment opportunity.

Yours sincerely



Peter Hood

Chairman

Matrix Composites & Engineering Ltd





Retail Entitlement Offer

A 1 for 15 accelerated non-renounceable pro rata retail entitlement offer of Matrix ordinary shares at an offer price of \$2.10 per New Share closing 5.00pm (AEST) Friday, 15 June 2012.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. Please contact your professional adviser if you have any queries.

Directory

Issuer

Matrix Composites & Engineering Ltd
ABN 54 009 435 250
150 Quill Way
Henderson, WA 6166

Registry

Link Market Services Ltd
Ground Floor, 178 St George's Terrace
Perth WA 6000

Advisors

Argonaut Capital Limited
Level 30, Allendale Square
77 St Georges Terrace
Perth WA 6000

Legal Advisors

Ashurst Australia
2 The Esplanade
Perth WA 6000

Matrix Website

www.matrixap.com.au





KEY OFFER DATES

Date	Event
Wednesday, 23 May 2012	- Announcement of Offer - Institutional Entitlement Offer and Placement opened and closed
Thursday, 24 May 2012	- Announcement of Institutional Entitlement Offer and Placement results - Trading resumed on ex-entitlement basis
Monday, 28 May 2012	Record Date (7.00pm (AEST))
Tuesday, 29 May 2012	Settlement of Institutional Entitlement Offer and Placement
Wednesday, 30 May 2012	Institutional Entitlement Offer shares and Placement shares commence trading on ASX on normal settlement basis
Thursday, 31 May 2012	- Despatch of retail offer booklet and entitlement and acceptance forms to eligible retail holders - Retail Entitlement Offer opens
Friday, 15 June 2012	Retail Entitlement Offer closes (5.00pm AEST)
Wednesday, 20 June 2012	Announce results of Retail Entitlement Offer
Friday, 22 June 2012	Settlement of Retail Entitlement Offer shares
Monday, 25 June 2012	Allotment of Retail Entitlement Offer shares
Tuesday, 26 June 2012	Quotation of Retail Entitlement Offer shares
Thursday, 28 June 2012	Despatch of holding statements for Retail Entitlement Offer shares

The timetable is subject to change in Matrix's absolute discretion. The commencement of quotation of New Shares is subject to confirmation from the ASX.

If you have any questions, please consult your stockbroker, accountant or other professional adviser.

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DETAILS OF THE OFFER AND HOW TO APPLY

1. **PLEASE READ CAREFULLY THE ATTACHED CHAIRMAN'S LETTER, IMPORTANT INFORMATION, ENTITLEMENT AND ACCEPTANCE FORM, INVESTOR PRESENTATION AND OTHER PUBLIC INFORMATION MADE AVAILABLE**

The 1 for 15 accelerated non-renounceable pro rata entitlement offer ("**Entitlement Offer**") of Matrix Composites & Engineering Ltd ("**Matrix**") fully paid ordinary shares ("**New Shares**") is not being made under a prospectus or product disclosure statement. Rather, the Entitlement Offer is being made pursuant to provisions of the *Corporations Act 2001* (Cth) ("**Corporations Act**") that allow entitlement offers to be offered by providing certain updates and confirmations to the market.

Consequently, before accepting your entitlement of New Shares ("**Entitlement**"), you should carefully read and understand the publicly available information on Matrix and the Entitlement Offer, including the attached materials, Matrix's periodic and continuous disclosure announcements including the financial results for the six months ended 31 December 2011 lodged with ASX on 24 February 2012, the Matrix 2011 Annual Report lodged with ASX on 21 September 2011 and other announcements that have been made available at www.matrixap.com.au or www.asx.com.au.

2. **CONSIDER THE ENTITLEMENT OFFER IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES**

If you have any queries or are uncertain about any aspect of the Entitlement Offer, consult with your stockbroker, accountant or other professional adviser. Please ensure that you review carefully the "Key Risks" section on slides 19 to 21 of the attached Investor Presentation.

3. **OVERVIEW OF THE RETAIL ENTITLEMENT OFFER**

Under the Entitlement Offer, you as an Eligible Retail Shareholder (as defined in section 4 of "Important Information") are entitled to apply for 1 New Share at a price of \$2.10 per New Share ("**Offer Price**") for every 15 Matrix shares you held at 7.00pm (AEST) on Monday, 28 May 2012 (the "**Record Date**") subject to the terms of the Entitlement Offer outlined in this document ("**Retail Entitlement Offer**"). This is called your "**Entitlement**".

The ratio and price under the Retail Entitlement Offer are equal to the ratio and price for the issue of New Shares under the institutional component of the Entitlement Offer (being the offer of Entitlements to eligible institutional Matrix shareholders at the Record Date) ("**Institutional Entitlement Offer**"). The Record Date under the Retail Entitlement Offer and the Institutional Entitlement Offer is the same.

The number of New Shares for which you are entitled to apply for is shown on the personalised Entitlement and Acceptance Form that accompanies the copy of this





Offer Booklet which has been sent to each Eligible Retail Shareholder. Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

Note: The Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Matrix shares on behalf of a person in the United States.

Entitlements are non-renounceable, and Matrix shareholders who do not take up their Entitlements will not receive any payment or value for their Entitlements. Entitlements will not be able to be traded on the ASX or privately transferred.

The Retail Entitlement Offer is only open to Eligible Retail Shareholders and Matrix reserves the right to reject any application that it believes comes from a person who is not an Eligible Retail Shareholder.

The placement to institutional and sophisticated investors ("**Placement**") and the Institutional Entitlement Offer was settlement underwritten by Argonaut Capital Limited ("**Argonaut**") at the Offer Price of \$2.10 per New Share. The Retail Entitlement Offer is fully underwritten by Argonaut at the Entitlement Offer Price of \$2.10 per New Share.

Argonaut has appointed Peter Hood, a director of Matrix, to sub-underwrite 50,000 New Shares under the Retail Entitlement Offer, which will require Mr Hood to subscribe for New Shares not taken up by other shareholders in the Retail Entitlement Offer up to a maximum of 50,000 New Shares at the Offer Price (being an amount of \$105,000). Under the sub-underwriting agreement, Argonaut will pay Mr Hood a sub-underwriting fee of \$1,575 (being, 1.5% of the sub-underwritten amount).

4. **IMPACT OF THE ENTITLEMENT OFFER AND PLACEMENT ON YOUR SHAREHOLDING**

The issue of New Shares pursuant to the Entitlement Offer is not expected to have any material effect or consequence on the control of Matrix. However, to the extent that any shareholder fails to take up their rights for New Shares under the Entitlement Offer, that shareholder's percentage holding in Matrix will be diluted by those other shareholders who take up some or all of their entitlement. Shareholders generally will also have their percentage holdings diluted by the issue of shares in the Placement.

5. **APPLY FOR PART OR ALL OF YOUR ENTITLEMENT**

If you want to take up all or part of your Entitlement, you must complete and return the Entitlement and Acceptance Form with your payment **or** pay your application monies via BPAY[®] pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Matrix will treat you as applying for as many New Shares as your payment will pay for in full.

Your Entitlement is set out in the accompanying Entitlement and Acceptance Form and has been calculated as 1 New Share for every 15 Matrix shares you held as at the Record Date of 7.00pm (AEST) on Monday, 28 May 2012, rounded up to the nearest

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whole share. If you have more than one holding of Matrix shares you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

If you accept and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer at 5.00pm (AEST) on Friday, 15 June 2012, you will be allotted your New Shares on Monday, 25 June 2012.

Matrix reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

You do not have to pay any brokerage or other transaction costs to Matrix on the issue of New Shares.

6. **ACCEPTANCE OF THE RETAIL ENTITLEMENT OFFER**

You may subscribe for all or part of your Entitlement by either completing the Entitlement and Acceptance Form in accordance with the instructions set out on the back of that form, indicating the number of New Shares you wish to subscribe for and attaching payment or, if you have an Australian financial institution account that supports BPAY[®], by paying by BPAY[®] (see below for more details).

The method of taking up the Entitlement Offer will depend on your method of payment, being:

Payment by cheque, bank draft or money order

Should you wish to pay by cheque, bank draft or money order, then you should complete your Entitlement and Acceptance Form in accordance with the instructions set out on that form and return the form accompanied by a cheque, bank draft or money order:

- In Australian currency, drawn on an Australian branch of a financial institution;
- For an amount equal to \$2.10 multiplied by the number of New Shares that you are applying for; and
- Made payable to "Matrix Composites – Offer Account" and crossed "Not Negotiable".

Cash payments will not be accepted. Receipts for payment will not be issued.

Payment by BPAY[®]

For Eligible Retail Shareholders wishing to pay by BPAY[®] (only available to Eligible Retail Shareholders who hold an account with an Australian financial institution that supports BPAY[®]):

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- Please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). Your BPAY[®] payment must be received by no later than 5.00pm (AEST) on Friday, 15 June 2012. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY[®] are received by this time; and
- For payment by BPAY[®] you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY[®] you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you have more than one holding of shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for Entitlements to which that Reference Number applies.

Any application monies received for more than the number of New Shares comprised in your Entitlement will be refunded on or around Friday, 29 June 2012 (except where the amount is less than \$1.00 in which case it will be donated to a charity chosen by Matrix). No interest will be paid on any application monies received or refunded and any interest earned will be retained for the benefit of Matrix.

7. **IF YOU DO NOT WISH TO TAKE UP YOUR ENTITLEMENT**

If you do not wish to take up your Entitlement under the Retail Entitlement Offer, you can simply do nothing. At the Retail Entitlement Offer close date, 5.00pm (AEST), Friday, 15 June 2012, if you have not completed your Entitlement and Acceptance Form and returned it with application money to the Registry at the address below, or alternatively made a payment through BPAY[®] for which Matrix has received payment, then your Entitlements will lapse.

The Entitlement Offer is non-renounceable. If you do not take up your Entitlements, you will not receive any value for your Entitlements.

8. **MAIL OR DELIVERY**

To participate in the Retail Entitlement Offer, your payment must be received by no later than 5.00pm (AEST) on Friday, 15 June 2012. If not paying by BPAY[®], your

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completed Entitlement and Acceptance Form, together with application monies, should be mailed or delivered using the reply paid or self-addressed envelope provided with this booklet to the address set out on the reverse of the Entitlement Acceptance Form.

9. REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY[®], you will be deemed to have represented that you are an Eligible Retail Shareholder (as defined in section 4 of "Important Information"). You will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting for are not in the United States;
- (b) you and each person on whose account you are acting acknowledge that 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, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- (c) you and each person on whose account you are acting have not and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States; and
- (d) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

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IMPORTANT INFORMATION

This offer booklet and the attached ASX offer announcements, including the Investor Presentation and cleansing notice, annexed to this offer booklet ("**Information**") have been prepared by Matrix. The Information is dated Wednesday, 23 May 2012. No party other than Matrix has authorised or caused the issue of this Information, or takes responsibility for, or makes any statements, representations or undertakings in this Information. Argonaut, its related bodies corporate, directors, employees, servants or agents ("**Affiliates**") make no representation or warranty, expressed or implied, as to the accuracy or completeness of this document. Except for any liability which cannot be excluded by law, Argonaut and its Affiliates expressly disclaim and accept no responsibility or liability (including liability for negligence) for the contents of the Information.

You should read this Information carefully and in its entirety before deciding to invest in New Shares. In particular you should consider the risk factors outlined in slides 19 to 21 of the attached Investor Presentation that could affect the performance of Matrix or the value of an investment in Matrix.

The past performance of Matrix, and the past share price of Matrix should not be relied upon as (and is not) an indication of future performance.

1. NOT INVESTMENT ADVICE

The Entitlement Offer to which this Information relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by Australian Securities and Investments Commission ("**ASIC**") Class Orders 08/35 and 07/571.

The Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Matrix is not licensed to provide financial product advice in respect of the New Shares.

The Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares and does not take into account the investment objectives, financial situation or needs of you or any particular investor. You should conduct your own independent review, investigation and analysis of Matrix shares the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Matrix before making any investment decision based on your investment objectives.

You should also consider the "Key Risks" section on slides 19 to 21 of the attached Investor Presentation.

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2. **NO COOLING-OFF RIGHTS**

Cooling-off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

3. **NO ENTITLEMENTS TRADING**

Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

4. **ELIGIBLE RETAIL SHAREHOLDERS**

The Retail Entitlement Offer is extended only to Eligible Retail Shareholders. Eligible Retail Shareholders are those persons who:

- (a) were the registered holder of Matrix shares at 7.00pm (AEST) Monday, 28 May 2012 (the "Record Date");
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States;
- (d) did not receive an offer under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Retail Entitlement Offer is not being extended to any Matrix shareholder with a registered address outside Australia and New Zealand (see Section 5 below).

5. **OFFER JURISDICTIONS**

This Information is not intended to and does not constitute an offer of securities in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register shares of Matrix or otherwise permit a public offering of New Shares in any jurisdiction outside of Australia and New Zealand. Return of the Entitlement and Acceptance Form with application money or your BPAY[®] payment shall be taken by Matrix to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

The distribution of this document outside Australia and New Zealand may be restricted by law. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.





New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Matrix shareholders who are Eligible Retail Shareholders to whom an offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemptions Notice 2002 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

This Information does not constitute an offer of shares for sale in the United States, or in any other place in which, or to any person to whom, it would not be lawful to make such an offer.

The offering of New Shares has not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered, sold or resold in the United States, or any other place in which, or to any person to whom, it would not be lawful to make such an offer or grant, except in accordance with an available exemption from registration and applicable state securities laws.

6. GOVERNING LAW

This document and its annexures, the Entitlement Offer and the contracts formed on return of the Entitlement and Acceptance Form are governed by the laws applicable in Western Australia, Australia. Each Matrix shareholder who applies for New Shares submits to the jurisdiction of the courts of Western Australia, Australia.

7. DISCLAIMER AND FORWARD-LOOKING STATEMENTS

This document and its annexures contain certain forward-looking statements. The words "anticipate", "believe", "except", "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 Matrix, 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 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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To the maximum extent permitted by law, Matrix, Argonaut and each of their officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information or likelihood of fulfillment of any forward looking statements (including, without limitation, liability for negligence). Please refer to the "Key Risks" outlined on slides 19 to 21 of the attached Investor Presentation for summary of certain risk factors which may affect Matrix when considering this information. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. The financial information in relation to Matrix's current and pro forma balance contained on slide 12 in the Investor Presentation is based on the un-audited financial accounts at the end of April 2012 and information derived from it does not represent final numbers and has not been reviewed by Matrix's auditor. No review statements by Matrix's auditor have been made on this information. Matrix's actual financial statements for this period, once published, may differ from the information in the Investor Presentation.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Matrix. Matrix does not guarantee any particular rate of return or the performance of Matrix nor does it guarantee the repayment of capital from Matrix or any particular tax treatment. You should have regard to the "Key Risks" outlined on slides 19 to 21 of the attached Investor Presentation.

8. TAXATION

Taxation implications will vary depending upon the individual circumstances of Eligible Shareholders. You should obtain your own professional advice before deciding whether to invest in New Shares.

9. FINANCIAL DATA

Unless otherwise stated, all dollar values are in Australian dollars (A\$).

10. OVERSEAS SHAREHOLDERS

Matrix has decided that it is unreasonable to make offers under the Retail Entitlement Offer to Matrix shareholders with registered addresses outside Australia and New Zealand having regard to the number of Matrix shareholders in those places, the number and value of the securities they would be offered and the cost of complying with the legal and regulatory requirements in those places.

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ASX OFFER ANNOUNCEMENTS DATED 23 MAY 2012

Investor presentation, offer announcement and cleansing notice

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INVESTOR PRESENTATION

OPERATIONAL & FINANCIAL UPDATE

Matrix Composites & Engineering Ltd

23 May 2012



IMPORTANT INFORMATION AND DISCLAIMER

This document has been prepared by Matrix Composites & Engineering Ltd (ABN 54 009 435 250) (Matrix). No party other than Matrix has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this document. Argonaut Capital Limited (ABN 18 099 761 547) (Argonaut) its related bodies corporate, directors, employees, servants or agents (Affiliates) make no representation or warranty, expressed or implied, as to the accuracy or completeness of this document. Except for any liability that cannot be excluded by law, Matrix and Argonaut, and each of their Affiliates, disclaim and accept no responsibility or liability (including liability for negligence) for any expenses, losses, damages or costs incurred by you as a result of your participation in any offer referred to in this document or the information in this document being inaccurate or due to information being omitted from this document. Matrix, Argonaut, and each of their Affiliates, make no recommendation as to whether you or your related entities or persons should participate in any offer referred to in this document nor do any of them make any representations or warranties to you concerning any such offer or in relation to securities in Matrix.

Presentation of general background: This document contains general background information about Matrix's activities current as at the date of this presentation, 23 May 2012. It is information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment. It should be read in conjunction with Matrix's other periodic and continuous disclosure announcements including the financial results for the six-months ended 31 December 2011 lodged with the Australian Securities Exchange (ASX) on 24 February 2012, the Matrix 2011 Annual Report lodged with ASX on 21 September 2011 and announcements to the ASX available at www.asx.com.au. All dollar values in this document are in Australian dollars (A\$) unless stated otherwise.

Not a prospectus: This document is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investment Commission (ASIC). The offer of Matrix ordinary shares (New Shares) to which this presentation relates either complies (in respect of the entitlement offer) with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35, and a cleansing notice complying with that section will be lodged with ASX, or will (in respect of the placement) only be made to persons to whom offers can be made without a prospectus in accordance with Chapter 6D.2 of the Corporations Act 2001 (Cth).

Not investment advice: The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Any investment decision should be made based solely upon appropriate due diligence and, if applicable, upon receipt and careful review of relevant offering documents. Recipients of this presentation are advised to consult their own professional advisers. An investment in any listed company, including Matrix, is subject to significant risks of loss of income and capital. Cooling-off rights do not apply to an investment in any New Shares. The recipient cannot, in most circumstances, withdraw an application once it has been accepted.

Future performance: This presentation 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 Matrix, 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 projections and forward-looking statements and the assumptions on which those assumptions are based. 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.

Risks: An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Matrix and Matrix's directors, employees, servants, advisers or agents. Matrix does not guarantee any particular rate of return or the performance of Matrix nor does it guarantee the repayment of capital from Matrix or any particular tax treatment. You should have regard to the 'Key Risks' section of this presentation that outlines some of these risks.

Not an offer in other jurisdictions: This presentation is not an offer to sell or a solicitation of an offer to subscribe or purchase of any securities, and may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. No action has been taken or will be taken that would permit a public offering of the of the New Shares in any jurisdiction outside Australia and New Zealand. Recipients of this document should inform themselves of the restrictions that apply in their own jurisdiction, including as set forth in this documents under the section captioned "Foreign Selling Restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Acceptance: By attending an investor presentation or briefing, or accepting, assessing or reviewing this document you acknowledge and agree to the above.

SUMMARY

MATRIX OVERVIEW	- Matrix specialises in the design and manufacture of engineered products for use in the oil & gas and resources industries - Global leader in the manufacture of subsea buoyancy modules - Matrix's newly commissioned Henderson plant is the largest, most technically advanced composites syntactic plant in the world
OPERATIONAL UPDATE	- No further major plant capex required for Henderson - FY2013 sustaining capex forecast to be approximately \$4 m to \$6 m - On track to achieve stable nameplate capacity at Henderson by the end of June 2012 - Oil and gas macro outlook, order book, tendering activity and competitive advantages continues to position Matrix for strong future growth
FINANCIAL UPDATE	- The 1H12 non-cash write-off of PP&E combined with the Henderson ramp-up has resulted in a technical breach of a lagging debt covenant - Bank has agreed to waive this breach, subject to conditions, including repayment of \$8.5 million in borrowings and revised covenants - Matrix currently expects to report FY12 revenue of \$140m to \$150m and an operating loss before tax of between \$20m and \$23m - Order book, tendering pipeline and operational improvement supports consensus market expectations for FY13 - Forecast \$225 million revenue and \$23 to \$25 million NPAT

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SUMMARY (CONT.)

EQUITY RAISING	- Matrix is raising approximately \$37.6 million via an Institutional Placement & Accelerated Non-Renounceable 1:15 Entitlements Issue - Fixed price of \$2.10 per share - Approximately 17.9 million new shares to be issued - Argonaut is acting as Lead Manager and Underwriter
USE OF PROCEEDS	- Strengthening of balance sheet by repayment of \$8.5 million in financial debt and increasing available cash resources - Post capital raising, Matrix will have: - Cash of approximately \$18 million - Significant reduction of financial debt - Working capital surplus of approximately \$50 million - Net debt / equity of approximately 7% - Enhanced financial capability will enable Matrix to pursue larger tendering opportunities

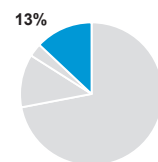
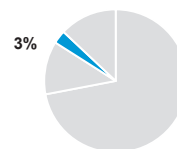
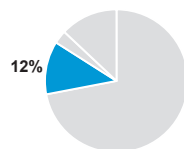
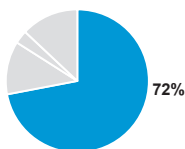
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BUSINESS OVERVIEW

Drilling Products	Well Construction Products	Upstream SURF Ancillary Equipment	MOSE & Other Services
- Riser buoyancy modules - Riser protection - Riser clamps	- Centralisers - Guide/ Reamer shoes - Float equipment	- Buoyancy – Installation, ROV & Distributed Buoyancy for rigid and flexible flowlines/ umbilicals - Flexible flow lines & umbilical accessories - Clamping systems - Coating protection - Installation accessories	- Equipment manufacture - Testing, inspection & assembly - Repair - Offshore maintenance services

Revenue Contribution¹



1. Based on managements target estimates of sales to external customers for FY2013

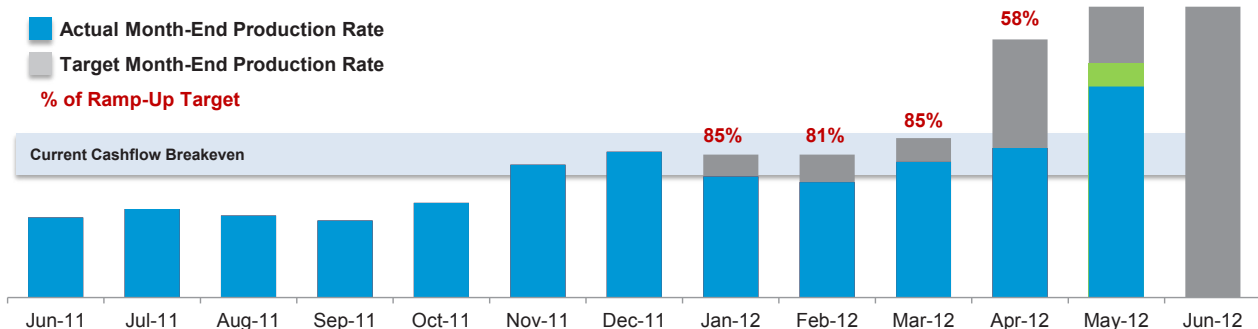
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HENDERSON PLANT UPDATE

- No further major plant capex required
 - Sustaining capex for FY13 approximately \$4 million to \$6 million
- On track to achieve stable full nameplate capacity by the end of June 2012
 - Key process issues resolved
 - Ongoing ramp-up is expected to reduce labour costs during FY13
- Plant is highly leveraged to operational improvement given fixed cost base

Henderson Production Ramp-up Overview



* Based on monthly production performance to 22 May. Peak shift production has achieved 81% of target production capacity as shown in green.

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ORDER BOOK & TENDERING ACTIVITY

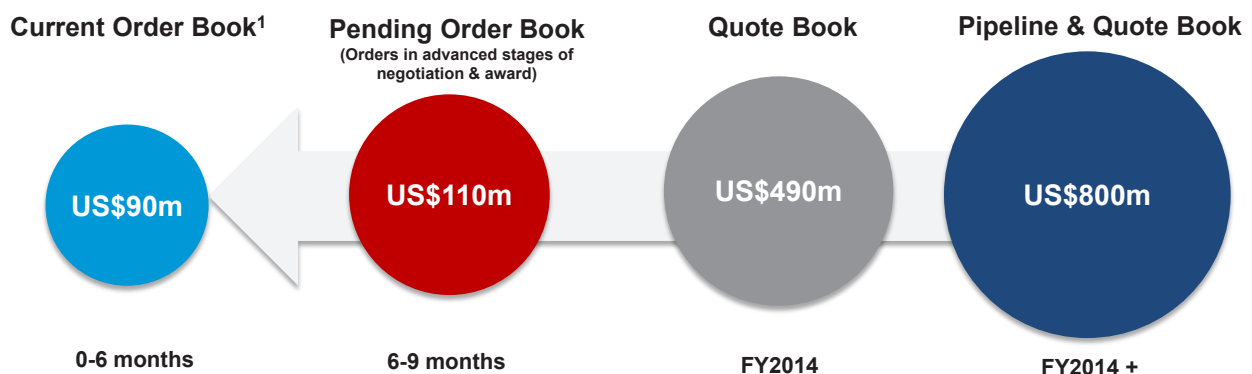
- Order book and pipeline for drilling riser modules continues to grow and strengthen
 - US\$18 million of new orders converted from LOI since February 2012
 - US\$10 million in new orders secured since February 2012
 - Historic quote to order conversion is approximately 30%
 - Geographic expansion into new key growth regions (USA, Brazil & West Africa)
- Tendering activity remains strong
- Order book also supported by Matrix's well construction, SURF ancillary equipment and MOSE products and services

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ORDER BOOK & TENDERING ACTIVITY

Overview of Order Book, Tendering Activity & Pipeline



Current Order Book and Pending Order Book is currently anticipated to load the Henderson plant to approximately 90% based on full operating rates for FY13.

1. As at 1 May 2012

MARKET OUTLOOK

- Macro outlook for oil and gas sector remains strong
- Structural shift to deepwater drilling and production underpins demand for Matrix's market leading buoyancy products
- New-build rig outlook remains robust and continues to strengthen the growing spares, replacement and extension market
- Near term growth in subsea production and processing set to drive strong demand for Matrix's SURF ancillary products
- Strong demand and growth potential for Matrix's consumable well construction products used for onshore/offshore deviated and horizontal drilling in conventional and unconventional applications

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CAPITAL RAISING

QUANTUM	• Capital raising of approximately \$36.7 million
STRUCTURE	• Institutional Placement to raise approximately \$25.9 million • 1:15 Accelerated Non-Renounceable Entitlements Offer to raise approximately \$10.8 million
PRICING	• Fixed issue price of \$2.10 per share – 10.6% discount to Matrix's last closing price of \$2.35 on Tuesday, 15 May 2012 – 20.7% discount to Matrix's 5-trading day VWAP of \$2.65 up to Tuesday, 15 May 2012
TIMING	• Institutional Placement and Institutional Entitlement Offer – DvP Settlement, Tuesday, 29 May 2012 – New shares commence trading, Wednesday, 30 May 2012 • Retail Entitlement Offer – Opens on Thursday, 31 May 2012 – Closes on Friday, 15 June 2012
PARTICIPATION	• All Matrix directors intend to participate in the Entitlements Offer
MANAGER & UNDERWRITER	• Argonaut is acting as Lead Manager and Underwriter

CAPITAL RAISING RATIONALE

- The 1H FY12 non-cash write-off of Malaga PP&E combined with Henderson ramp-up has resulted in a technical breach of a lagging debt covenant
 - Bank has agreed to waive covenant breach, subject to conditions, including repayment of \$8.5 million in borrowings and revised covenants
- Strengthens Matrix's balance sheet and enhances financial capability to pursue larger tendering opportunities
- With Henderson ramp-up to capacity nearly complete, Matrix considers the capital raising more than sufficient to fund its objectives

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BALANCE SHEET IMPACT

- Post capital raising, Matrix will be strongly positioned with:
 - Cash of approximately \$18 million;
 - Working capital surplus of approximately \$50 million;
 - Total financial debt of approximately \$27 million; and
 - Net debt / equity of 7%

Matrix Current & Pro-Forma Balance Sheet (\$)¹

	30-APR-12	PRO-FORMA
CURRENT ASSETS		
Cash and cash equivalents	5,719,134	18,258,829
Trade and other receivables	27,051,626	27,051,626
Inventories	31,747,916	31,747,916
Other current assets	189,656	189,656
TOTAL CURRENT ASSETS	64,708,332	77,248,027
NON CURRENT ASSETS		
Property, plant and equipment	102,472,201	102,472,201
Financial assets and investments	1,975,763	1,975,763
Intangible assets	6,415,215	6,415,215
Deferred tax asset	5,133,181	5,133,181
TOTAL NON CURRENT ASSETS	115,996,360	115,996,360
TOTAL ASSETS	180,704,692	193,244,387
CURRENT LIABILITIES		
Trade and other payables	24,636,481	10,636,481
Progress claims on contract	15,577,042	15,577,042
Financial liabilities	8,791,719	291,719
Provisions	1,496,847	1,496,847
Income tax	(694,516)	(694,516)
TOTAL CURRENT LIABILITIES	49,807,573	27,307,573
NON CURRENT LIABILITIES		
Secured Liabilities	27,114,163	27,114,163
Provisions	444,562	444,562
Deferred tax liability	2,234,340	2,234,340
TOTAL NON CURRENT LIABILITIES	29,793,065	29,793,065
TOTAL LIABILITIES	79,600,638	57,100,638
NET ASSETS	101,104,054	136,143,749

1. Based on Matrix's un-audited financial accounts at the end of April 2012

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INDICATIVE TIMETABLE

Key Dates – Institutional Placement & Institutional Entitlement Offer

Prior trading halt	Tuesday, 15 May 2012
Announcement	Wednesday, 23 May 2012
Matrix shares re-commence trading	Thursday, 24 May 2012
Institutional Placement and Institutional Entitlement Offer DvP Settlement	Tuesday, 29 May 2012
New Institutional Placement and Institutional Entitlement Offer shares commence trading	Wednesday, 30 May 2012

Key Dates – Retail Entitlement Offer

Record date for determining entitlement to participate in Retail Entitlement Offer	Monday, 28 May 2012
Retail Entitlement Offer opens	Thursday, 31 May 2012
Retail Entitlement Offer closes	Friday, 15 June 2012
Retail Entitlements Issue Offer Settlement Date	Friday, 22 June 2012
New Retail Entitlement Offer shares commence trading	Tuesday, 26 June 2013

Note: All dates are indicative and are subject to change. Any material changes will be announced to the ASX.

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CONTACT DETAILS

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APPENDIX

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MATRIX CORPORATE SNAPSHOT (PRE CAPITAL RAISING)

Capital Structure

Last Share Price (15-May-2012)	\$2.35
Shares Outstanding	77.1m
Market Capitalisation	\$181.1m
Cash (as at 30 April 2012)	\$5.7m
Debt (as at 30 April 2012)	\$35.9m
Net Debt	\$30.2m
Enterprise Value	\$211.3m
Net Debt / Net Assets (as at 30 April 2012)	29.8%

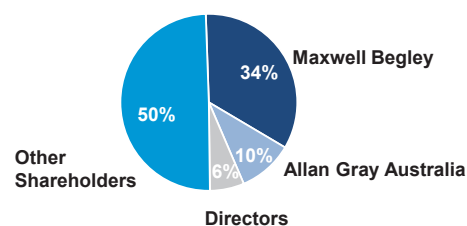
Share Price Performance (LTM)



Board & Senior Management

Peter Hood	Non-Executive Chairman
Aaron Begley	Managing Director & CEO
Paul Wright	Non-Executive Director
Craig Duncan	Non-Executive Director
Nigel Johnson	Non-Executive Director
Peter Tazewell	CFO & Company Secretary
Alex Vincan	General Manager - MC&E Operations
Paul Riordan	General Manager - MOSE

Shareholder Structure



FOREIGN SELLING RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") in Matrix in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (Companies Ordinance), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.



FOREIGN SELLING RESTRICTIONS

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of Matrix with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of Matrix ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Matrix shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.



KEY RISKS

There are a number of factors, both specific to Matrix and of a general nature, which may affect the future operating and financial performance of Matrix, its investment returns and the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of Matrix. This section describes certain specific areas that are believed to be the major risks associated with an investment in Matrix. Each of the risks described below could, if they eventuate, have a material adverse effect on Matrix's operating and financial performance. You should note that the risks in this section are not exhaustive of the risks faced by a potential investor in Matrix. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before making an investment decision.

Debt facilities and covenants: Matrix has a number of secured bank debt facilities, which as at 31 April 2012 have approximately \$35.9 million drawn down. As noted in the summary on page 3 of this presentation, the bank has agreed to waive a technical breach of a lagging debt covenant under these facilities subject to conditions, including Matrix repaying \$8.5 million of amounts of existing borrowings by 31 May 2012 and revised covenants applying for periods after 31 March 2012. Matrix intends to use part of the proceeds of the Offer to make this \$8.5 million repayment. Approximately \$27.4 million will remain drawn down under Matrix's debt facilities. Matrix's debt facilities will continue to be subject to ongoing banking covenants and other terms with which Matrix will need to comply. In the event that the Company is unable to comply with the banking covenants and other terms, there is a risk the bank may take action under its securities over Matrix's assets.

Failure to raise amount sought under Equity Raising: Argonaut has agreed to settlement underwrite commitments it has obtained on behalf of the Company from certain existing shareholders and other investors under the Equity Raising on the terms and conditions of an underwriting agreement entered into between the Company and Argonaut ("Pre-Commitments"). Matrix believes the amount covered by the Pre-Commitments will be sufficient to pay the costs of the offer, the \$8.5m amount to Matrix's bank as referred to above and provide for the Company's immediate expected working capital requirements. The underwriting agreement provides for customary termination events entitling Argonaut to terminate that settlement underwriting, including if the ASX All Ordinaries Index closes below 4000 prior to settlement of the Institutional Entitlement Offer and Placement components of the Equity Raising or below 3800 prior to allotment of the Retail Entitlement Offer. If Argonaut terminates the underwriting agreement, there is a risk that the amount sought under the Offer, including the amounts committed to be subscribed for under the Pre-Commitments will not be raised. If Matrix does not raise sufficient amounts to pay the \$8.5m amount to its bank by 31 May 2012 and Matrix is not able to implement other capital raising alternatives, there is a risk that the bank may take action under its securities over Matrix's assets. If Matrix raises an amount sufficient to pay the costs of the Offer and the \$8.5m amount to its bank but not the balance of the amount sought under the Equity Raising, there is a risk that Matrix may need to pursue other capital raising alternatives to raise further working capital.

Operational risks: Matrix derives the majority of its revenue from the sale of products manufactured at its Henderson manufacturing facility. Matrix's ability to generate profits is reliant on its ability to maintain sufficient operating capacity and production output at that facility. The Henderson facility commenced production in June 2011 and is currently in the final stages of ramp up to reach stable operating name plate capacity. While the facility has recently operated for limited periods at approximately 80 per cent of its name plate capacity during ramp up, and Matrix expects it to reach stable operating name plate capacity by June 2012, there is a risk that if operating name plate capacity is not achieved or maintained, this will adversely impact Matrix's operating and financial performance. Matrix's reliance on its Henderson facility means that Matrix could be significantly and adversely affected by a major operational failure at that facility, or any circumstance that reduces the facility's operational and production capacity, which could also lead to negative impacts on the Company's other operations. The manufacturing processes at the Henderson facility are dependent on critical equipment and such equipment may incur downtime as a result of planned outages, unanticipated plant outages or equipment failures or other events, such as fires, loss of external energy supply or other required manufacturing inputs and services or industrial action. Production could also be adversely impacted by transportation or raw material disruptions, poor quality of raw materials, adverse weather conditions and interruptions in the supply of essential services.

Downturn in oil, gas and mining industries: Matrix derives most of its revenue from the provision of products and services to the oil, gas and mining industries. Accordingly, Matrix's revenues and earnings are significantly dependent on the level of exploration, development and production activity in those industries. Any significant or extended decline in the level of that activity may adversely impact Matrix's operating and financial performance. Any significant or extended decline in oil, gas and mineral prices may reduce the level of exploration, development and production activities and thereby may adversely impact Matrix's operating and financial performance. The level of activity in the oil, gas and mining industries can be cyclical and sensitive to a number of factors beyond the control of Matrix and may be adversely affected by continuing concerns about global economic growth and turmoil in global credit markets.



KEY RISKS

Reliance on key customer relationships and cancellation or deferral of customer orders and contracts: Matrix has established and will continue to establish important customer relationships. The loss of one or more key customers is likely to adversely affect the operating results of Matrix. Deterioration in key customer relationships can result in a loss of market share, while the early termination or deferral of customer contracts can result in less than the full value of contracts being realised or revenue from those contracts being deferred to later financial periods. If a key customer terminates the relationship, defers or defaults on its contracts or orders or fails to renew its contracts or orders with Matrix, including as a result of financial difficulty or insolvency encountered by a key customer, this may have a material adverse effect on Matrix's revenues and profitability.

Share price risk: There are general risks associated with an investment in the share market. As such, the value of New Shares may rise above or fall below the Offer Price, depending on the financial position and operating performance of Matrix. Further, broader market factors affecting the price of Matrix shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of Matrix. Such factors may include the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, national and international political and economic instability or the instability of national and international financial markets, interest and inflation rates and foreign exchange rates. Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including ASX. Continued volatility in global markets could negatively impact the value of Matrix shares.

Competition risk: Matrix's products and services compete with products and services provided by competitors and may compete with services and products that may be used as substitutes for Matrix's products and services that are introduced by competitors in future. Improvements in the technology, production, pricing or acceptance of these competitive products and services relative to Matrix's products and services could result in a significant loss of Matrix's market shares or margins and hence reduce Matrix's cash flow and profitability.

Foreign exchange: A number of Matrix's contracts are or may be expressed in terms of foreign currency. To the extent that such exposures are not hedged, fluctuations in the exchange rate between the contract currency and the Australian dollar may adversely affect Matrix's revenue in Australian dollar terms. In particular, as the majority of Matrix's sales are in USD and the majority of its costs are in AUD, the continued strength of the AUD versus the USD may continue to adversely affect Matrix's financial performance without hedging.

Strategy: Matrix is pursuing a number of strategies to grow revenues and reduce costs, which include achieving nameplate capacity at its Henderson manufacturing facility, re-structuring for future growth, developing and launching new products, expanding current product range, geographic expansion and is considering adopting of a new enterprise resource planning (ERP) system. There is a risk that these strategies will not be successful or may incur higher than anticipated costs.

Litigation, claims and liabilities: In the course of its operations, Matrix may be involved in disputes and possible litigation and incur liabilities. There is a risk that any material or costly dispute or litigation could adversely affect the value of the assets or future financial performance of Matrix.

Regulatory issues and government regulation: Matrix's operations, and the operations of the industries in which its customers operate, are subject to laws, regulatory restrictions and certain government directives, recommendations and guidelines relating to, amongst other things, occupational safety, the use and handling of hazardous materials, prevention of illness and injury and environmental protection. Future legislation may impose further regulation, which could impact adversely on the assets, operations and, ultimately, the operating and financial performance of Matrix. Products derived from Matrix's research and development may be subject to numerous government regulatory approvals and controls throughout the world. Apart from those territories where regulatory approval has been granted, these will affect both the timing and the cost of bringing Matrix's products to the market. Delays or failures in obtaining regulatory approval for a product may have an adverse effect on the operational and financial performance of Matrix.



KEY RISKS

Cost and availability of key inputs: The cost and availability of key inputs such as skilled labour and critical raw materials will influence Matrix's production capacity and profitability. In the event that the cost of such inputs increases, the profitability of Matrix may be adversely affected. Further, in the event that there is a shortage of these inputs, the output capability of Matrix, and the financial performance of Matrix, may be adversely affected. Matrix generally charges clients on a fixed cost basis. Accordingly, there is a risk that if the actual costs of production of a particular product exceed the budgeted costs of production, Matrix's forecast revenues and profits may be adversely affected.

Product liability and insurance: Matrix's business exposes it to potential product liability risks that are inherent in the research and development, manufacturing, marketing and use of its products. It will be necessary for Matrix to secure sufficient levels of insurance to cover various product liability risks in the course of maintaining its business. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of Matrix.



GLOBAL NETWORK



Sales Office



Service Facility



Planned Service Facility



Manufacturing



Warehouse



Agent



NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Matrix Launches Equity Capital Raising

Perth, Australia – 23 May 2012: Matrix Composites & Engineering Limited ("**Matrix**" or the "**Company**") today announces that it has launched an offer of new fully paid ordinary shares in Matrix ("**New Shares**") to raise approximately \$36.7 million ("**Offer**"), consisting of:

- a placement to institutional and sophisticated investors of 12,333,041 New Shares at a fixed price of \$2.10 per New Share to raise up to \$25.9 million before costs ("**Placement**"); and
- a 1 for 15 accelerated pro-rata non-renounceable entitlement offer to all eligible shareholders at a fixed price of \$2.10 ("**Offer Price**") per New Share to raise up to \$10.8 million before costs ("**Entitlement Offer**").

The funds raised under the Offer will be used to strengthen Matrix's balance sheet and provide for enhanced financial capability to pursue larger scale tendering opportunities, for the partial repayment of its debt facilities and to provide for additional working capital.

New Shares issued under the Offer will rank equally with existing shares in Matrix.

Entitlement Offer overview

Under the Entitlement Offer, eligible Matrix shareholders may subscribe for 1 New Share for every 15 Matrix shares held at 7:00pm (AEST) Monday, 28 May 2012 at the Offer Price per new share ("**Entitlement**").

Under the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"), Entitlements not taken up by existing institutional shareholders will be offered to other eligible institutional investors by way of an institutional bookbuild at the same price as the Entitlement Offer.

The Institutional Component of the Entitlement Offer will settle at the same time as the Placement. The Placement and the Entitlement Offer will occur at the same price.

The retail component of the Entitlement Offer ("**Retail Entitlement Offer**") will be open from 31 May 2012 to 15 June 2012.

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Matrix Offshore Services & Engineering

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Subject to reconciliation of Entitlements, the Entitlement Offer is expected to be comprised of an offer of \$6.7 million under the Institutional Entitlement Offer, with the balance of \$4.1 million to be offered under the Retail Entitlement Offer.

As the Entitlement Offer is non-renounceable, there will be no rights trading.

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

Argonaut has appointed Peter Hood, a director of Matrix, to sub-underwrite 50,000 shares under the Retail Entitlement Offer, which will require Mr Hood to subscribe for shares not taken up by other shareholders in the Retail Entitlement Offer up to a maximum of 50,000 shares at the Offer Price (being an amount of \$105,000). Under the sub-underwriting agreement, Argonaut will pay Mr Hood a sub-underwriting fee of \$1,575 (being, 1.5% of the sub-underwritten amount).

Matrix expects to announce the outcome of the Institutional Entitlement Offer and Placement to ASX prior to market open on Thursday, 24 May 2012 with trading of Matrix shares to recommence on that day.

The key dates for the Placement and Entitlement Offer are:

Launch of Entitlement Offer and Placement	Wednesday, 23 May 2012
Announcement of the results of the Institutional Entitlement Offer and Placement and Matrix Shares Re-Commence Trading	Thursday, 24 May 2012
Record Date	7:00pm Monday, 28 May 2012
Placement and Institutional Entitlement Offer Settlement Date	Tuesday, 29 May 2012
Placement and Institutional Entitlement Offer Shares commence trading	Wednesday, 30 May 2012
Retail Entitlement Offer opens	Thursday, 31 May 2012
Retail Entitlement Offer Closing Date	Friday, 15 June 2012
Retail Entitlement Offer Settlement Date	Friday, 22 June 2012
Retail Entitlement Offer shares commence trading	Tuesday, 26 June 2012

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This timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth). Matrix reserves the right to change these dates without prior notice. All references to time are to Australian Eastern Standard Time (AEST). The commencement of quotation of New Shares is subject to confirmation from ASX.

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet expected to be lodged with ASX on 31 May 2012 and despatched on the same date.

Further information in relation to the matters described in this announcement including important notices and key risks is set out in an investor presentation released today to the ASX by Matrix. The information in the Important Notices section of that presentation applies to this announcement as if set out in full in this announcement.

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

For further enquiries contact:

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NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

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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23 May 2012

The Manager
Company Announcements Office
ASX Limited

Notification under section 708AA(2)(f) of the Corporations Act 2001

Matrix Composites & Engineering Ltd ABN 54 009 435 250 ("**Matrix**") has today announced an accelerated non-renounceable pro rata entitlement offer of 1 new fully paid ordinary share in Matrix ("**New Shares**") for every 15 Matrix shares held at 7.00pm (AEST) on Monday, 28 May 2012 by shareholders with a registered address in Australia and New Zealand and any other jurisdiction Matrix has decided to make offers ("**Entitlement Offer**").

At the same time, Matrix announced a proposed placement of 12,333,041 ordinary shares to selected institutional shareholders ("**Placement**").

Matrix gives notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) ("**Corporations Act**") as notionally modified by the Australian Securities and Investments Commission Class Orders 08/35 and 07/571 ("**Class Orders**") that:

1. the New Shares will be offered without disclosure to investors under Part 6D.2 of the Corporations Act as notionally modified by the Class Orders;
2. as at the date of this notice, Matrix has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to Matrix; and
 - b. section 674 of the Corporations Act;





3. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by the Class Orders; and
4. the issue of New Shares pursuant to the Entitlement Offer is not expected to have any material effect or consequence on the control of Matrix. However, to the extent that any shareholder fails to take up their entitlement to New Shares under the Entitlement Offer, that shareholder's percentage holding in Matrix will be diluted by those other shareholders who take up some or all of their entitlement. Shareholders generally will also have their percentage holdings diluted by the issue of shares in the Placement.

While not affecting the statement in 4 above, and as disclosed to ASX on 12 May 2011, Maxwell Graham Begley and his associates (the **"Max Begley Group"**) hold approximately 34.1% of Matrix's existing shares. The Max Begley Group will remain as Matrix's largest shareholder following the Entitlement Offer, accounting for no less than approximately 27.8%, and no more than approximately 29.6%, of Matrix's shares if the full number of shares offered under the Entitlement Offer and Placement are issued.

Yours sincerely



Peter Tazewell

Company Secretary

Matrix Composites & Engineering Ltd

