

QUARTERLY UPDATE

Q3 FY13

Summary

- Production levels stabilised at 103% of designed plant capacity
- Maintaining focus on increasing plant efficiencies and reducing costs
- Current order backlog maintained at US\$92 million
- Increase in outstanding quoting activity by 27%
- SURF ancillary equipment and well construction product lines continue to grow steadily

Matrix

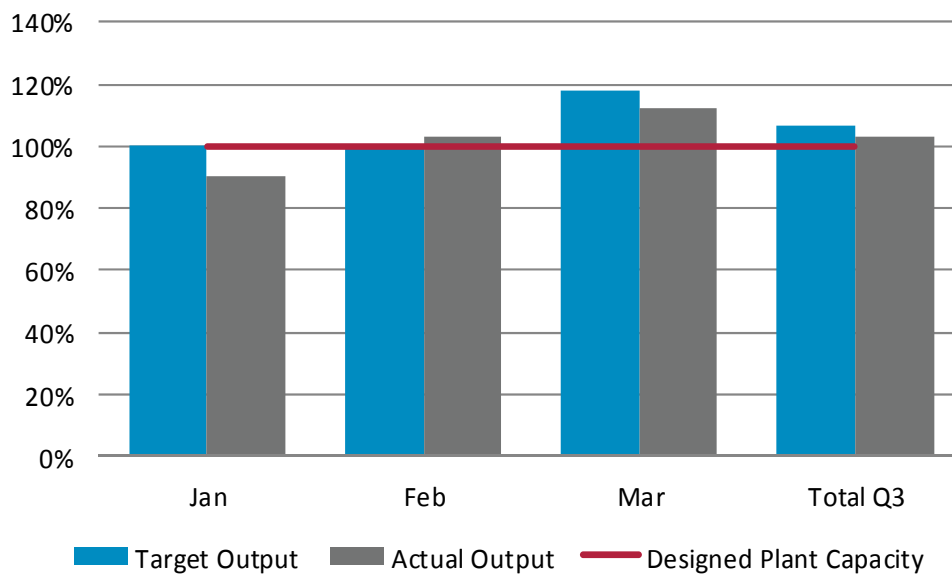
Composites & Engineering



Welcome to the Matrix Composites & Engineering 'Quarterly Update' for Q3 FY13. The update provides a snapshot of the Company's key business indicators including production rates, orders, quoting activity and product development, as well as the market outlook for the Company's products and services.

PRODUCTION

GRAPH 1 – Actual v Target Production Q3 FY13 (Two Shift Roster)

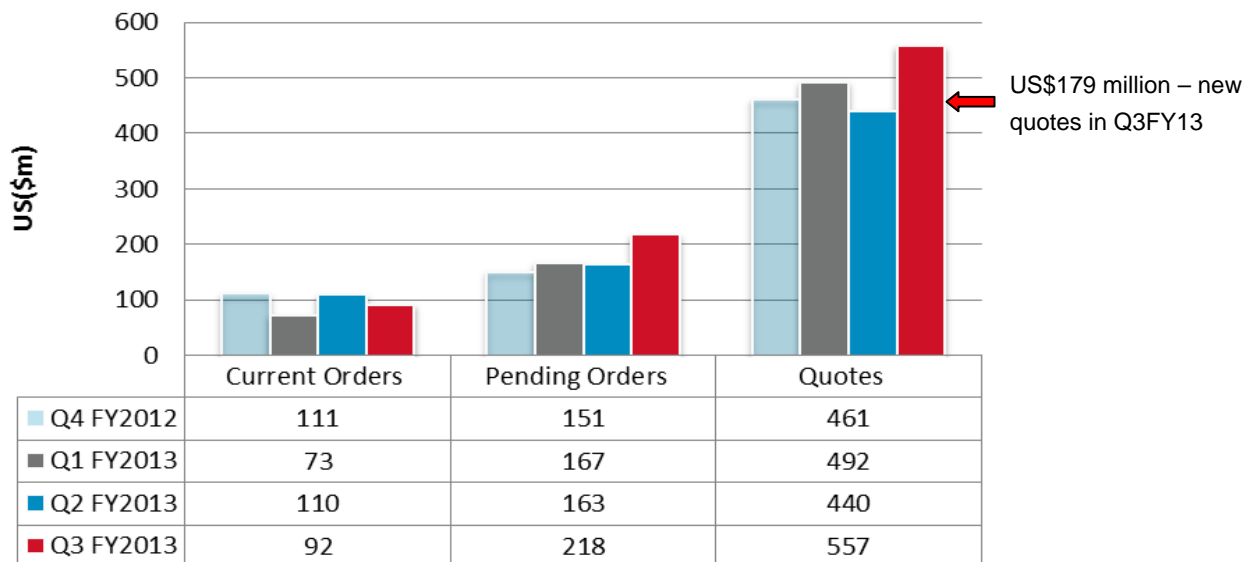


Following the reconfiguration of the plant shift roster from three to two x eight hour shifts in Q2 FY13, buoyancy production levels stabilized in Q3 FY13 at 103 per cent of designed plant capacity. Nameplate capacity was also achieved via two shifts in February 2013. In March, Matrix increased its daily buoyancy production targets by 19 per cent in-line with its continuous improvement program to increase plant efficiencies and reduce costs.

The current order book supports full production under the two shift roster for the remainder of FY13 and into FY14. Matrix retains the flexibility to complete additional work by rescheduling its production or running longer shifts. Product volumes for centralisers fell slightly from the previous quarter due to the production of larger sized centralisers in Q3 FY13.

ORDER BOOK & PIPELINE

GRAPH 2 – Order Book, Pending Orders & Quotes (US\$) as at 31/3/13



- **New orders (April 2013)** – Matrix has recently been awarded two new contracts totaling US\$14.6 million to supply riser buoyancy. These new contracts are included in the above data as pending orders.
- **Current order book** (end of Q3 FY13) - US\$92 million which supports full production at the current two shift roster whilst retaining flexibility for any increase in demand.
- **Pending orders** - increased by 34 per cent from the previous quarter to US\$218 million as Matrix progressed from the quotation phase to negotiations on a number of major projects. The award of two new contracts in April 2013 is included in pending orders.
- **Quotes** - increased by 27 per cent (outstanding quotes) over the previous quarter to US\$557 million, of which US\$179 million was submitted during Q3 FY13. Quoting activity was in-line with strong forecast demand for drilling rig orders and options over the next five years, as well as the Company's continued penetration into the SURF ancillary market.

Matrix remains focused on building its current order backlog to higher levels over the remainder of FY13 and FY14.

Current orders – the value of contracted work (where a purchase order (PO) has been received) that has not been produced

Pending orders – the value of contracts under negotiation where no formal PO has been received although Matrix has a high degree of confidence in securing the contract

Quotes – the value of all contracts that Matrix has quoted on or responded to via tender (includes pending order book)

Drilling Products

Strong forecast demand for drilling rig orders and options over the next five years is being reflected in the Company's strong quoting activity and will drive the medium term demand for riser buoyancy.

Upstream SURF Ancillary Equipment

Matrix's Subsea, Umbilical, Riser and Flowline (SURF) ancillary equipment line continues to grow steadily with the award of several new contracts for installation buoyancy, ROV buoyancy, distributed buoyancy and pipeline ancillary equipment.

Matrix recently secured a contract for 70 four tonne installation buoyancy assemblies from a major subsea engineering and construction company which will be used on one of the world's largest natural gas projects located in Australia.

Well Construction Products

In Q3 FY13, revenue for centralisers increased significantly over the previous quarter as the Company continued its push into the North American market. Matrix continued to supply centralisers to several major oil and gas producers, and well equipment OEM's in Canada and the US under supply contracts and direct sales. Revenues are expected to grow solidly throughout CY13 as new products are developed and released into the marketplace.

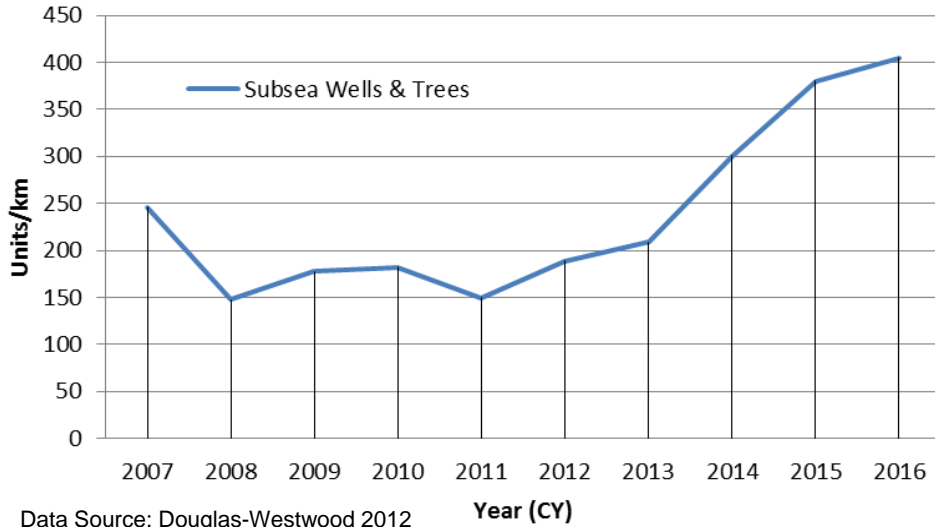
Throughout Q3 FY13, Matrix conducted a number of field tests on its Advanced Polymer Pioneer centralisers with potential clients in Asia and the USA. To further penetrate the US market for its range of Advanced Polymer centralisers, Matrix has appointed a new distributor for the Permian Basin Region in West Texas and New Mexico, USA.

Matrix was also awarded a contract from a Thai petroleum operator for its new 'Ballistic' centraliser which was released to the market in Q2 FY13. With low friction and ultra-high impact features Matrix expects strong demand for this centralizer which is ideal for use in high-impact environments.

MACRO INDICATORS

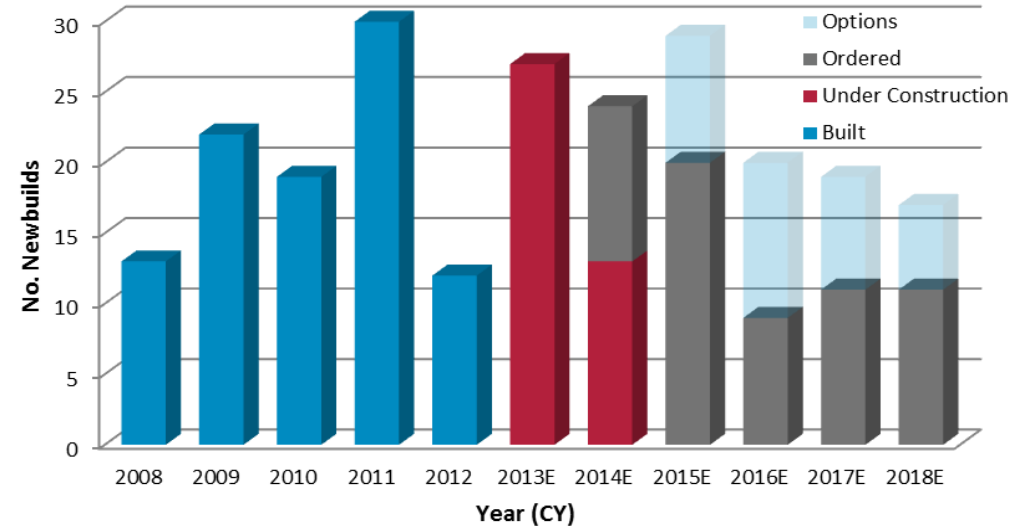
Drilling Products

GRAPH 3: Subsea Wells & Trees – Global Capex – Units/km by Component

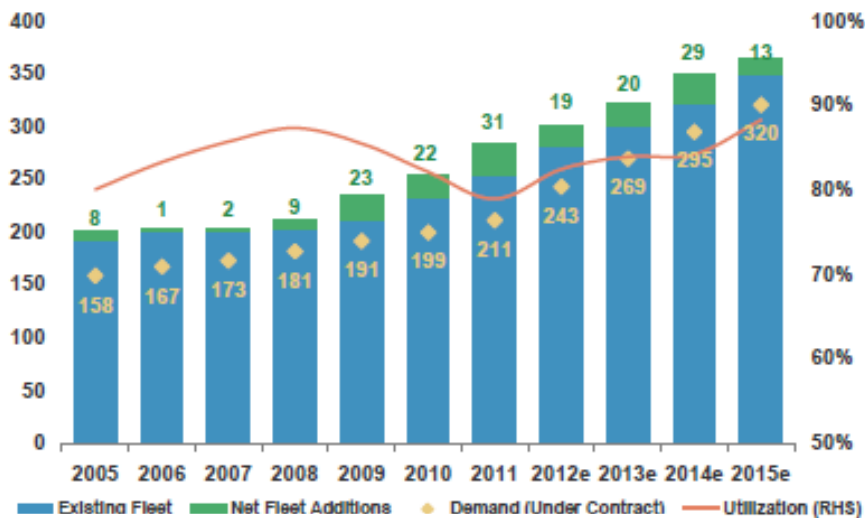


Source: Company Data, January 2013

GRAPH 4: World Number of Confirmed Newbuilds

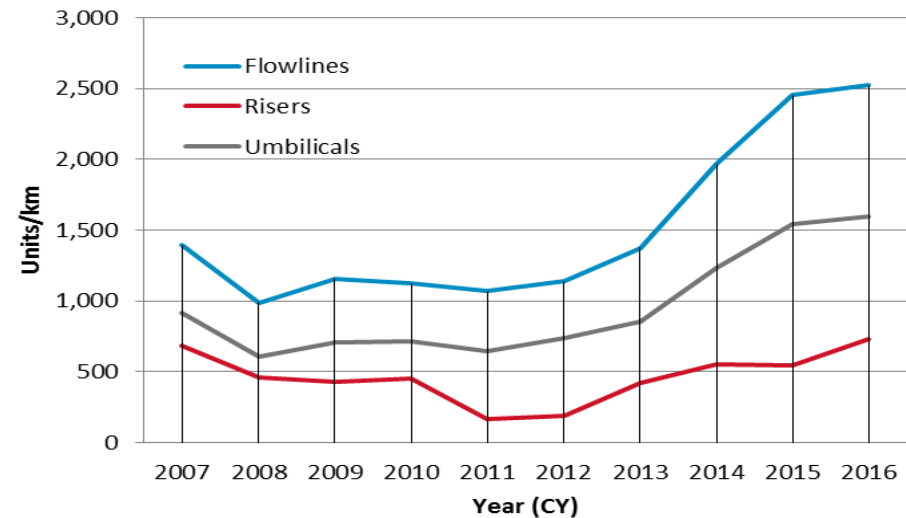


GRAPH 5: Floater Supply/ Demand (Under Contract)



SURF Ancillary Equipment

GRAPH 6: Global Capex – Units/km by Component



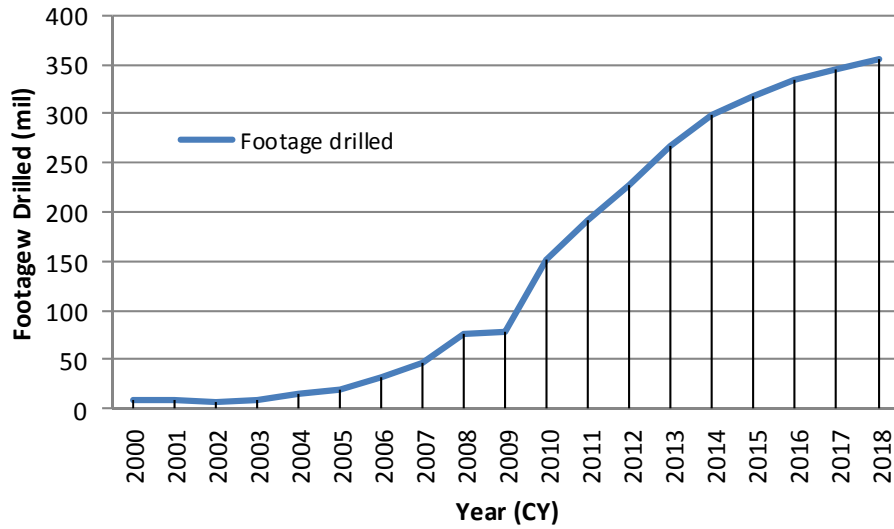
Source: ODS – Petrodata, Morgan Stanley Research, March 2013

Data Source: Douglas-Westwood 2012

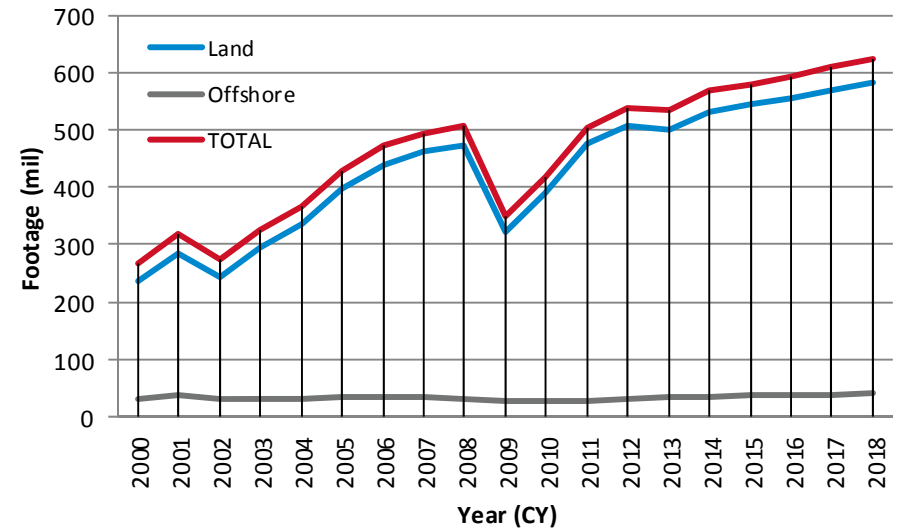
MACRO INDICATORS

Well Construction Products

GRAPH 7: US Drilling & Production Outlook – Horizontal Footage Drilled (mil)



GRAPH 8: World Drilling & Production Outlook – Land & Offshore⁵



Data Source: Baker Hughes, Spears & Associates, March 2013

OUTLOOK

- Matrix expects to grow its current order book over the remainder of FY13 and FY14 as the timing of order conversion improves and the Company continues to expand market share in the well construction and SURF ancillary equipment markets
- Drilling Products - Strong forecast demand for drilling rig orders and options over the next five years will fuel the medium to long term demand for riser buoyancy
- SURF Ancillary Equipment - Matrix has been qualified and is continuing to seek further qualification by a number of major OEM's to supply a range of SURF ancillary products. It is also continuing to develop further products to ensure growth and diversification within this expanding market
- Well Construction Products - With the recent appointment of a new distributor and the expansion of its centraliser range, Matrix will continue to grow market share and revenues especially within North America
- Matrix Offshore Services & Engineering (MOSE) – MOSE will continue to increase its exposure to the local and regional oil and gas industry through the specialised offshore services market.
- The macro outlook for the oil and gas sector remains strong
- Drilling Products/ SURF ancillary products - the structural shift to deepwater drilling, subsea completions and production underpins the demand for Matrix's market leading buoyancy products.
- Drilling Products – the total number of subsea wells and trees (Graph 3) is expected to increase significantly from 2012 to 2016 which will drive long term demand for deepwater floaters (Graph 5). This increases demand for Matrix's riser buoyancy modules including their maintenance, repair and replacement, as well as the Company's range of SURF ancillary products. The world number of confirmed newbuilds (Graph 4) is expected to increase significantly from lower levels in 2012 which originated from a decline in orders in 2009.
- SURF Ancillary Products – deployment of subsea flowlines, risers and umbilicals (Graph 6) is forecast to increase substantially over the next five years.
- Well Construction Products – total footage drilled, especially in the US, continues to increase significantly (Graph 7 & 8) which will drive demand for the Company's consumable well construction products designed for directional and horizontal wells.