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INVESTOR PRESENTATION

OPERATIONAL & FINANCIAL UPDATE

Matrix Composites & Engineering Ltd

23 May 2012

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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

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

BUSINESS OVERVIEW

Drilling Products

- Riser buoyancy modules
- Riser protection
- Riser clamps

Well Construction Products

- Centralisers
- Guide/ Reamer shoes
- Float equipment

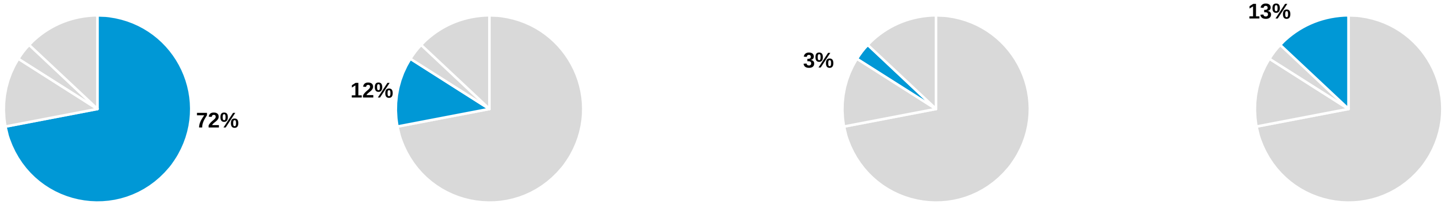
Upstream SURF Ancillary Equipment

- Buoyancy – Installation, ROV & Distributed Buoyancy for rigid and flexible flowlines/ umbilicals
- Flexible flow lines & umbilical accessories
- Clamping systems
- Coating protection
- Installation accessories

MOSE & Other Services

- Equipment manufacture
- Testing, inspection & assembly
- Repair
- Offshore maintenance services

Revenue Contribution[1]

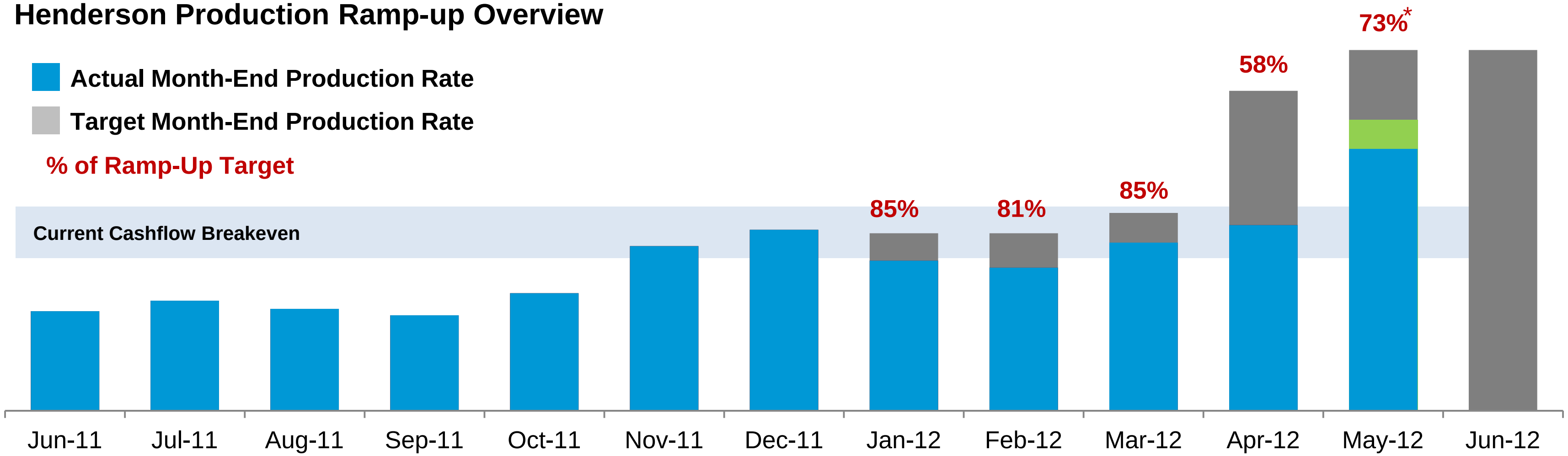


1. Based on managements target estimates of sales to external customers for FY2013

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.

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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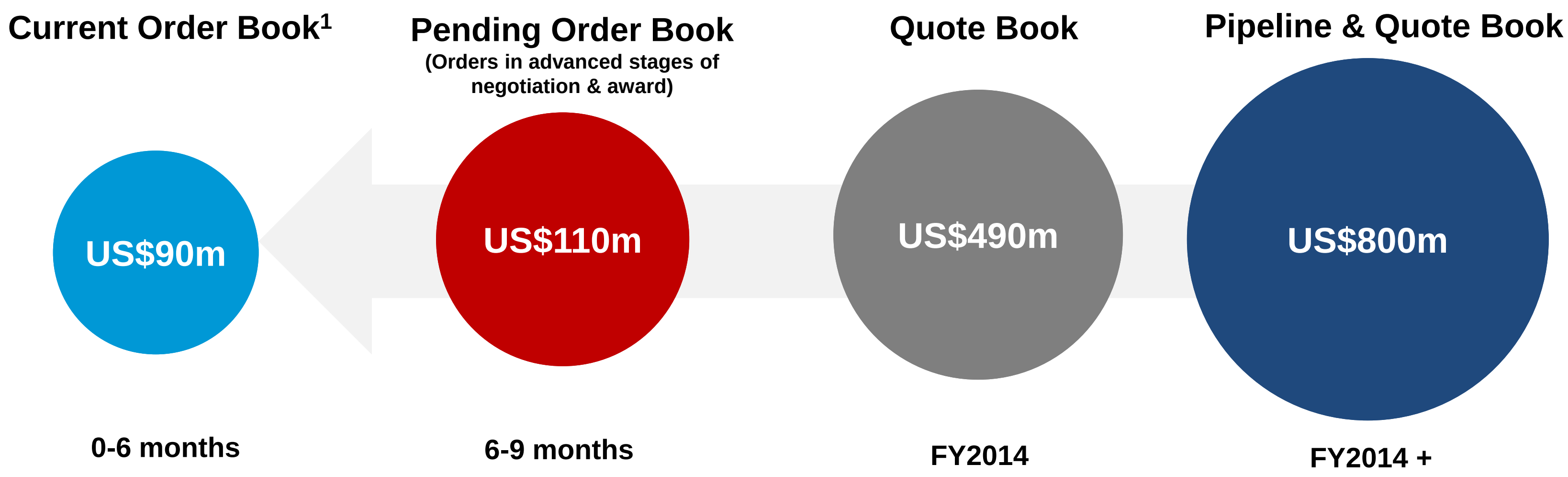
ORDER BOOK & TENDERING ACTIVITY

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

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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

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

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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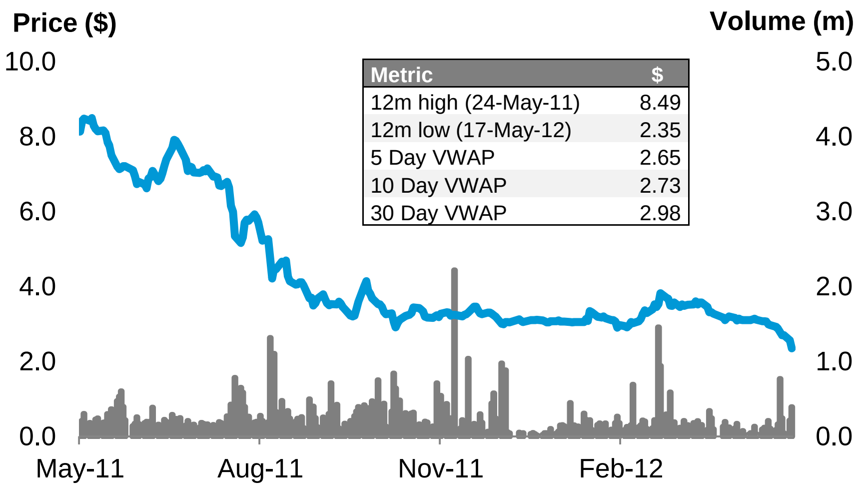
APPENDIX

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)

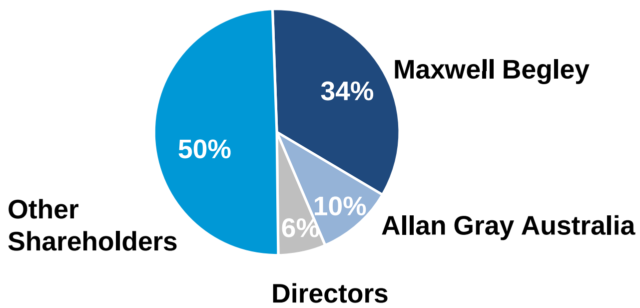


Metric	$
12m high (24-May-11)	8.49
12m low (17-May-12)	2.35
5 Day VWAP	2.65
10 Day VWAP	2.73
30 Day VWAP	2.98

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



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- 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.

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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.

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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