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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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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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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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