

QUARTERLY UPDATE

Q4 FY13

Summary

- Production levels remained stable at 112% of designed plant capacity throughout Q4 FY13
- Current order backlog of US\$80 million which will support full production until the end of Q2 FY14
- Strong quoting activity for drilling riser buoyancy (including the replacement market) and SURF ancillary equipment

Matrix

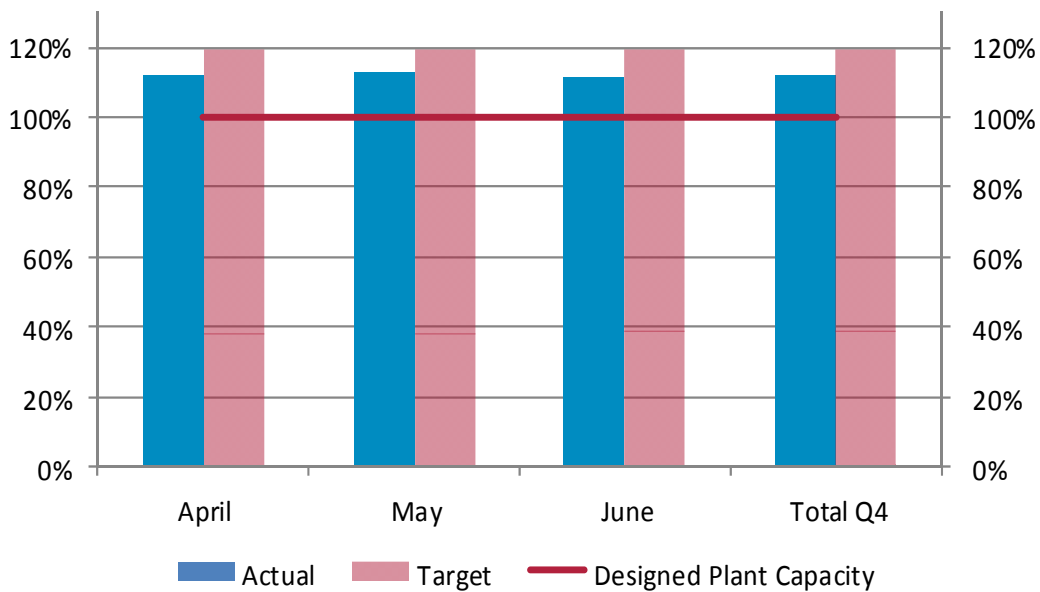
Composites & Engineering



Welcome to the Matrix Composites & Engineering 'Quarterly Update' for Q4 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 Q4 FY13 (Two Shift Roster)

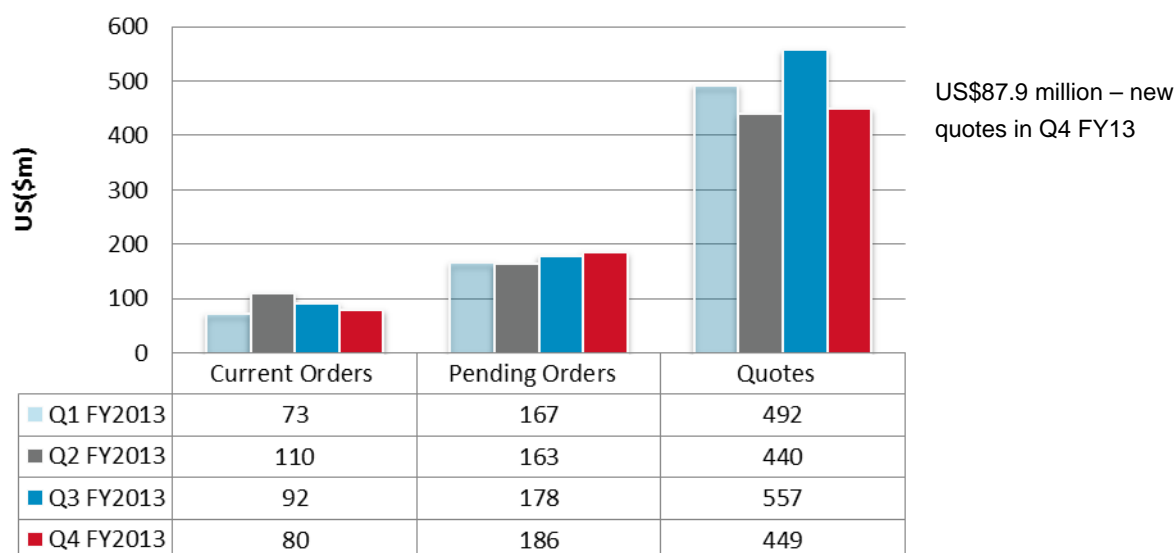


Buoyancy production levels were stable throughout Q4 FY13 at 112 per cent of designed plant capacity. This followed an increase in the daily buoyancy production targets by 19 per cent in March 2013, in line with the Company's continuous improvement program to increase plant efficiencies and reduce costs. Production capacity at the plant has now stabilized with future improvements expected from plant and labour optimization.

The current order book supports full production until the end of Q2 FY14. Matrix retains the flexibility to complete additional work by rescheduling its production or running longer shifts.

ORDER BOOK & PIPELINE

GRAPH 2 – Order Book, Pending Orders & Quotes (US\$) as at 30/6/13



- **Current order book** - US\$80 million which supports full production until the end of Q2 FY14.
- **Pending orders** – stable at US\$186 million as Matrix progressed from the quotation phase through to negotiations on a number of projects. Conversion in Q4 FY13 was lower than anticipated, although stronger conversion in Q1 FY14 is expected as a result of the continual compression of drillship delivery times.
- **Quotes** – the value of outstanding quotations fell from the previous quarter due to a combination of quote conversion and the expiration of outstanding quotes. This reduced the overall value of quotations despite strong quotation activity for both drilling riser buoyancy (DRB), including replacement DRB, and SURF ancillary equipment. Contracts for SURF ancillary equipment are typically lower value than DRB contracts. As a result, the higher quotation activity has not been reflected in the total value of quotations. New quotations for Q4 FY13 totaled US\$87.9 million.

Quoting activity remains in line with strong forecast demand for drillship orders and options over the next five years, as well as the Company's continued penetration into the SURF ancillary equipment and well construction market.

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 demand for the replacement of DRB on older drillships is being reflected in the Company's high level of quoting activity for this sector. Along with strong forecast demand for newbuild drillships and options over the next five years, this will drive the medium term demand for riser buoyancy.

In Q4 FY13 Matrix was awarded two major contracts for the supply of DRB totaling US\$14.6 million (previously announced in the Q3 FY13 Quarterly Report). The buoyancy will be used on two drillships whose fleets have all previously been equipped with Matrix 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 new contracts for ROV buoyancy and bend restrictors. The latter will be used on one of the world's largest natural gas projects located in Australia.

Quoting activity remains very strong, albeit at a lower value than DRB, from clients involved in projects based in West Africa, the Gulf of Mexico and NW Australia.

Matrix has been qualified and is continuing to seek further qualification by a number of major OEMs to supply a range of SURF ancillary products. It is also continuing to develop further products to ensure growth and diversification within this lucrative market.

Well Construction Products

Matrix continues to penetrate the large North American centralizer market and is in the process of establishing further relationships with major oil and gas producers via newly appointed US distributors. Centraliser sales continue to be below expectations, although the Company is looking at other regions within the US to expand its distribution channel which will aid in growing market share within the region.

Revenues from well construction products are expected to grow throughout FY14 as the Company continues its move into the North American market via its new and expanding distribution channel, and as new products are developed and released into the marketplace. The total market for centralisers remains strong and continues to grow with the discovery of new shale gas fields in North America, UK and Australia.

Matrix Offshore Services & Engineering (MOSE)

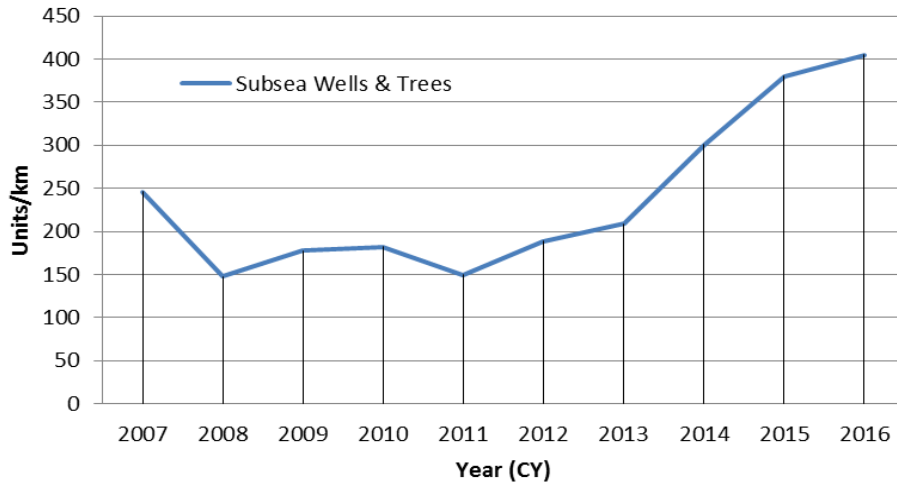
MOSE continues its transition away from the mineral resources industry to the provision of specialised offshore services, as well as the inspection, repair and maintenance of CDE capital drilling equipment for the oil and gas industry. Future earnings from this division will be heavily weighted towards the oil and gas industry.

MACRO INDICATORS

Drilling Products

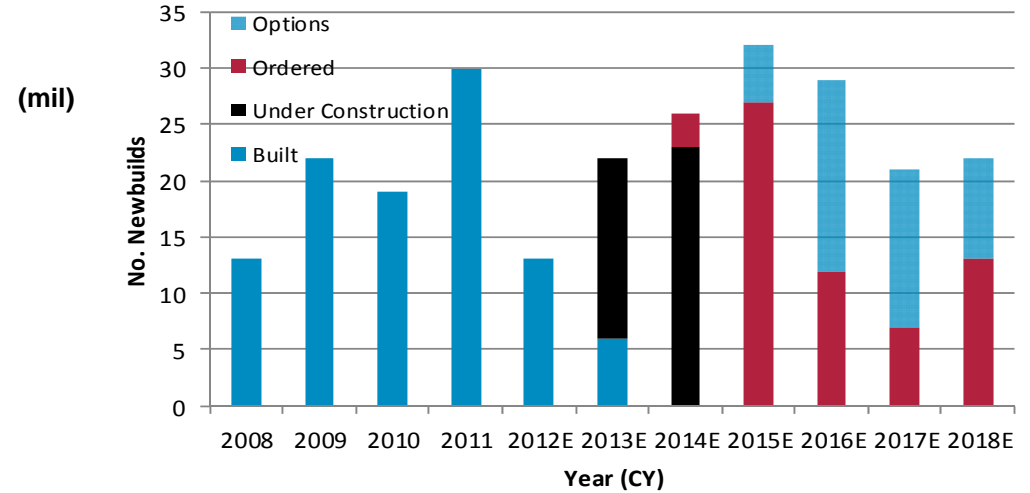
Data Source: Douglas-Westwood 2013

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

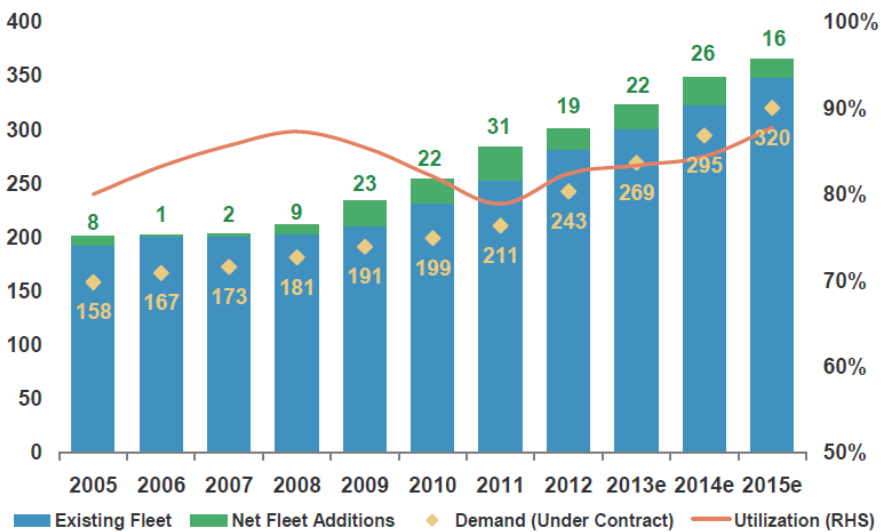


Source: Company Data, July 2013

GRAPH 4: World Number of Confirmed Newbuilds



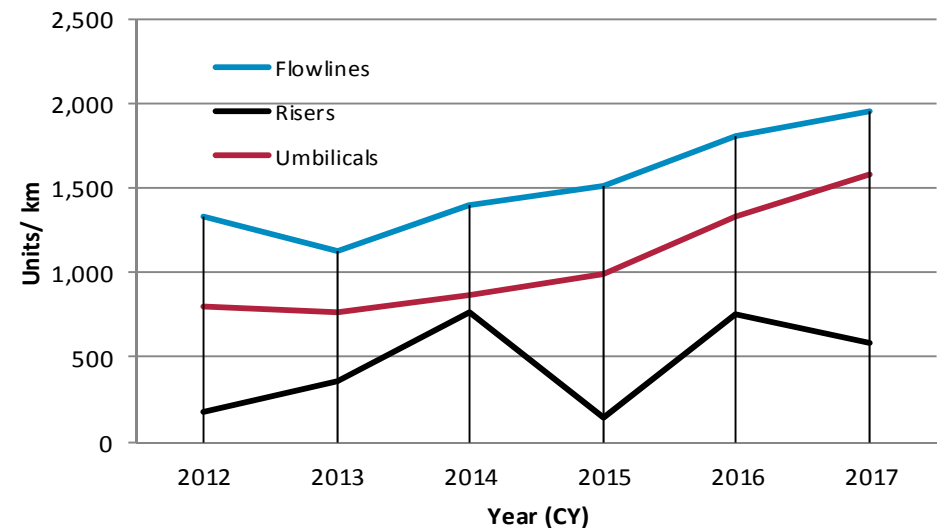
GRAPH 5: Floater Supply/ Demand (Under Contract)¹



Source: Morgan Stanley, Global Oil Services, Drilling & Equipment Report, April 2013

SURF Ancillary Equipment

GRAPH 6: Global Capex – Units/km by Component

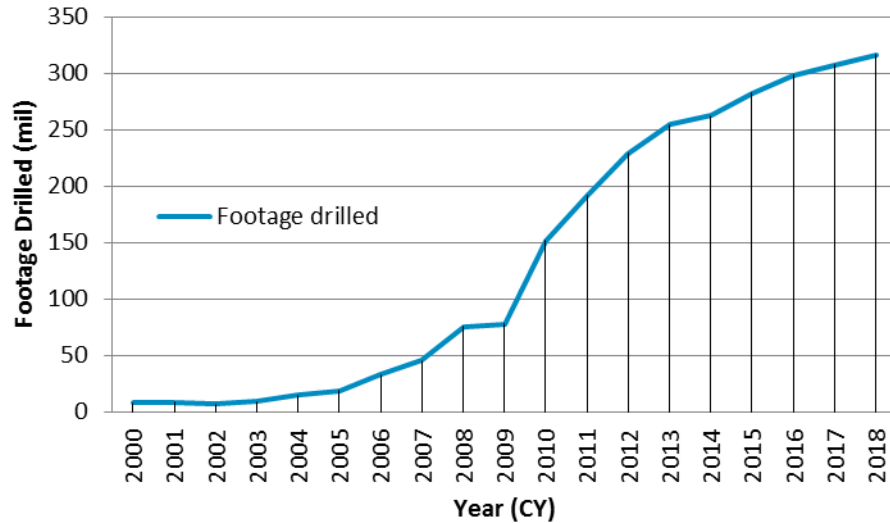


Data Source: Douglas-Westwood 2013

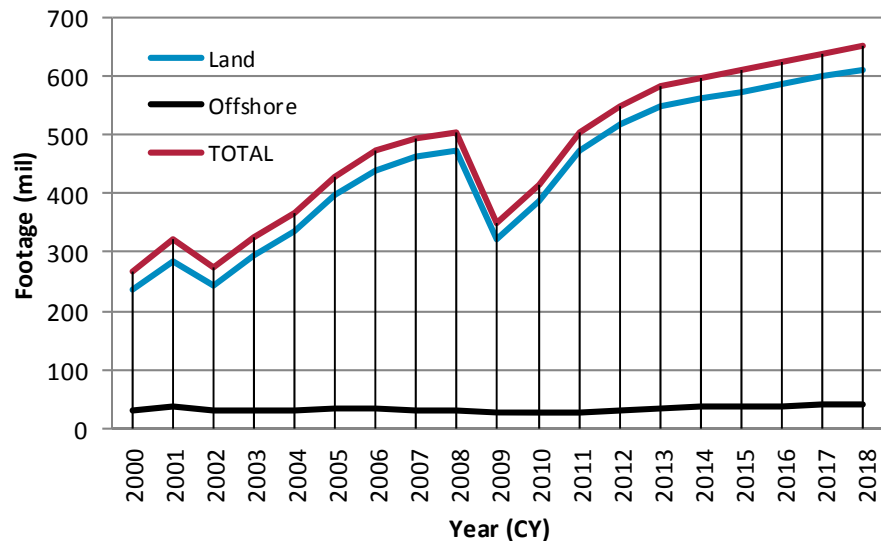
MACRO INDICATORS

Well Construction Products

Graph 7: US Drilling & Production – Horizontal Footage



Graph 8: World Drilling & Production Outlook – Land & Offshore²



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

MACRO OUTLOOK

- 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 new riser buoyancy modules and their maintenance, repair and replacement, and the Company's range of SURF ancillary products. As portrayed in Graph 4, the world number of confirmed newbuilds is expected to increase significantly over the next five years.
- 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.

¹ Excludes retirement of floaters

² Excludes Russia, China and Central Asia