

QUARTERLY UPDATE

Q1 FY14

Summary

- Production levels consistent with designed plant capacity
- Current order backlog of US\$86 million which will support full production until the beginning of Q4 FY14
- Strong quoting activity continues for drilling riser buoyancy (including the replacement market) and SURF ancillary equipment
- Significant volume of required work still to be awarded
- Secured a strategically significant contract for production buoyancy (SURF product)

Matrix

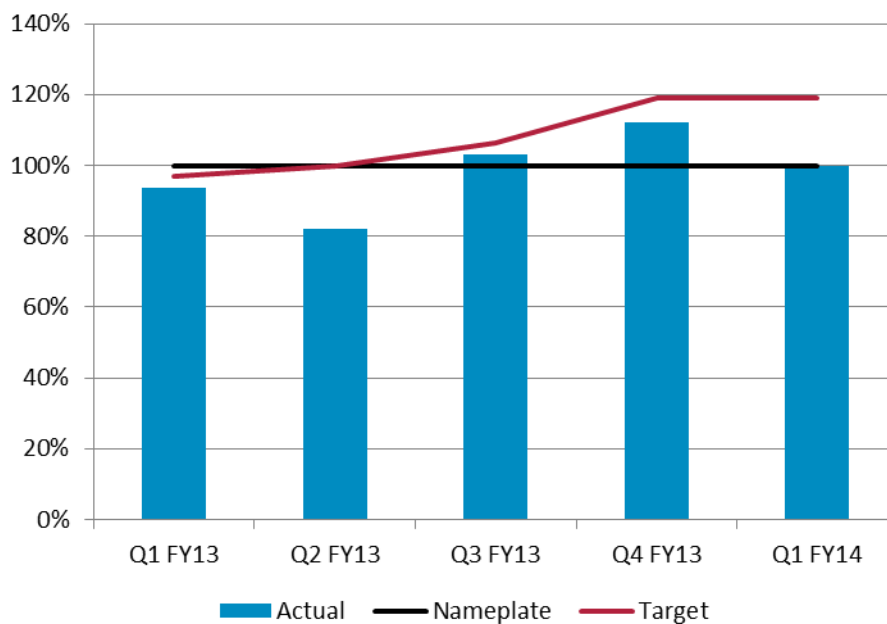
Composites & Engineering



Welcome to the Matrix Composites & Engineering 'Quarterly Update' for Q1 FY14. 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 Q1 FY13 – Q1 FY14 (Two Shift Roster)

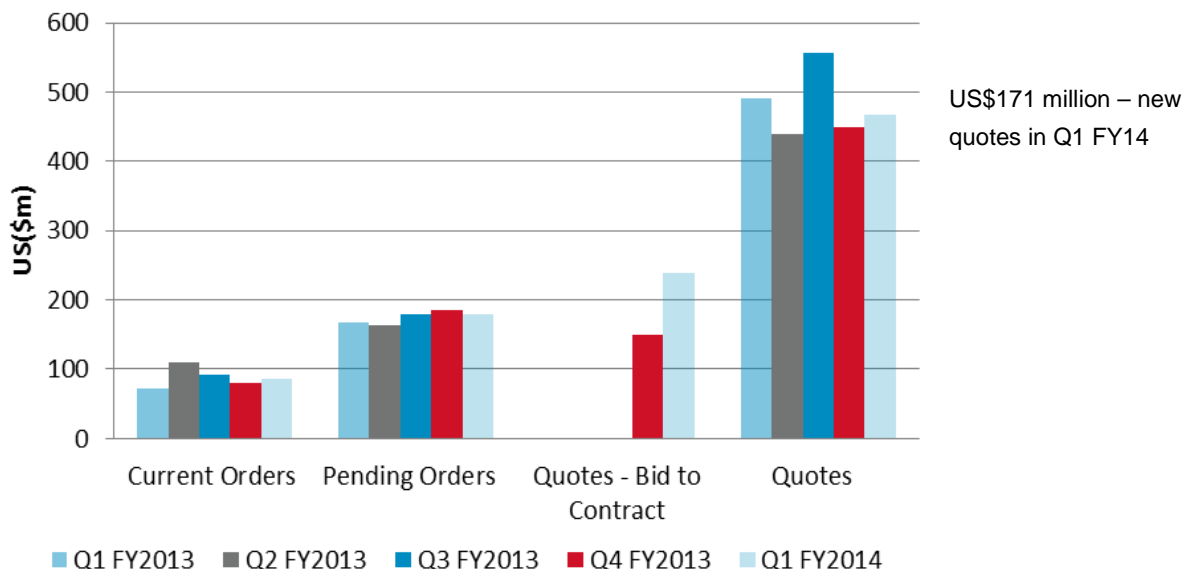


Buoyancy production levels in Q1 FY14 were below the levels achieved in Q4 FY13 due to a number of technically challenging projects which resulted in lower plant throughput. Despite these challenges, output was maintained in-line with designed plant capacity. Matrix expects output to recover during October and return to target rates by December 2013. Matrix maintains its focus on continuous improvement including cost reduction measures and expects future production improvements to come from plant and labour optimization.

The current order book supports full production until the beginning of Q4 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 30/9/13



- **Current order book** – increased to US\$86 million which supports full production until early Q4 FY14.
- **Pending orders** – stable at US\$179 million. Conversion in Q1 FY14 was lower than anticipated, although a stronger conversion over the remainder of the financial year is expected due to the continual compression of drillship delivery times.
- **Quotes: Bid to Contract** - increased by 59 per cent over the previous quarter to US\$239 million in Q1 FY14. This substantial increase reflects an improvement in the quality of the Company’s quote book.
- **Quotes** – the value of outstanding quotations increased slightly over the previous quarter to US\$468 million. Quoting activity remains at very high levels for drilling and SURF ancillary products, with new quotations for Q1 FY14 totaling US\$171 million, an increase of 95 per cent over the previous quarter.

High levels of quoting activity remain in-line with strong forecast demand for drillship orders (Graph 4 & 5) and options over the next five years, as well as the Company’s continued penetration of 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: Bid to contract – a quote that is capable of acceptance by the client

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

Drilling Products

The market for drilling riser buoyancy (DRB) used on newbuild drillships and for the replacement of DRB on older drillships continues to be strong. Demand for newbuild drillships over the next five years is strong as reflected in shipyard activity and the Company's high level of quoting activity which will drive medium term demand for the product line.

During Q1 FY14 Matrix secured a number of new orders including:

- An order from a Korean shipyard for the supply of riser buoyancy modules. The modules will be used on a rig that will operate in the waters off Brazil.
- An order from a Norwegian oil services company to supply buoyancy for use on a deepwater drilling rig. The newbuild rig is the fifth in the fleet, with all previous rigs equipped with Matrix riser buoyancy modules.
- An order to supply spare DRB for use on an existing rig in the Gulf of Mexico, as well as a contract for replacement DRB for an older rig located off the coast of India.

Upstream SURF Ancillary Equipment

Current orders for Matrix's Subsea Umbilical, Riser and Flowline (SURF) ancillary equipment line were the largest ever in terms of value for the quarter. Quotations remained very strong from clients in Australia, Brazil, Europe and SE Asia. These quotations and subsequent order conversions will drive short and long term demand for the product line going forward.

Matrix secured a strategically significant contract to supply a large quantity of permanent production buoyancy which will be used on a major offshore project in the NW Shelf of Western Australia. The offshore structure is the largest of its kind in the world and will be using the greatest quantity of syntactic foam products as a result.

In Q1 FY14 Matrix also entered into an agreement with Subsea 7 for the supply of subsea installation buoyancy for its heavy lift tie-in package on the Chevron-operated Gorgon project in Western Australia. The buoyancy will be used to facilitate tie-in operations in water depths of up to 4,429 feet (1,350 metres).

Well Construction Products

Centralizer sales continue to be below expectations, although the Company is continuing to look at other regions within North America to expand its distribution channel which will aid in growing market share within the region.

Whilst sales are below expectations, 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. It has also seen growth in the SE Asian market and growing interest from Europe.

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 centralizers 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 capital drilling equipment for the oil and gas industry.

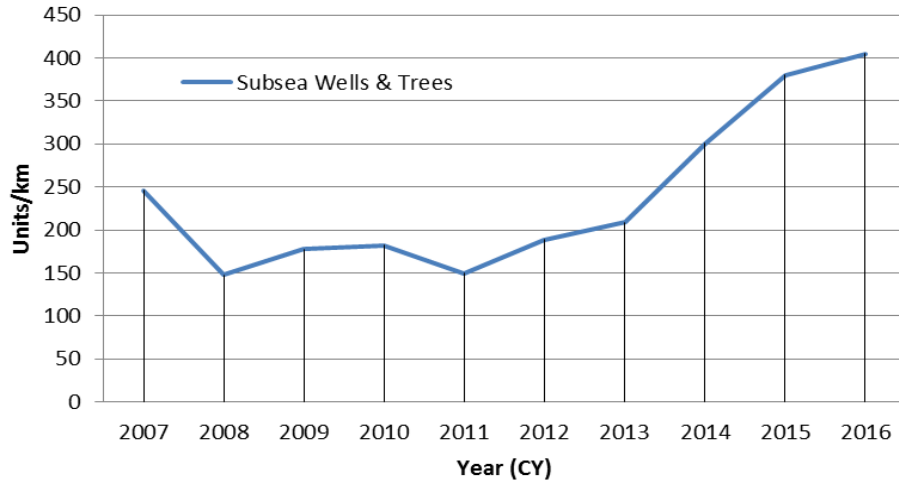
Throughout the quarter MOSE continued work for a Thai oil and gas company involving the design, machining and installation of bespoke items to assist in getting their offshore platform back into operation. Future earnings from this division will be heavily weighted towards the oil and gas industry.

MACRO INDICATORS

Drilling Products

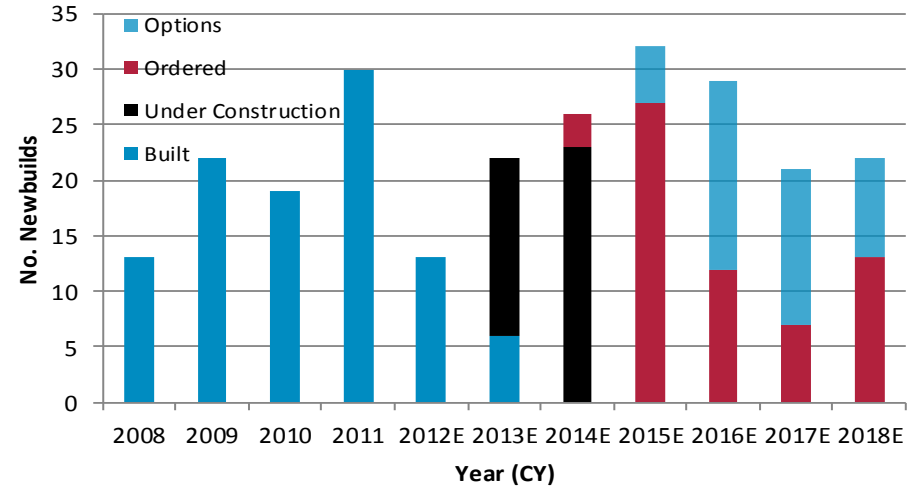
Data Source: Douglas-Westwood 2013

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

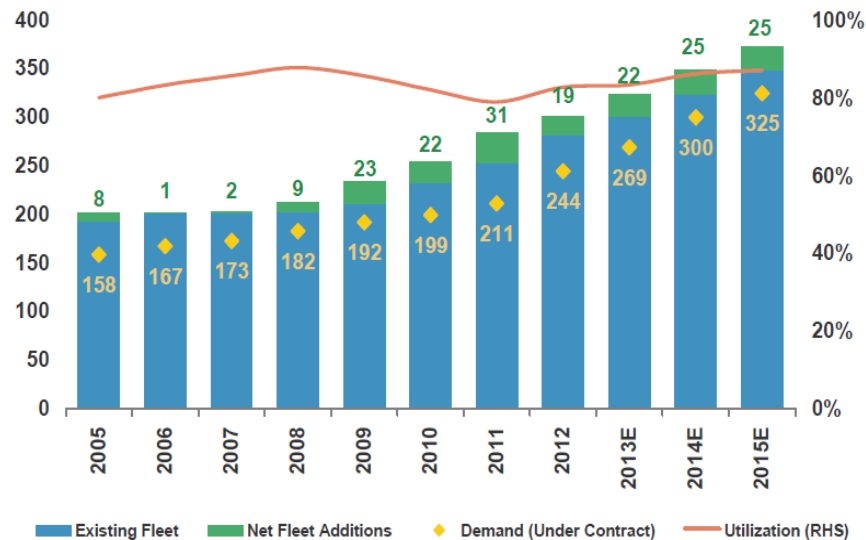


Source: Company Data, July 2013

GRAPH 4: World Number of Confirmed Newbuilds



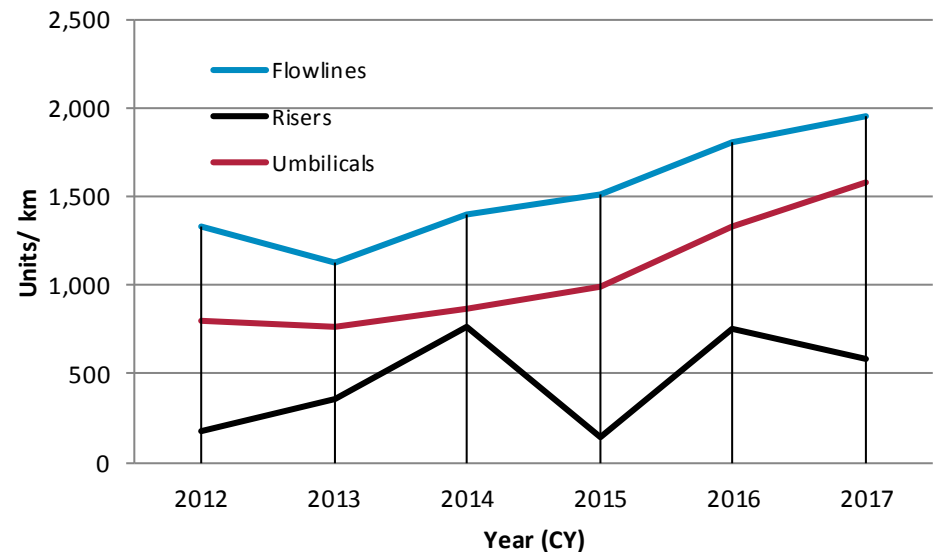
GRAPH 5: Floater Supply/ Demand (Under Contract¹)



Source: Morgan Stanley, Global Oil Services, Drilling Equipment, September 2013

SURF Ancillary Equipment

GRAPH 6: Global Capex – Units/ km by Component

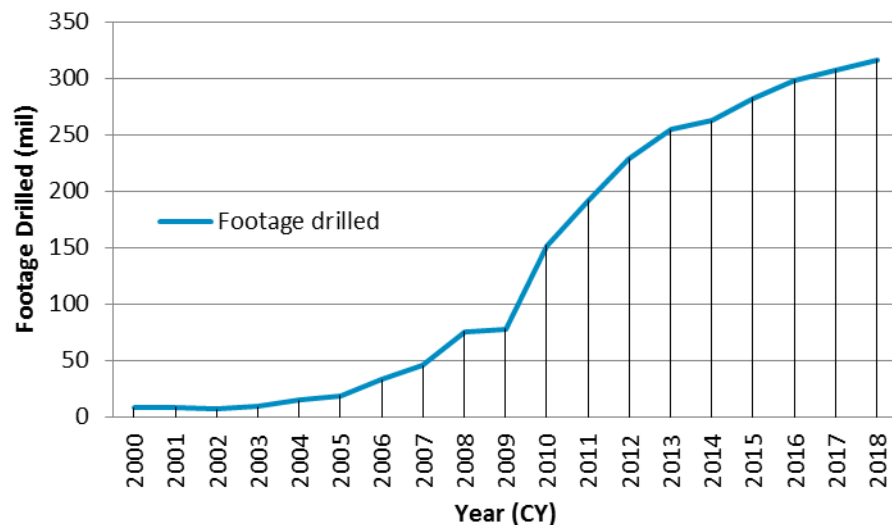


Data Source: Douglas-Westwood 2013

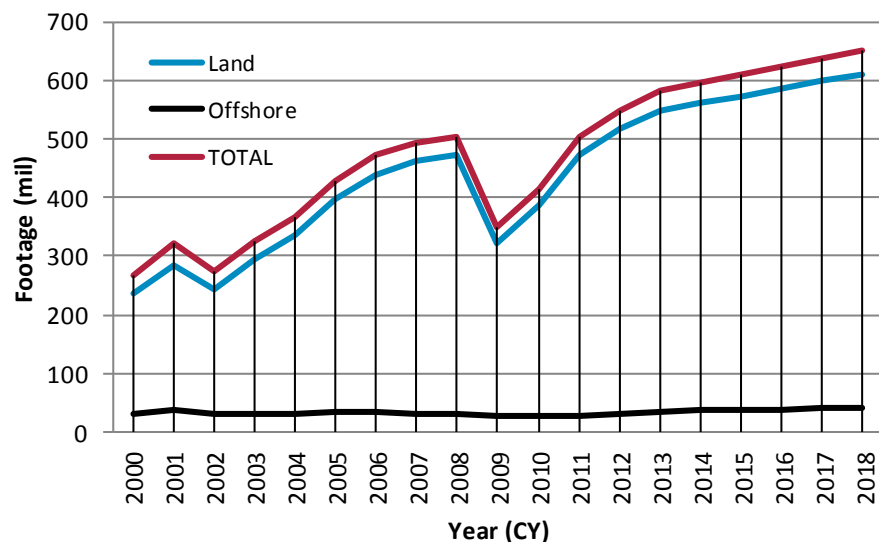
MACRO INDICATORS

Well Construction Products

GRAPH 7: US Drilling & Production Outlook – Horizontal Footage



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



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, as well as 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 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.

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

¹ Excludes retirement of floaters

² Excludes Russia, China and Central Asia

