

25 February 2015

Companies Announcement Office
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 600

Change of Share Trading Policy Notification Company: Matrix Composites & Engineering Ltd

In accordance with listing rule 12.10, please be advised that effective from 18 February 2015, the Board has adopted the attached Policy on the Trading of the Company's Securities which replaces the previous Securities Trading Policy.

Yours faithfully



PETER TAZEWELL
Company Secretary
Matrix Composites & Engineering Ltd

Policy on the Trading of Company's Securities

1. General Principles

The principle behind this policy on trading (buying, selling or other dealing in) Company securities (being shares, options, or any other equity, debt or derivative instruments, including instruments to limit the economic risk of other securities held), is as follows:

- (a) Directors, officers and employees, and persons associated with them, including family members and business associates (together "**Insiders**"), must not trade in the Company's securities nor place themselves in a position where it may reasonably be perceived they have been trading in the Company's securities other than in compliance with this policy.
- (b) The policy is designed to seek to ensure that:
 - Insiders do not breach "insider trading" laws under the Corporations Act;
 - Insiders do not trade Company securities while they may be in possession of market price sensitive information which has not been released to the ASX announcements platform by the Company (including due to exceptions that may apply to the need to release that information);
 - perceptions cannot arise that Insiders may be taking advantage of their position in the Group (or that of a person with whom they are associated), even if such perceptions are wrong or unsubstantiated.
- (c) This policy has been made to meet regulatory requirements and generally accepted principles and standards of conduct.

2. Implementation Protocols

In implementing this policy, and without limiting the General Principles in 1 above, there are a number of rules and provisions that must, at all times, be followed:

- (a) Directors, officers and employees of the Group and persons associated with them (ie: ALL Insiders) are prohibited from trading in the Company's securities other than in conformity with this policy.
- (b) A Director, and the Company Secretary, and persons associated with any of them, are required to ensure that there is an approval in the terms of this policy ("**Dealing Approval**") in respect of a proposed trade in the Company's securities prior to any trade by them.
- (c) A Dealing Approval is an approval by the Chair (or in his/her absence the Deputy Chair or CEO, although the Deputy Chair or CEO cannot grant a Dealing Approval to themselves or to persons associated with them) which is to be provided in writing, and which in the absence of any stipulated period in the Dealing Approval is valid for a period of no longer than two weeks. The issue of a Dealing Approval is to be reported at the following Board meeting. A Dealing Approval also includes a written approval by the CEO to a dealing in the Company's securities by an officer/or employee as referred to in paragraph (e) below.
- (d) The Chair is required to obtain the Dealing Approval of the Deputy Chair, or the CEO and one other non-executive Director, prior to any trade by the Chair or a person associated with the Chair.
- (e) Officers (being persons who have the capacity to make decisions that may significantly impact on the operations or finances of the Group's businesses, other than the Chair, Directors and the Company Secretary) and employees are required to discuss and obtain approval for a proposed trade in the Company's securities with the CEO (or in his/her absence the Company Secretary) prior to any trade by them or a

person associated with them. The CEO (or in his/her absence the Company Secretary) will consult with the Chair before issuing a Dealing Approval.

- (f) The periods referred to in (c), (d) and (e) above may be shortened at any time by the persons issuing the Dealing Approval by notice in writing to the relevant person to whom the Dealing Approval was issued.
- (g) All trades by Insiders are to be advised to the Company Secretary within two days of the relevant trade.
- (h) Directors, officers and employees are required to use their best endeavours, wherever possible, to ensure that persons associated with them are aware of and conform to this policy. An associate is regarded as including:
 - close family member of the Director, officer or employee;
 - a company or trust over which the Director, officer or employee has control or is a beneficiary;
 - a business or other associate of any of the foregoing.
- (i) Any Dealing Approval issued under this paragraph 2 and any trade pursuant to a Dealing Approval is deemed to have been given during a declared Trading Window (refer 3 below)
- (j) Persons seeking approval to trade Company securities under this paragraph must apply in writing and must supply to the person to give the Dealing Approval all information known to the applicant that may be material to the approval being granted.
- (k) The CEO or the Chair, after consultation with the other (or in the absence of the Chair, the Deputy Chair, and in the absence of the CEO, the Company Secretary), may issue a Dealing Approval for general employees (and persons associated with them) only, to the exclusion of directors and officers (refer (e) above) of the Company, in appropriate circumstances.
- (l) Other than pursuant to a Dealing Approval issued under paragraph 2(k) above and where the relevant Insider would not be breaching insider trading laws under the Corporations Act by effecting a trade in the Company's securities, during Prohibited Periods no trading in the Company's securities by Insiders is permitted.

3. Trading Windows, Prohibited Periods and Closed Periods

- (a) The following definitions apply:

"Closed Period" means 1 January to 31 December inclusive each year but does not include a period declared to be a Trading Window.

"Prohibited Period" means any period in which the Company is in possession of information that would be disclosable to the market under ASX Listing Rule 3.1 but for the application of, and reliance upon, an exemption allowed under ASX Listing Rule 3.1A.

"Trading Window" means a period in which a Dealing Approval applies (either generally or specific to any particular Insider) provided that the Chair (or the CEO) may at any time, by notification in writing to relevant Insiders personally, or on the Company's web-site, "close" a declared Trading Window. Trading Windows must not be declared or allowed to continue during a Prohibited Period. Without limitation, typically Trading Windows might be declared for periods commencing 2 business days after:

- the release of the Company's annual, half yearly results or quarterly reports (as applicable);
- the release of a prospectus by the Company (other than a transaction specific prospectus);
- the Company's AGM;

- other times at the Chair's discretion.
- (b) During Closed Periods trading in the Company's securities by Insiders is prohibited other than pursuant to a Dealing Approval.
- (c) During Prohibited Periods, no trading in the Company's securities by Insiders is permitted.

4. Dealing Approvals

- (a) Without intruding upon the discretion of the person issuing a Dealing Approval, approval for trading in the Company's securities might commonly be expected where:
- it is not a Prohibited Period;
 - there will be no breach of "insider trading" laws by reason of the proposed trade; and
 - adverse reputational imputations for the Company and its governance are unlikely to arise by reason of the proposed trade.
- (b) Without intruding upon the discretion of the person issuing the Dealing Approval, approval for trading in the Company's securities is unlikely to be given where:
- it is a Prohibited Period; or
 - it is not a Prohibited Period but it is in a period after the close of the Company's books for a relevant period, and before the release of the Company's annual or half yearly results for that relevant period, other than if the approval is to respond to circumstances of financial hardship or personal need for a particular Insider.

5. Compliance with Corporations Act and ASX Listing Rules ("together Regulations")

- (a) This Policy will be interpreted and construed so as to be consistent with all applicable Regulations.
- (b) If anything in this Policy is contrary to the applicable Regulations, then that provision will be severed from this Policy.
- (c) The Company must comply with the Regulations in administering this Policy and in reporting any relevant trading in the Company's securities by Insiders.

6. Exclusions

Subject to paragraph 5, the mere take up of entitlements, or exercise of vested options, to subscribe for Company securities under a pro rata rights issue to all shareholders, an employee share option plan (or similar) or the mere take up of Company securities under a dividend re-investment plan (or similar) does not constitute a "trade" in Company securities for the purpose of this policy.

7. Short Term Trading Prohibited

Each Director, officer or employee, and persons associated with them (ie. ALL insiders), must not engage in short term buying and selling of Company securities. In considering what is "short term" for the purposes of this policy, selling within 12 months of buying securities in the Company is given as guidance. Insiders seeking Dealing Approval to sell securities in the Company should disclose when they last bought securities when seeking a Dealing Approval.

8. Margin loans, margin calls, share loans and other arrangements

- (a) For the purposes of this policy trading in Company securities includes the grant of a security interest over securities in the Company and any other contractual arrangement whereby:
- (i) an entitlement to exercise a right attaching to Company securities of an Insider is assigned to or is exercisable by another party;
 - (ii) an Insider may become contractually obliged to a third party to trade in the Company securities including but not limited to margin call arrangements.

- (b) Trading in Company securities by Insiders in the terms of paragraph (a) is not permitted other than with a Dealing Approval.
- (c) A Dealing Approval under paragraph (b) should not be expected to be given to an Insider having regard to the risk of a forced trade in Company securities as part of the arrangement during a Prohibited Period, and the legal and market reputational risk arising by reason thereof.

9. Communication of Policy/Education and Training

This policy is to be communicated to all Directors, officers and employees of the Company, and periodically reinforced by follow up education and training as part of the Company's corporate governance policies and procedures.

In particular this policy is to be communicated to new personnel of the Company as part of their induction training.

A copy of this policy should be included on the Company's web-site along with its Corporate Governance Charter and related policy statements.