
MATRIX COMPOSITES & ENGINEERING LTD
ACN 009 435 250

2017 NOTICE OF ANNUAL GENERAL MEETING

TIME: **10.00AM (WST)**

DATE: **Wednesday, 8 November 2017**

PLACE: **Garden Island Room, AMC Jakovich Centre**
 4 McGrath Road, Henderson, Western Australia

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9412 1200.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on Wednesday, 8 November 2017 at:

The Garden Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson, Western Australia.

VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Annual General Meeting. The appointment of the representative must comply with the requirements in section 250D of the Corporations Act. The representative should bring to the Annual General Meeting evidence of his or her appointment as the body corporate's representative, including any authority under which the appointment is signed. Unless the appointment states otherwise, the representative may exercise on the body corporate's behalf all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the share registry of the Company – www.linkmarketservices.com.au (under 'Resources' then 'Forms').

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed proxy form and return by:

- (a) post to the Company's share registry, Link Market Services Limited at Locked Bag A14, Sydney South NSW 1235 or deliver to Link Market Services Limited at 1A Homebush Bay Drive, Rhodes NSW 2138; or
- (b) facsimile to the Company's share registry, Link Market Services Limited on facsimile number (+612) 9287 0309; or
- (c) online by visiting www.linkmarketservices.com.au Select 'Investor Login' and in the "Single Holding" section enter Matrix Composites & Engineering Ltd or the ASX code MCE in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy

form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website,

so that it is received not later than 10.00am (WST) on Monday, 6 November 2017. **Proxy forms received later than this time will be invalid.**

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2017 Annual General Meeting of Shareholders of Matrix Composites & Engineering Ltd will be held at 10.00 am (WST) on Wednesday, 8 November 2017 at the Garden Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson, Western Australia.

The Explanatory Statement to this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Annual General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 4.00pm (WST) on Monday, 6 November 2017.

Terms and abbreviations used in this Notice of Annual General Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1 ORDINARY BUSINESS

2 ANNUAL FINANCIAL REPORT

To receive and consider the Financial Report of the Company for the year ended 30 June 2017, consisting of the Income Statements, Statement of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, the Directors' Report, the Directors' Declaration and the Independent Auditor's Report.

3 RESOLUTION 1 – RE-ELECTION OF MR STEVEN COLE AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, Mr Steven Cole, being a Director of the Company, retiring by rotation in accordance with article 19.3 of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company.”

4 RESOLUTION 2 – MATRIX RIGHTS PLAN REFRESH

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, shareholders approve the Matrix Rights Plan and the grant of Performance Rights and Share Appreciation Rights and the issue of Shares under such Rights Plan, a summary of which is set out in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting exclusion:

The Company will disregard any votes cast on Resolution 2 by any Director of the Company (except one who is ineligible to participate in the Matrix Rights Plan) and their associates.

However, the Company need not disregard a vote cast on Resolution 2:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5 RESOLUTION 3 – GRANT OF SHARE APPRECIATION RIGHTS TO MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER MR AARON BEGLEY

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director and Chief Executive Officer Aaron Begley of 1,486,641 Share Appreciation Rights under the Matrix Rights Plan, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, be approved”.

Voting exclusion:

The Company will disregard any votes cast on Resolution 3 by any Director of the Company (except one who is ineligible to participate in the Matrix Rights Plan) and their associates.

However, the Company need not disregard a vote cast on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 3 by a member of the KMP, or a closely related party of a KMP acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 3. This restriction on voting undirected proxies does not apply to the person chairing the meeting where the chair has been expressly authorised to exercise undirected proxies.

The Chairman of the Meeting will vote any undirected proxies in favour of Resolution 3 in accordance with the Corporations Act and ASX Listing Rules.

6 RESOLUTION 4 – THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2017 IS ADOPTED

To consider and, if thought fit, to pass the following resolution as an advisory resolution:

"That the Remuneration Report, as set out in the Company's 2017 Annual Report, is adopted."

The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion:

A vote on Resolution 4 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a member of the Key Management Personnel (KMP) (which includes each of the Directors of the Company) whose remuneration is disclosed in the 2017 Remuneration Report; or
- a closely related party (as that term is defined in the Corporations Act) (such as close family members and any controlled companies) (Closely Related Party) of such a member of the KMP.

However, a person described above may cast a vote on Resolution 4 as a proxy if the vote is not on behalf of a person described above and either:

- the proxy appointment is in writing and specifies the way the proxy is to vote (for, against, abstain) on the resolution; or

- the vote is cast by the person chairing the AGM and the appointment of the chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the Meeting will vote any undirected proxies in favour of Resolution 4 in accordance with the Corporations Act and ASX Listing Rules.

7 OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

DATED: 2 OCTOBER 2017

BY ORDER OF THE BOARD

ADAM SANTA MARIA
MATRIX COMPOSITES & ENGINEERING LTD
COMPANY SECRETARY

ENQUIRIES

Shareholders may contact the Company Secretary on (+61 8) 9412 1200 if they have any queries in respect of the matters set out in these documents.

If you have an issue or question that you would like addressed at the Annual General Meeting or would like to submit a written question to the Chairman or Deloitte (our external auditor) before the Annual General Meeting, please send your query to companysec@matrixengineered.com no later than Tuesday, 17 October 2017.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the 2017 Annual General Meeting to be held at 10.00 am (WST) on Wednesday, 8 November 2017 at the Garden Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be important to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

8 ANNUAL FINANCIAL REPORT

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the Financial Report of the Company for the financial year ended 30 June 2017 together with the Directors' Declaration, the Directors' Report, and the Auditor's Report.

The financial report of the Company for the financial year ended 30 June 2017 is available on the Company's website at www.matrix-corp.org.

No formal resolution is required regarding the Annual Financial Report, however provision will be made for members as a whole to ask questions or make comments on the reports or the management of the Company. Members may question the Independent External Auditor regarding the conduct of the audit, the independence of the auditor, preparation and content of the reports and accounting policies adopted by the Company.

9 RESOLUTION 1 – RE-ELECTION OF MR STEVEN COLE

Clause 19.3 of the Constitution provides that at every annual general meeting of the Company, an election of directors must be held and, if there would otherwise not be a vacancy on the board, and no director is required to retire, then the director longest in office since last being elected must retire (excluding the Managing Director).

In accordance with clause 19.3 of the Constitution, the Company has determined that one director must retire by rotation. In accordance with clause 19.3 of the Constitution, a Director who retires by rotation under clause 19.3 is eligible for re-election.

Mr Cole, being a Director of the Company, will retire by way of rotation and, being eligible, offers himself for re-election as a non-executive Director of the Company.

Mr Cole has over 40 years legal, business, corporate and directorial experience. Mr. Cole is the Managing Director of Cole Corporate, a boutique corporate and governance consultancy

firm. Prior to this role he operated a corporate and financial legal practice as a senior equity partner with Allens Arthur Robinson, a leading national and Asian law firm.

His extensive boardroom and board sub-committee experience encompasses ASX listed companies in the resources, engineering services and industrial sectors, as well as a number of public sector and charitable/not for profit (NFP) appointments.

Mr Cole is Chairman of Neometals Limited, the Queen Elizabeth II Medical Centre Trust, Perth Markets Limited and a board member of the Chamber of Commerce & Industry (WA). Mr Cole was also previously the WA State President and a national board member of the Australian Institute of Company Directors.

The Board (excluding Mr Cole) recommends the re-election of Mr Cole as a Director.

10 RESOLUTION 2 – MATRIX RIGHTS PLAN REFRESH

Matrix has established a rights plan, the terms of which were approved at the Company's General Meeting of Shareholders held on 25 June 2015 (Rights Plan). A copy of the Rights Plan can be obtained on request from Company by contacting the Company Secretary.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under that plan as an exception to ASX Listing Rule 7.1.

Approval under ASX Listing Rule 7.2 (Exception 9) is due to expire on 25 June 2018 and the Company seeks Shareholder approval to refresh the Rights Plan.

In accordance with the requirements of ASX Listing Rule 7.2 (Exception 9), the following information is provided:

- (a) A summary of the material terms of the Rights Plan is set out in Annexure A
- (b) Since the date of the last approval of the Rights Plan, the Company has issued the following securities under the Rights Plan:
 - (i) 1,628,500 Performance Rights; and
 - (ii) 6,356,901 Share Appreciation Rights.
- (c) A voting exclusion statement has been included in the Notice of Meeting for the purposes of this Resolution 2.

The Board (excluding those executive directors who declined make a recommendation based on their interest in the outcome of Resolution 2) recommends that Shareholders to vote in favour of this Resolution 2.

**11 RESOLUTION 3 – GRANT OF SHARE APPRECIATION RIGHTS TO
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER MR AARON
BEGLEY**

ASX Listing Rule 10.14 provides that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

Resolution 3 seeks the approval of Shareholders to the proposed grant under the Matrix Rights Plan to the Company's Managing Director and Chief Executive Officer Aaron Begley of Share Appreciation Rights (SARs), as part of his Senior Executive Plan entitlement to the SESARP.

Subject to approval by Shareholders, the Board proposes that in respect of the 2017 Financial Year Mr Begley be issued with 1,486,641 SARs under the Rights Plan. Based on BDO's determination that each SAR has a value of \$0.131 as at 26 September 2017, the value of the proposed grant of SARs to Mr Begley is \$194,750.00. No amount will be payable in respect of the allocation of SARs, nor in respect of any Shares allocated upon vesting of the SARs.

In order to provide a long-term incentive which aligns employees with the Company's strategies the Rights Plan has been established to allow the Board to grant performance based awards.

The Rights Plan has been designed to provide for the offer of Rights (in the form of Performance Rights or SARs) structured with performance conditions that align with the Company's key business drivers at the time of award.

The Board believes that appropriately designed equity-based plans are an important component of the Company's remuneration structure. Such plans are a key element in attracting and retaining talented employees, including senior executives, and ensure the interests of employees are aligned with those of Shareholders in creating long-term Shareholder value.

In the Board's view, the terms of the SARs and the vesting conditions link the ultimate value of the SARs to the sustained growth of the Company and provide an appropriate incentive for Mr Begley to ensure the Company's continued performance.

11.1 Key Terms of the Matrix Rights Plan

Under the Rights Plan, the Board may determine the key terms and conditions of any Rights granted under the Plan. Rights granted under the Plan may be in the form of the following:

Performance Rights: an entitlement to acquire a Share on a one for one basis, subject to satisfaction of vesting conditions and any other terms and conditions determined by the Board.

Share Appreciation Rights (SARs): an entitlement to acquire Shares equal to the growth in value of the underlying Shares (if any) upon satisfaction of the relevant vesting conditions and any other terms and conditions determined by the Board.

The Rights Plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the Rights Plan.

Each employee who acquires Rights under the Rights Plan becomes a Participant in the Rights Plan.

Under the grants made to Mr Begley, he is able to allocate rights between Performance Rights and SARs. Mr Begley has advised he intends to take 100 per cent of his allocation as SARs.

The following terms apply to all SARs granted under the Plan.

SARs do not carry any dividend or voting rights.

SARs will be subject to the specific terms and conditions under which they have been issued, until a Share issued under the relevant plan is:

- registered in the name of the holder;
- not subject to any vesting conditions; and
- not subject to a holding lock or any disposal restrictions.

The Company will apply for quotation on the official list of ASX of Shares issued in satisfaction of its obligations under the Rights Plan subsequent to vesting. The Company will not seek quotation of any SARs.

Should the Company undergo a reorganisation or reconstruction of capital the SARs will be adjusted to ensure the value of the SARs is not diminished as a result of that capital reconstruction or reorganisation. In the event of a bonus or rights issue, the Board may exercise its discretion to ensure Mr Begley does not enjoy a windfall gain or suffer a material detriment. Any adjustment will be subject to the Listing Rules.

Where the Company divests or disposes of a material business or subsidiary, the Board may vary the terms of SARs to take into account that divestment/disposal.

In the event of a change of control, the Board has discretion to determine the treatment of SARs and the timing of that treatment, which may include that the SARs:

- vest, whether or not conditions have been met;
- lapse or are forfeited;
- remain subject to conditions and/or periods, or subject to varied conditions and/periods; or
- may only be settled in cash, or securities other than Matrix shares.

In making such a determination, the Board may have regard to any factors that the Board considers relevant, including the performance period elapsed at the time of the event, the extent to which the vesting conditions have been satisfied at the time of event and the circumstances of the event.

SARs issued under the Plan are not transferable or assignable without the consent of the Board or upon death to a Participant’s legal personal representative or upon bankruptcy to the Participant’s trustee in bankruptcy.

Hedging

SARs holders are not permitted to enter into any scheme or arrangement which would hedge the economic benefit that may be earned from the SARs.

Claw-back

The Board retains the power to “claw back” any benefit obtained under the grant of SARs where the vesting of an award is determined to have been based on fraud or dishonesty of the relevant participant.

Vesting Conditions

SARs will be subject to the following vesting conditions:

- three year service period from 1 July 2017; and
- TSR target based on TSR comparator group of companies (ASX300) measured over a three year performance period as follows:

TSR Target achieved during performance period	% of SARs vested
75% and over	100%
50 – 75%	50 – 100% on sliding scale
Below 50%	Nil

Upon vesting of any SARs, Mr Begley will be allocated the number of Shares (or the cash equivalent equal to the value) derived by multiplying the number of vested SARs by the growth in the Matrix share price during the performance period relative to the hurdle share price. The hurdle share price is \$0.65 and is calculated by reference to:

- the 28 day VWAMP of MCE shares following the release of the Company’s 2017 Financial Year statutory accounts on 24 August 2017, being \$0.471; and

- the annual growth rate of 11.41 per cent for the ASX300 Accumulation Index over the five years prior to the grant date of the SARs.

The number of SARs to be granted to Mr Begley under the Rights Plan, testing date, and vesting date are as follows:

Number of SARs	Testing Date	Vesting Date
1,486,641	Release of FY2020 statutory accounts	21 September 2020

Assuming vesting conditions are met and an assumed 2020 Financial Year VWAMP of \$0.50, \$1.00 and \$2.00, the value attributed to Mr Begley's SARs is as set out below.

Target Future Share Price	\$0.50	\$1.00	\$2.00
Grant Value	\$194,750	\$194,750	\$194,750
SAR value	\$0.131	\$0.131	\$0.131
SARs granted	1,486,641	1,486,641	1,486,641
Hurdle Price	\$0.65	\$0.65	\$0.65
		\$0.35	\$1.35
Benefit	Nil	\$520,324	\$2,006,965

Matrix share conversion	Nil	520,324	1,040,648
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Accordingly, unless the vesting conditions of:

- (i) Share price appreciation exceeding the annualised growth rate of the ASX300 Accumulation Index;
- (ii) Matrix ranking above the 51st percentile of the ASX300 in terms of TSR over the vesting period; and
- (iii) Three year service condition are met,

the SARs will not vest and no benefit will accrue to Mr Begley.

If Mr Begley ceases employment with the Company before the end of the performance period, the treatment will depend on the circumstances of cessation.

All unvested SARs will lapse in the event of resignation or termination for cause. Where Mr Begley ceases employment for any other reason, his unvested SARs will generally continue on-foot and be tested at the end of the original vesting date against the relevant vesting conditions. However, the Board has discretion to apply another treatment that it deems appropriate in the circumstances.

Additional Information

In accordance with ASX Listing Rule 10.15, the following additional information is provided regarding Resolution 3.

- Aaron Begley is the Chief Executive Officer and Managing Director of the Company.
- Mr Begley will be granted up to 1,486,641 Share Appreciation Rights for nil financial consideration, which subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Matrix. Any shares allocated to Mr Begley may be acquired on-market or issued by Matrix.
- Alternatively, the Board may determine in its absolute discretion that a vested Share Appreciation Right will be satisfied by the Company making a cash payment to Mr Begley in lieu of allocating Shares.
- For the purposes of ASX Listing Rule 10.15.4, the only person listed in ASX Listing Rule 10.14 that has received any securities under the Rights Plan is Mr Begley who was granted:
 - 1,133,333 Share Appreciation Rights for nil financial consideration on 02 November 2016 following approval at the Company's 2016 Annual General Meeting
 - 592,593 Share Appreciation Rights on 29 July 2016 for nil financial consideration following approval at the June 2015 General Meeting; and
 - a further 1,545,455 Share Appreciation Rights on 9 December 2015 for nil consideration following approval at the Company's 2015 Annual General Meeting.
- The Board can determine at its absolute discretion to satisfy any obligation under the Rights Plan by acquiring existing Shares on-market, issuing new Shares, cash settling the value of an obligation or a combination of all three.
- The terms and conditions of the Rights Plan provide that only employees of the Company (which includes Executive Directors) are eligible to participate in the Rights Plan. Non-executive directors are not eligible to participate in the Rights Plan. Mr Begley is currently the only Executive Director of the Company.
- The Share Appreciation Rights will be granted under the terms and conditions of the Rights Plan.
- There is no loan attaching to the offer of Share Appreciation Rights under the Rights Plan.
- Details of any securities issued under the Rights Plan will be published in the Company's future annual Remuneration Reports, including that approval for this issue of securities was obtained under Listing Rule 10.14.
- The Company will grant the Share Appreciation Rights as soon as practicable and no later than 12 months after the date of this Meeting.

- If approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.
- A voting exclusion statement is set out under Resolution 3 in the Notice of Meeting.

The Board (with Mr Aaron Begley abstaining) recommends that Shareholders vote in favour of Resolution 3.

12 RESOLUTION 4 – REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution for adoption of the remuneration report is required to be considered and voted on by shareholders. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, the Chief Executive Officer and senior executives and is set out in the 2017 Annual Report which is available on the Company's website at www.matrix-corp.org.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

The vote on the adoption of the remuneration report is advisory only and does not bind the Directors or the Company. However, if a company's remuneration report receives a 'no' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether another meeting should be held (within 90 days) at which all directors (other than the managing director) who were in office at the date of approval of the applicable directors' report must stand for re-election (Spill Resolution). In summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the remuneration report receives 'two strikes' from Shareholders.

The Company did not receive a 'no' vote of 25 per cent or more in regard to the Remuneration Report at the 2016 AGM and as such the 2017 Notice of Meeting does not contain a Spill Resolution.

For the voting exclusions applicable to this resolution, please refer to page ## of this Notice of Meeting.

In the interests of corporate governance, the Board abstains from making a recommendation in relation this resolution.

GLOSSARY

Annual General Meeting means the meeting convened by the Notice of Annual General Meeting.

ASX means ASX Limited (ACN 008 624 691).

Board means the current Board of Directors.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the key management personnel means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or of the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls; or
- (f) a person prescribed by the relevant regulations applicable for the purposes of this definition under the Corporations Act.

Company or Matrix means Matrix Composites & Engineering Ltd (ACN 009 435 250).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the Explanatory Statement accompanying this Notice of Annual General Meeting.

Key Management Personnel has the same meaning as in the Accounting Standards. The term broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director.

Listing Rules means the listing rules of the ASX.

Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Statement.

Rights means Performance Rights or Share Appreciation Rights under the Rights Plan.

Rights Plan or Matrix Rights Plan means the Matrix Composites & Engineering Rights Plan.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A: KEY TERMS OF THE MATRIX RIGHTS PLAN

Under the Rights Plan, the board has the power to determine the key terms and conditions of any Rights granted under the Plan.

Rights granted under the Plan may be in the form of Performance Rights or Share Appreciation Rights.

Performance Rights (PRs) are entitlements to acquire a Share on the basis of one Share for each Performance Right that vests upon satisfaction of the relevant vesting conditions and other terms and conditions determined by the Board under the Plan.

Share Appreciation Rights (SARs) are entitlements to acquire a number of Shares equal to the growth in the value of the underlying Shares (if any) upon satisfaction of the relevant vesting conditions and other terms and conditions determined by the Board under the Plan.

The Rights Plan will be administered by the Board which has absolute discretion to determine appropriate procedures for its administration and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the Rights Plan.

Each employee who is granted Rights under the Rights Plan becomes a Participant in the Rights Plan. It is the intention that Share Appreciation Rights will only be granted to senior executives.

Any offer by the Board of a Rights grant will contain minimum information including the following:

- the number of Rights, or the method/formula determining the Rights awarded;
- date of grant;
- the type of Rights being awarded and number of shares, or a formula to determine the number of shares, to be allocated upon vesting;
- any amount payable in respect of a grant of Rights;
- any conditions that must be satisfied, including performance and/or service conditions, and the applicable period;
- the testing dates of any applicable conditions;
- any disposal restrictions that apply to shares allocated upon vesting;
- whether Rights may be settled in cash at the discretion of the Board;
- the date on which unvested Rights will lapse or expire; and
- any conditions that will result in the forfeiture of a Right. The following terms apply to all Rights granted under the Plan.

The Rights do not carry any dividend or voting rights.

Rights will be subject to specific terms and conditions under which they have been issued, until a Share issued under the relevant plan is:

- registered in the name of the holder; and
- not subject to any vesting conditions

The Board can determine at its absolute discretion to satisfy any obligation under the Rights Plan by acquiring existing Shares on-market, issuing new Shares, cash settling the value of any obligation or a combination of all three.

the Company will apply for quotation on the official list of ASX of Shares issued in satisfaction of its obligations under the Rights Plan subsequent to vesting of Right under the Rights Plan, as soon as practicable after the issue of those Shares to a participant. The Company will not seek quotation of any Rights.

Should the Company undergo a reorganisation or reconstruction of capital the Rights will be adjusted to ensure the value of the Rights is not diminished as a result of that capital reconstruction or reorganisation. In the event of a bonus or rights issue, the Board may exercise its discretion to ensure a Rights holder does not enjoy a windfall gain or suffer a material detriment. Any adjustment will be subject to the Listing Rules.

Where the Company divests or disposes of a material business or subsidiary, the Board may vary the terms of Rights to take into account that divestment/disposal.

In the event of a change of control, the Board has discretion to determine the treatment of Rights and the timing of that treatment, which may include that the Rights:

- vest, whether or not conditions have been met;
- lapse or are forfeited;
- remain subject to conditions and/or periods, or subject to varied conditions and/or periods; or
- may only be settled in cash, or securities other than Matrix shares.

In making such a determination, the Board may have regard to any factors that the Board considers relevant, including the performance period elapsed at the time of the event, the extent to which the vesting conditions have been satisfied at the time of the event and the circumstances of the event.

Rights granted under the Plan are not transferable or assignable without the consent of the Board or upon death to a Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.

Hedging

Rights holders are not permitted to enter into any scheme or arrangement which would hedge the economic benefit that may be earned from the Rights.

Termination

Where a participant ceases employment with the Company prior to Performance Rights vesting, the treatment will depend on the circumstances of cessation.

Where the participant ceases employment due to resignation or termination for cause, all unvested Performance Rights will lapse at cessation.

Where a participant ceases employment for any other reason prior to Rights vesting, the unvested Rights will generally continue on-foot and be tested at the end of the original

vesting date against the relevant vesting conditions. However, the Board has discretion to apply another treatment that it deems appropriate in the circumstances (including that another number of Performance Rights may vest either at cessation or at the end of the original vesting date, or that some or all of the Performance Rights lapse).

Claw-back

The Board retains the power to “claw back” any benefit obtained under the grant of Rights where the vesting of an award is determined to have been based on fraud or dishonesty of the relevant participant


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Matrix Composites & Engineering Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Matrix Composites & Engineering Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Wednesday, 8 November 2017 at Garden Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson, Western Australia (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 3 and 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 3 and 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
1 Re-Election of Mr Steven Cole as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Matrix Rights Plan Refresh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Grant of Share Appreciation Rights to Managing Director and Chief Executive Office Mr Aaron Begley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 The Remuneration Report for the Year Ended 30 June 2017 is adopted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Monday, 6 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



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BY FAX

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BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**