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**MATRIX COMPOSITES & ENGINEERING LTD**

**ABN 54 009 435 250**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10:00am (WST)

**DATE:** Thursday, 17 November 2022

**PLACE:** 150 Quill Way, Henderson, Western Australia

***This Notice of 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 Meeting, please contact the Company Secretary on +61 8 9412 1200.***

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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The Meeting will be held at 150 Quill Way, Henderson, Western Australia on Thursday, 17 November 2022 at 10:00am (WST).

### YOUR VOTE IS IMPORTANT

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The business of the Meeting affects your shareholding in the Company, and your vote is important. Please take action by voting in person or by proxy.

### VOTING ELIGIBILITY

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Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 15 November 2022. Shareholders registered after that time will be disregarded in determining eligibility to attend and vote at the Meeting.

### VOTING IN PERSON

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To vote in person, attend the Meeting on the date and at the time and place specified.

Under section 250D of the Corporations Act, a corporate Shareholder may appoint an individual as a representative to attend the Meeting and vote in person. If a corporate representative attends the Meeting, a signed 'Appointment of Corporate Representative' form must be produced prior to admission. Shareholders can download and fill out the 'Appointment of Corporate Representative' form from the website of the Company's share registry – [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) (under 'Resources' then 'Forms').

### VOTING BY PROXY

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To vote by proxy, please complete and sign the Proxy Form and return it:

- (a) by post to the Company's share registry, Link Market Services Limited, at Locked Bag A14, Sydney South NSW 1235;
- (b) by hand to the Company's share registry, Link Market Services Limited, at Level 12, 680 George Street, Sydney NSW 2000;
- (c) by facsimile on +61 2 9287 0309; or
- (d) online by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) (you will be taken to have signed the Proxy Form if lodged in accordance with the instructions given on the website),

so that it is received by no later than 10:00am (WST) on 15 November 2022.

**Proxy Forms received later than this time will be invalid.**

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## **BUSINESS OF THE MEETING**

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Notice is given that the Annual General Meeting of Shareholders will be held at 150 Quill Way, Henderson, Western Australia on Thursday, 17 November 2022 at 10:00am (WST).

The Explanatory Statement, which forms part of this Notice of Meeting, provides additional information on matters to be considered at the Meeting.

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

## **AGENDA**

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### **ORDINARY BUSINESS**

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#### **1. ANNUAL REPORT**

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2022, which includes the Directors' Report, the Financial Report, and the Auditor's Report.

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#### **2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an advisory resolution:

*“That, for the purpose of section 250R(2) of the Corporations Act, Shareholders adopt the Remuneration Report for the financial year ended 30 June 2022.”*

**Voting Prohibition:** In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member. However, the prohibition does not apply if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution, but 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 Key Management Personnel.

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#### **3. RESOLUTION 2 – RE-ELECTION OF MR CRAIG DUNCAN AS A DIRECTOR**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an ordinary resolution:

*“That Mr Craig Duncan, who retires by rotation in accordance with Rule 19.3 of the Constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director.”*

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#### **4. RESOLUTION 3 – ISSUE OF OPTIONS AND PERFORMANCE RIGHTS TO MR AARON BEGLEY**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an ordinary resolution:

*“That the issue of 1,334,533 Options and 736,388 Performance Rights to Mr Aaron Begley, the Managing Director and Chief Executive Officer of the Company, is approved under and for the purposes of Listing Rule 10.14.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Equity Incentive Plan or an Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition:** In addition, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- the person is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if the person is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **5. RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

To consider and, if thought fit, pass the following resolution, with or without amendment, as a special resolution:

*“That the Company have the additional capacity to issue Equity Securities provided for in Listing Rule 7.1A.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or an Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **OTHER BUSINESS**

To deal with any other business which may be brought before the Meeting in accordance with the Constitution and the Corporations Act.

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BY ORDER OF THE BOARD



**PAUL HARDIE**  
Joint Company Secretary  
17 October 2022

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

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

The Explanatory Statement should be read in conjunction with the Notice of Meeting.

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### 1. ANNUAL REPORT

In accordance with section 317 of the Corporations Act, the Directors must lay before the Company's AGM the Financial Report, the Directors' Report and the Auditor's Report for the last financial year that ended before the AGM (**Annual Report**).

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, the Chair will allow a reasonable opportunity for Shareholders as a whole to:

- (a) discuss the Annual Report;
- (b) ask questions about, or make comments on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted to [companysec@matrixengineered.com](mailto:companysec@matrixengineered.com) no later than 10:00am (WST) on Thursday, 10 November 2022.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Remuneration Report sets out the remuneration policy of the Company and the remuneration arrangements in place for the Directors and senior management of the Company.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

At the Meeting, the Chair will allow a reasonable opportunity for Shareholders as a whole to ask questions about, or make comments on, the Remuneration Report.

Under the Corporations Act, if a listed company receives a Strike at 2 consecutive AGMs, the company is required to put to shareholders at the second AGM a resolution on whether another meeting should be held (within 90 days) at which all directors of the company who were in office at the time the relevant Directors' Report was approved (excluding the managing director) must stand for re-election.

The Company did not receive a Strike at last year's AGM, therefore a resolution on whether another meeting should be held to consider the composition of the Board will not be put to Shareholders at this year's AGM.

## **2.2 Proxy restrictions**

Pursuant to the Corporations Act, if you elect to appoint the Chair or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member, as your proxy to vote on Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member, on how to vote on Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

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## **3. RESOLUTION 2 – RE-ELECTION OF MR CRAIG DUNCAN AS A DIRECTOR**

### **3.1 General**

Rule 19.3 of the Constitution provides that no Director, other than the managing director, may hold office without re-election beyond the third AGM of the Company following the meeting at which the Director was last elected or re-elected. Any Director who retires by rotation in accordance with Rule 19.3 of the Constitution is eligible for re-election.

Listing Rule 14.4 relevantly provides that a Director must not hold office (without re-election) past the third AGM following the Director's appointment or 3 years, whichever is longer.

Mr Duncan was last re-elected as a Director at the 2019 AGM of the Company. Mr Duncan therefore retires by rotation in accordance with the Constitution and the Listing Rules and, being eligible, seeks re-election as a Director.

If Resolution 2 is passed, Mr Duncan will be re-elected as a Director. If Resolution 2 is not passed, Mr Duncan will cease to be a Director at the conclusion of the Meeting.

### **3.2 Qualifications and experience**

Mr Duncan has over 40 years' experience in the petroleum and mining industries in Australia, PNG, Asia, the Middle East, and Africa. He was previously a Drilling Superintendent at Apache Energy for 12 years and has over 20 years' experience managing well construction operations. Prior to this role, Mr Duncan was involved in manufacturing specialised equipment for the gold mining industry.

Mr Duncan holds a Graduate Diploma in Petroleum Engineering, University of New South Wales, 2005.

Mr Duncan chairs the Risk Committee, and is a member of the Audit, Nominations, and Remuneration Committees.

### **3.3 Board recommendation**

The Board (excluding Mr Duncan) recommends that Shareholders vote in favour of Resolution 2. The Chair intends to vote all undirected proxies in favour of Resolution 2.

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## **4. RESOLUTION 3 – ISSUE OF OPTIONS AND PERFORMANCE RIGHTS TO MR AARON BEGLEY**

### **4.1 General**

The Company is proposing to issue 1,334,533 Options and 736,388 Performance Rights to Mr Aaron Begley pursuant to Resolution 3 (**Issue**).

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme:

- (a) a director of the company (Listing Rule 10.14.1);
- (b) an Associate of a director of the company (Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (Listing Rule 10.14.3),

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 3 seeks the required shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to proceed with the Issue which has the potential to increase the number of Shares on issue from 146,071,429 to 148,142,350 (assuming all vesting conditions attached to the relevant Awards are satisfied and the Awards vest and are exercised, and no other Shares are issued), with the effect that the shareholdings of existing Shareholders will be diluted by approximately 1.40%.

If Resolution 3 is not passed, the Company will not be able to proceed with the Issue. In that scenario, the potential increase in the number of Shares on issue and consequential dilution of existing shareholdings will not occur, however the Company may need to consider alternative remuneration arrangements for Mr Begley.

### **4.2 Terms of Options and Performance Rights**

Pursuant to the Issue, the Company is proposing to issue Awards to Mr Begley under the Equity Incentive Plan having a combined value of approximately \$200,000.

Based on the Monte Carlo valuation performed by Stantons and approved by the Board, the value of each Option to be issued to Mr Begley is \$0.0749 and the value of each Performance Right to be issued to Mr Begley is \$0.1358.

The assumptions underlying the valuation of the Awards to be issued to Mr Begley are set out in the table below.

	<b>Options</b>	<b>Performance Rights</b>
Methodology	Monte Carlo	Monte Carlo
Number of iterations	100,000	100,000
Assumed grant date	20 September 2022	20 September 2022
Assumed spot price (\$)	0.236	0.236
Assumed expiry date	20 September 2025	20 September 2025
VWAP hurdle (\$)	0.380	0.380
Share price ceiling (\$)	2.00	2.00
Assumed vesting date	18 September 2025	18 September 2025
Exercise price (\$)	0.380	nil
Risk-free rate (%)	3.422	3.422
Volatility (%)	75	75
Dividend yield (%)	nil	nil
<b>Fair value per security (\$)</b>	<b>0.0749</b>	<b>0.1358</b>

Based on the applied valuation methodology, the type and number of Awards to be issued to Mr Begley is calculated as follows:

	Agreed value	Fair value per security	Number of securities
<b>Options</b>	\$100,000	\$0.0749	1,334,533
<b>Performance Rights</b>	\$100,000	\$0.1358	736,388

The Options and Performance Rights will be issued for nil cash consideration and will both be subject to:

- (a) a vesting condition that Mr Begley complete 3 years' continuous service with the Company from 1 July 2022; and
- (b) a performance hurdle that the Shares achieve a 14-day VWAP of at least \$0.38 following release of the Financial Report for the year ending 30 June 2025.

In addition, the Options will have an exercise price of \$0.38. For the avoidance of doubt, the exercise price of the Performance Rights is nil. The expiry date of all Awards to be issued to Mr Begley will be 3 years from the date of issue.

If, at the vesting date, the 5-day VWAP exceeds \$2.00, then the number of Options and Performance Rights to vest will be scaled back pro rata and equally between them to such number as would deliver to Mr Begley an equivalent financial outcome as would be the result had that 5-day VWAP been \$2.00.

Assuming that the vesting conditions and performance hurdles are met, the value attributed to the Awards to be issued to Mr Begley is set out in the table below (assuming a price per Share of \$0.38, \$0.50, \$1.00, and \$2.00).

Target Share Price	\$0.38		\$0.50		\$1.00		\$2.00	
Total Grant Value	\$200,000							
	Options	PRs	Options	PRs	Options	PRs	Options	PRs
Valuation	\$0.0749	\$0.1358	\$0.0749	\$0.1358	\$0.0749	\$0.1358	\$0.0749	\$0.1358
Award	1,334,533	736,388	1,334,533	736,388	1,334,533	736,388	1,334,533	736,388
Ex. Price / VWAP Hurdle	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38
Share Price/%uplift from 5 October 2022 base date (\$0.22)	\$0.16 – 173%		\$0.28 – 228%		\$0.78 – 455%		\$1.78 – %909	
Benefit	\$0.00	\$279,827	\$160,143	\$368,194	\$827,410	\$736,388	\$2,161,943	\$1,472,776
Share Conversion	N/A	736,388	1,334,533	736,388	1,334,533	736,388	1,334,533	736,388

If Mr Begley ceases employment with the Company before 30 June 2025, the manner in which any unvested Awards held by Mr Begley will be dealt with will depend on the circumstances of cessation.

If cessation occurs due to resignation or termination for cause, all unvested Awards will automatically lapse. If cessation occurs for any other reason, the Board may determine, in its sole and absolute discretion, how the unvested Awards will be dealt with, including:

- (a) allowing some or all of the unvested Awards to continue to be held by Mr Begley, and be subject to the existing performance hurdles and/or vesting conditions;
- (b) undertaking a buy-back of some or all of the unvested Awards; and/or
- (c) requiring that any remaining unvested Awards automatically lapse.

#### 4.3 Specific information required by Listing Rule 10.15

In accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolution 3:

- (a) the person to whom the Awards will be issued is Mr Aaron Begley;
- (b) Mr Begley is a Director and therefore falls within Listing Rule 10.14.1;
- (c) the number of Awards to be issued to Mr Begley is:
  - (i) 1,334,533 Options; and
  - (ii) 736,388 Performance Rights;
- (d) Mr Begley's current total remuneration package is \$811,076 (inclusive of salary, superannuation, and short and long-term incentives);
- (e) Mr Begley has previously been issued 4,929,566 Options and 2,091,124 Performance Rights for nil cash consideration under the Equity Incentive Plan;
- (f) a summary of the material terms of the Awards to be issued to Mr Begley is set out in section 4.2 of this Explanatory Statement. Awards are being issued to Mr Begley to provide an incentive component in his remuneration package to retain his services, motivate performance, and reward the achievement of performance hurdles within a specified period. The Board

considers this to be a cost-effective remuneration practice which is reasonable given that the vesting conditions and performance hurdles will align the interests of Mr Begley with those of Shareholders. The Company considers that the Awards to be issued to Mr Begley have an approximate value of \$200,000;

- (g) the Awards will be issued to Mr Begley no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules), and it is anticipated that the Awards will be issued on one date;
- (h) the Awards will be issued to Mr Begley for nil cash consideration;
- (i) a summary of the material terms of the Equity Incentive Plan is set out in Schedule 1;
- (j) no loans will be made to Mr Begley in relation to the issue, vesting or exercise of the Awards;
- (k) details of any securities issued under the Equity Incentive Plan will be published in the Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (l) any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Equity Incentive Plan after Resolution 3 is approved and who were not named in the Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and
- (m) a voting exclusion statement is included in the Notice of Meeting.

#### **4.4 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

For the purposes of Chapter 2E of the Corporations Act, the issue of Awards to Mr Begley pursuant to Resolution 3 constitutes giving a financial benefit, and Mr Begley is a related party of the Company by virtue of being a Director.

The Board (excluding Mr Begley) has considered the application of Chapter 2E of the Corporations Act to the Issue and is of the view that, given the circumstances of the Company and Mr Begley's role and responsibilities with the Company, the financial benefit given by the Issue constitutes reasonable remuneration to Mr Begley for the purposes of the exception set out in section 211(1) of the Corporations Act.

Therefore, the Company is not seeking shareholder approval to the Issue under Chapter 2E of the Corporations Act in addition to the approval sought under Listing Rule 10.14.

#### **4.5 Board recommendation**

The Board (excluding Mr Begley) recommends that Shareholders vote in favour of Resolution 3. The Chair intends to vote all undirected proxies in favour of Resolution 3.

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### **5. RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

#### **5.1 General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its shareholders, by way of a special resolution passed at its AGM, to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 4 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without shareholder approval.

If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 4 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

This Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders entitled to vote on the Resolution.

#### **5.2 Specific information required by Listing Rule 7.3A**

In accordance with the requirements of Listing Rule 7.3A, the following information is provided in relation to Resolution 4:

(a) **Period for which approval is valid**

Approval of the 7.1A Mandate will be valid from the date of the AGM and will expire on the earlier of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained;
- (ii) the time and date of the Company's next AGM; and

- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(b) **Minimum price at which Equity Securities may be issued**

The issue of Equity Securities under the 7.1A Mandate will be for a cash consideration at an issue price of not less than 75% of the 15-day VWAP for Equity Securities in that class immediately before:

- (i) the date on which the price at which the relevant Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the relevant Equity Securities are not issued within 10 Trading Days of the date in paragraph 5.2(b)(i) above, the date on which the Equity Securities are issued.

(c) **Purposes for which funds may be used**

Any funds raised by an issue of Equity Securities under the 7.1A Mandate will be used for working capital purposes to assist the Company to secure and execute new contract awards and purchase orders.

(d) **Risk of economic and voting dilution**

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 7.1A Mandate, existing Shareholders' voting power will be diluted. There is also a risk that:

- (i) the market price for Equity Securities in that class may be significantly lower on the date of issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shareholders will be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula in Listing Rule 7.1A.2 on the basis of the closing market price of Shares and the number of Shares on issue as at 5 October 2022, and using different assumed issue prices and values for variable 'A' in the formula.

Number of Shares on Issue (Variable 'A' in Listing Rule 7.1A.2)	Number of Shares issued, funds raised, and dilution	Assumed Issue Price		
		\$0.11 (50% decrease in current price)	\$0.22 (current price)	\$0.44 (100% increase in current price)
146,071,429 (current)	Shares issued	14,607,142	14,607,142	14,607,142
	Funds raised	\$1,606,785	\$3,213,571	\$6,427,142
	Dilution	10%	10%	10%
219,107,143 (50% increase)	Shares issued	21,910,714	21,910,714	21,910,714
	Funds raised	\$2,410,178	\$4,820,357	\$9,640,714

	Dilution	10%	10%	10%
292,142,858 (100% increase)	Shares issued	29,214,285	29,214,285	29,214,285
	Funds raised	\$3,213,571	\$6,427,142	\$12,854,285
	Dilution	10%	10%	10%

The number of Shares on issue (variable 'A' in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro rata issue or scrip issue under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (i) The current Shares on issue are the Shares on issue as at 5 October 2022, being 146,071,429 Shares.
- (ii) The 'current price' is \$0.22, being the closing price of the Shares on ASX on 5 October 2022.
- (iii) The Company issues the maximum number of Equity Securities under the 7.1A Mandate.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 7.1A Mandate consists only of Shares and no Options are exercised, and no Performance Rights are converted, into Shares before the issue of Equity Securities under the 7.1A Mandate.
- (vi) The table does not show the dilution that may be caused to any one particular Shareholder. Shareholders should consider the dilution to their own shareholding depending on their circumstances.
- (vii) The table does not show the dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution in each example is 10%.

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 7.1A Mandate, the existing Shareholders' voting power in the Company will be diluted.

(e) **Allocation policy**

The Company's allocation policy for the issue of Equity Securities under the 7.1A Mandate will depend on the prevailing market conditions at the time of the proposed issue. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to several factors including, but not limited to, the following:

- (i) the ability of the Company to raise funds at the time of the proposed issue of the Equity Securities;

- (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of the proposed issue;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from its professional advisers, including corporate, financial, and broking advisers (if applicable).

At the date of this Notice of Meeting, the Company has not formed an intention as to whether Equity Securities issued under the 7.1A Mandate will be offered to existing Shareholders, or to any class or group of existing security holders, or whether the Equity Securities will be offered exclusively to new investors that have not previously been security holders of the Company. The Company will give consideration, before making any placement of Equity Securities under the 7.1A Mandate, to whether the raising of any funds under such placement could be carried out, in whole or in part, by means of a pro rata offer to existing Shareholders, a placement and a pro rata offer, or a placement and an offer under a share purchase plan.

Allottees under the 7.1A Mandate will not include related parties of the Company or their Associates but otherwise the Company does not have any specific intentions in relation to parties it may approach to participate in an issue of Equity Securities under the 7.1A Mandate.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A.2**

The Company has not issued, or agreed to issue, any Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting.

(g) **Voting exclusion statement**

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached any particular Shareholder or any identifiable class of existing security holders to participate in an issue of Equity Securities under the 7.1A Mandate. Therefore, no votes cast in favour of this Resolution by existing Shareholders will be disregarded.

### **5.3 Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4. The Chair intends to vote all undirected proxies in favour of Resolution 4.

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## GLOSSARY

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**AGM** means annual general meeting.

**Annual Report** has the meaning given in section 1 of the Explanatory Statement.

**Associate** has the meaning given in Chapter 19 of the Listing Rules.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**Auditor's Report** means the auditor's report on the Financial Report.

**Award** means an Option and/or a Performance Right (as the case may be).

**Board** means the board of Directors as constituted from time to time.

**Chair** means the chair of the Meeting.

**Closely Related Party**, in relation to a member of the Key Management Personnel, means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (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;
- (e) a company the member controls; or
- (f) a person so prescribed by the Corporations Regulations.

**Company** means Matrix Composites & Engineering Ltd (ABN 54 009 435 250).

**Constitution** means the constitution of the Company as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Directors** means the directors of the Company from time to time and **Director** means any one of them.

**Directors' Report** means the annual directors' report of the Company and its controlled entities prepared under Chapter 2M of the Corporations Act.

**Equity Incentive Plan** means the employee incentive scheme titled "Employee Long Term Incentive Plan" adopted by the Company.

**Equity Securities** has the meaning given in Chapter 19 of the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying this Notice of Meeting.

**Financial Report** means the annual financial report of the Company and its controlled entities prepared under Chapter 2M of the Corporations Act.

**Key Management Personnel** means those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company or, if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Meeting** means the Annual General Meeting of Shareholders to be held at 150 Quill Way, Henderson, Western Australia on Thursday, 17 November 2022 at 10:00am (WST).

**Notice of Meeting** means this notice of annual general meeting, including the Explanatory Statement.

**Official List** means the official list of entities that ASX has admitted and not removed.

**Option** means an option to subscribe for, acquire and/or be allocated a Share under the Equity Incentive Plan.

**Performance Right** means a right to subscribe for, acquire and/or be allocated a Share under the Equity Incentive Plan.

**Proxy Form** means the proxy form accompanying this Notice of Meeting.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolutions** means the resolutions to be proposed at the Meeting and **Resolution** means any one of them.

**7.1A Mandate** has the meaning given in section 5.1 of the Explanatory Statement.

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

**Shareholder** means the holder of a Share.

**Stantons** means Stantons Corporate Finance Pty Ltd.

**Strike** means a 'no' vote of 25% or more on a resolution to adopt the Remuneration Report.

**Trading Day** has the meaning given in Chapter 19 of the Listing Rules.

**VWAP**, in relation to the Shares for a particular period, means the volume-weighted average price of trading in the Shares on ASX over that period.

**WST** means Western Standard Time.

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**SCHEDULE 1 – TERMS OF EQUITY INCENTIVE PLAN (RESOLUTION 3)**

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The following is a summary of the material terms of the Equity Incentive Plan.

- (a) **Eligibility:** Participation in the Equity Incentive Plan is open to directors, senior management, employees and eligible contractors of the Company, and other persons in the discretion of the Board (**Eligible Participants**).
- (b) **Invitation:** The Board may, from time to time in its absolute discretion, make a written invitation to any Eligible Participant (including an Eligible Participant who has previously received an invitation) to apply for the grant of Awards under the Equity Incentive Plan.
- (c) **Participants:** Each person who is granted Awards under the Equity Incentive Plan becomes a participant in the Equity Incentive Plan (**Participant**).
- (d) **Types of Awards:** Awards granted under the Equity Incentive Plan may be in the form of Performance Rights or Options.
- (e) **Performance Rights:** A Performance Right is an entitlement to subscribe for, acquire and/or be allocated a Share subject to satisfaction of any vesting conditions and such other terms and conditions as determined by the Board under the Equity Incentive Plan.
- (f) **Options:** An Option is an option to subscribe for, acquire and/or be allocated a Share subject to satisfaction of any vesting conditions and such other terms and conditions as determined by the Board under the Equity Incentive Plan, and payment of the relevant exercise price (if any).
- (g) **Terms of Awards:** The terms and conditions of Awards granted under the Equity Incentive Plan will be determined by the Board in its sole and absolute discretion, and will include as a minimum:
  - (i) the type and number of Awards to be granted;
  - (ii) the date on which Awards will be granted (**Grant Date**);
  - (iii) the fee (if any) payable to the Company by the Participant on the grant of the Awards;
  - (iv) any applicable minimum performance requirements which must be met by the Participant (**Performance Hurdles**);
  - (v) any time-based requirement or conditions which must be met prior to the Awards vesting in the Participant (**Vesting Conditions**);
  - (vi) in the case of an Option, the exercise price (if any) payable by the Participant to acquire a Share upon exercise of the Option;
  - (vii) in the case of an Option, the period up to the expiry date (being 10 years from the Grant Date or such other date determined by the Board) during which a vested Option may be exercised;
  - (viii) any forfeiture conditions which if met will result in the lapsing of the Awards notwithstanding satisfaction or waiver of any Performance Hurdles and/or Vesting Conditions;

- (ix) any rights attaching to the Awards and/or any Shares issued or transferred to the Participant upon exercise of the Awards; and
  - (x) any disposal restrictions attaching to the Awards and/or any Shares issued or transferred to the Participant upon exercise of the Awards.
- (h) **Quotation:** Unless otherwise determined by the Board, Awards granted under the Equity Incentive Plan will not be quoted on ASX or any other recognised securities exchange.
- (i) **Performance Hurdles and Vesting Conditions:** Awards will only vest and be exercisable if the applicable Performance Hurdles and/or Vesting Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the Equity Incentive Plan.
- (j) **Participant Rights:** Participants who hold Awards are not entitled as a result to:
- (i) attend or vote at meetings of Shareholders unless the Awards are exercised and the Participant holds Shares; or
  - (ii) receive any dividends declared by the Company in respect of the Awards.
- (k) **Assignment and Transfer:** Awards granted under the Equity Incentive Plan may not be assigned or transferred without the prior consent of the Board unless such assignment or transfer occurs by operation of law, for example upon death or bankruptcy of the Participant.
- (l) **Cessation of Employment:** If a Participant ceases employment with the Company, the manner in which any unvested Awards held by the Participant will be dealt with will depend on the circumstances of cessation. If cessation occurs due to resignation or termination for cause, all unvested Awards will automatically lapse. If cessation occurs for any other reason, the Board may determine, in its sole and absolute discretion, how the unvested Awards will be dealt with, including:
- (i) allowing some or all of the unvested Awards to continue to be held by the Participant, and be subject to existing Performance Hurdles and/or Vesting Conditions;
  - (ii) undertaking a buy-back of some or all of the unvested Awards; and/or
  - (iii) requiring that any remaining unvested Awards automatically lapse.
- (m) **Forfeiture:** The Board may forfeit all vested and unvested Awards where, in the reasonably opinion of the Board, a Participant acts fraudulently or dishonestly, or wilfully breaches his or her duties to the Company and its related bodies corporate.
- (n) **Change of Control:** If a change of control event occurs in respect of the Company, unless the Board determines otherwise:
- (i) Awards will vest where the Board determines, in its sole and absolute discretion, that the Performance Hurdles and Vesting Conditions applicable to those Awards will be met, provided that vesting will occur on a pro rata basis based on the period which has elapsed from the Grant Date to the date on which the change of control event occurs; and
  - (ii) any Awards which the Board determines will not vest in the manner set out above will automatically lapse.

- (o) **Ranking of Shares:** Shares allotted or issued by the Company to a Participant under the Equity Incentive Plan will rank equally with all existing Shares on issue, including in respect of all rights and bonus issues.
- (p) **Limited Participation Rights:** During the currency of any Awards and prior to vesting, Participants will not, by reason of holding the Awards, be entitled to participate in any new issues of securities of the Company.
- (q) **Reorganisation of Capital:** If, at any time, the issued capital of the Company is reorganised (including a consolidation, subdivision, reduction or return), all rights of the holder of any Awards will be changed to the extent necessary to comply with the Corporations Act and the Listing Rules at the time of the reorganisation.

**LODGE YOUR VOTE**
 **ONLINE**  
<https://investorcentre.linkgroup.com>
 **BY MAIL**  
 Matrix Composites & Engineering Ltd  
 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  
 Level 12, 680 George Street, Sydney NSW 2000

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

**X99999999999**
**PROXY FORM**

I/We being a member(s) of Matrix Composites &amp; Engineering Ltd and entitled to participate in 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

**STEP 1**

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 Thursday, 17 November 2022 at 150 Quill Way, Henderson, Western Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 & 3:** 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 1 & 3, 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** 
**STEP 2**
**Resolutions**

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Craig Duncan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Options and Performance Rights to Mr Aaron Begley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Additional 10% Placement Capacity	<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).

**STEP 3**


## 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 participate in 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:

- (a) 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
- (b) 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 participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must 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](http://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 Tuesday, 15 November 2022**, 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

<https://investorcentre.linkgroup.com>

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).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

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



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
Level 12  
680 George Street  
Sydney NSW 2000

\*During business hours Monday to Friday (9:00am - 5:00pm)

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