

Letter from the Chairman

5 April 2011

Dear Shareholder

MATRIX COMPOSITES & ENGINEERING LIMITED – SHARE PURCHASE PLAN

On 4 April 2011, Matrix Composites & Engineering Limited (**Matrix** or **Company**) announced that it had secured commitments for \$30.175 million from a placement of shares to institutional investors at \$8.50 per share. Matrix also announced that it proposes to raise \$6 million from a Share Purchase Plan (**SPP**) to eligible fully paid ordinary Shareholders in Matrix with registered addresses in either Australia or New Zealand.

The directors of Matrix determined that existing eligible Shareholders should be given the opportunity to invest in the Company at the same price per share through the SPP.

SPP Key Dates*

Date	Event	
1 April 2011	Record Date	The date on which Matrix determines eligible Shareholders
11 April 2011	Opening Date	SPP Opens
5 May 2011	Closing Date	SPP Closes. Applications and payment must be received by 5.00pm
10 May 2011	Allotment Dates	SPP shares allotted
13 May 2011	Dispatch Date	Issue of transaction confirmation advices and trading of SPP shares expected to commence on ASX

** Indicative only - Matrix has the discretion to alter Key Dates without notice. All times are to AEST.*

The net funds raised from the Institutional Placement and SPP will be used for property development (specifically Henderson Stage 2 - the construction of new headquarters), capital expenditure relating to new product developments, expansion of overseas facilities and general corporate purposes.

Under the SPP, eligible Shareholders are being invited to subscribe for up to \$14,994 worth of fully paid ordinary shares in the Company at a price of \$8.50 per share, representing a discount of 5.9% to the volume weighted average of the Company's shares for the 5 day trading period up to and including 31 March 2011. Under the SPP, Shareholders may apply for different parcels of ordinary

shares to meet their own requirements up to a maximum of 1,764 shares. The minimum number of SPP shares that can be applied for is 118 shares.

Full details of the offer under the SPP are set out in the Terms and Conditions enclosed with this letter. The Directors urge you to read the Terms and Conditions carefully before you decide whether to participate.

Participation in the SPP is entirely at your discretion. By accepting the offer to purchase shares under the SPP, you agree to be bound by the Terms and Conditions and the constitution of Matrix.

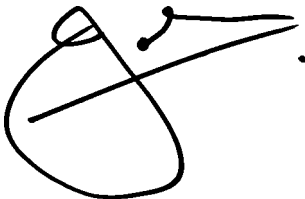
We encourage you to submit your application as soon as possible by returning the enclosed Application Form together with your cheque for the relevant amount as indicated in the Application Form. Alternatively you are encouraged to make use of the B-pay facility to acquire your desired number of shares.

Unless completed earlier, the SPP will close at 5.00pm AEST on Thursday 5 May 2011.

If you have any concerns about what to do, you should consult your legal, financial or other professional adviser.

The Board hopes you take this opportunity to acquire additional shares in the Company and share in our growth story.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Nigel Johnson', written over a horizontal line.

Nigel Johnson
Chairman

MATRIX COMPOSITES & ENGINEERING LIMITED 2011 SHARE PURCHASE PLAN

Pursuant to the Matrix Composites & Engineering Limited ACN 009 435 250 ("**MCE**") Share Purchase Plan (**SPP**), MCE offers eligible Shareholders the ability to acquire between 118 and 1,764 fully paid ordinary shares in MCE at \$8.50 per fully paid ordinary share (**Offer**).

The terms and conditions set out below, together with the Chairman's Letter and the enclosed Application Form, are the terms and conditions for the Offer (Terms and Conditions). Please carefully read the full Terms and Conditions, as you will be bound by them.

TERMS AND CONDITIONS

1. Opening and closing date of the Offer

The Offer opens on 11 April 2011. The offer closes at 5pm AEST on 5 May 2011. MCE retains the discretion to close the Offer early without notice. The SPP Offer amount is a maximum of \$6 million (**SPP Offer Amount**).

2. Eligibility

You are eligible to participate in the SPP only if you were the registered holder of fully paid ordinary shares in MCE (**Shares**) at 7pm AEST on 1 April 2011 (**Record Date**) with a registered address in either Australia or New Zealand. The MCE Board has determined that it is not lawful and practical for holders of Shares resident, or with registered addresses, in other jurisdictions to participate in the SPP. Each offer to eligible shareholders is made on the same terms and conditions. The offer is non-renounceable (ie you may not transfer your right to apply for SPP Shares to anyone else). For the purposes of determining eligible shareholders, joint holders of Shares are taken to be a single registered holder of Shares. Any shareholders who hold shares on behalf of persons who are 'US persons' (as defined in Regulation S under the US Securities Act of 1933) or who act for the account or benefit of a US person are not entitled to participate in the SPP.

3. Custodians

If you are a Custodian (as defined in ASIC Class Order CO 09/425) and hold Shares on behalf of one or more persons (**Participating Beneficiary**), you may subscribe a maximum of \$14,994 in applying for SPP Shares for each Participating Beneficiary, subject to providing MCE (via its registry, Computershare Limited) with a notice in writing that you certify to MCE the matters required by ASIC Class Order CO 09/425, condition 9 (**Custodian Certificate**). Custodians must also certify that each Participating Beneficiary has a registered address in Australia or New Zealand. Please contact Computershare Limited for a copy of the Custodian Certificate which is required to be attached to the Application Form and lodged with Computershare Limited. If you hold Shares as a trustee or nominee for another person, but are not a Custodian, you cannot participate for beneficiaries in the manner described above. In this case, you may only contribute a maximum of \$14,994 in applying for new shares under the SPP.

4. Issue Price

The purchase price for each Share offered under the SPP (**SPP Shares**) is **A\$8.50 (SPP Price)**. The issue price of \$8.50 represents a discount of 5.9% to the volume weighted average price of the Company's shares for the 5 trading days up to and including 31 March 2011 of \$9.03.

You should note that the market price of Shares may rise or fall between the date of this offer and the date when the SPP Shares are issued to you. Any such change in the share price will not affect the SPP Price. This means that the SPP Price may be either higher or lower than the price of Shares at the time the SPP Shares are issued to you. Accordingly, you should seek your own financial advice in relation to the Offer.

5. No Transaction Costs

No brokerage, commissions or other transaction costs are payable by shareholders in respect of the acquisition of SPP Shares.

6. Anticipated Issue and Quotation Dates

The SPP Shares are expected to be issued and quoted on the Australian Stock Exchange (**ASX**) on or around 13 May 2011. As soon as practicable after that date, you will receive a transaction confirmation advice confirming the number of Shares that have been issued to you.

7. Rights Attaching to Shares

All SPP Shares will be issued on the same terms as the other ordinary shares in MCE quoted on the ASX, and once issued, will rank equally with existing Shares. MCE will apply for the SPP Shares to be quoted on ASX.

8. Number of SPP Shares Offered

If you are eligible to apply for Shares under the SPP, you may select one of the following offers:

118	Shares for a total cost of	\$1,003
588	Shares for a total cost of	\$4,998
1,176	Shares for a total cost of	\$9,996
1,764	Shares for a total cost of	\$14,994

8. Maximum Applications

The offer under the SPP needs to comply with the requirements of ASIC Class Order 09/425. Under those requirements, the maximum number of SPP Shares which may be applied for (namely 1,764 Shares) applies irrespective of how many Shares you hold on the Record Date.

This limit also applies to you even if you receive more than one offer from MCE (for example, if you are both a sole and joint eligible shareholder, or if you are a shareholder with more than one holding under a separate account, you may only apply for up to a maximum number of 1,764 Shares). To the extent that you hold Shares on behalf of another person, that other person is entitled to participate in the SPP only if their beneficial holding is expressly noted on the register of members.

MCE reserves the right to reject any application for SPP Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

9. Participation Optional

Participation in the SPP is entirely at your option. If you are in any doubt as to whether you should participate in the SPP or how such participation will affect you (including taxation implications), you should contact your legal, financial or other professional adviser. We make no recommendations as to the desirability or otherwise of your participation in the SPP.

10. Allocation Policy

The target amount to be raised under this Offer is \$6 million. MCE may, in its absolute discretion, decide to issue to any person fewer Shares than that person applied for under the Plan. This may be by way of a scale back mechanism. Any scale back will be at the discretion of MCE.

11. Change of Offer

MCE may change, suspend or terminate the SPP or these Terms and Conditions at any time whether because of a change of law, ASIC requirements or policy or any other circumstance relevant to the SPP or MCE. If MCE does this, it will post a notice on MCE's website. Failure to notify shareholders of changes to, suspension or termination of the SPP or these Terms and Conditions will not invalidate the change, suspension or termination. MCE reserves the right to issue no SPP Shares or fewer SPP Shares than an eligible shareholder applies for under the SPP if MCE believes the issue of those SPP Shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule. No interest will be paid on any money refunded. MCE's rights to change, suspend or terminate the SPP may be exercised by the Board or any delegate of the Board. If the SPP is cancelled or MCE issues a lesser number of Shares than a shareholder applied for (including under any scale back), application money received from shareholders not applied in subscribing for Shares will be returned to the applying shareholder/s, without interest, by way of cheque sent to their registered address. Any interest received on application money may be retained by MCE whether or not Shares are issued under the SPP.

12. Dispute Resolution

MCE (or its officers or agents) may settle any difficulties, anomalies or disputes in relation to the SPP or the terms and conditions of the SPP in any manner it thinks fit, whether generally or in relation to any shareholder, applications or Shares. That decision will be conclusive and binding.

13. How to Apply for SPP Shares

If you would like to apply for SPP Shares, you must:

- Submit your payment for SPP Shares via Bpay® by using the customer reference number shown on your Application Form which is required to identify your holding. If you use Bpay® to pay for SPP Shares, you do not need to return the application form. Payment must be received by **5:00pm (AEST) on Thursday 5 May 2011**. You must take into account the cut off times your financial institution has in advance of this closing date and time. New Zealand based shareholders who do not have an Australian bank account cannot apply using Bpay®.

OR

- Complete and return the Application Form which accompanies this Offer document together with your cheque, bank draft or money order for the correct amount. Application Forms and payment for SPP Shares must be received by the share registry by **5:00pm (AEST) on Thursday 5 May 2011**.

Do not forward cash. Receipts for payment will not be issued. Cheques will only be accepted if they are drawn in Australian currency on an Australian financial institution.

The Application Form includes a certification that the aggregate application money paid by you in any capacity (except as a Custodian) for the SPP Shares under your application and any other SPP Shares issued to you, or to a Custodian on your behalf and at your instruction, under the SPP or any similar arrangement operated by MCE in the 12 months before the date your application is received by MCE, is not more than \$14,994.

By completing an Application Form to purchase SPP Shares, you agree to be bound by these terms and conditions, the terms of the Application Form and MCE's constitution. You also authorise MCE (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details. Applications and payments may not be withdrawn once MCE has received them. Application money will not bear interest as against MCE under any circumstances.

14. Enquiries

If you have any questions in respect of the SPP, please contact the Share Registry, Computershare by email at www.computershare.com.au or by phone on (08) 9323 2000.