
MATRIX COMPOSITES & ENGINEERING LTD**ACN 009 435 250****NOTICE OF ANNUAL GENERAL MEETING**

TIME: 10.00am (WST)**DATE:** Wednesday, 31 October 2012**PLACE:** The AMC Jakovich Centre, Garden Island Room
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.

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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, 31 October 2012 at:

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

YOUR VOTE IS IMPORTANT

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

VOTING 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 2001. The representative should bring to the AGM 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.

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 Services Limited at Locked Bag A14, Sydney South NSW 1235, or deliver to Link Services Limited at 1A Homebush Bay Drive, Rhodes NSW 2138; or
- (b) facsimile to the Company's share registry, Link Services Limited on facsimile number (+612) 9287 0309; or
- (c) online by visiting www.investorcentre.linkmarketservices.com.au. 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, 29 October 2012.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Matrix Composites & Engineering Ltd will be held at 10.00am (WST) on 31 October 2012 at the AMC Jakovich Centre, Garden Island Room, 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 29 October 2012.

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

AGENDA

ORDINARY BUSINESS

ANNUAL FINANCIAL REPORT

To receive and consider the financial statements of the Company for the year ended 30 June 2012, 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 Auditor's Report.

1. RESOLUTION 1 – RE-ELECTION OF MR NIGEL LLOYD JOHNSON AS A DIRECTOR

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

“That, Mr Nigel Lloyd Johnson, being a director of the Company, retiring by rotation in accordance with clause 11.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.”

2. RESOLUTION 2 – RE-ELECTION OF MR CRAIG NEIL DUNCAN AS A DIRECTOR

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

“That, Mr Craig Neil Duncan, being a director of the Company, retiring by rotation in accordance with clause 11.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.”

3. RESOLUTION 3 – REINSTATEMENT OF PLACEMENT CAPABILITY

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

“That for the purposes of ASX Listing Rule 7.4, shareholders ratify the placement of 12,333,041 ordinary fully paid shares at \$2.10 per share made pursuant to Listing Rule 7.1, on 29 May 2012.”

The shares the subject of this resolution 3 were allotted to the following beneficial holders:

Alan Gay Australia Pty Limited	5,156,435
Sigma Funds Management	93,450
Perennial Value	2,765,142
Northcape	2,288,952
Bankers Trust	2,111,813
Total	12,333,041

The shares rank equally in all respects with shares then on issue from the date of allotment.

The funds raised by this Placement, and the subsequent accelerated non-renounceable entitlements offer, were applied towards the reduction of financial debt and general working capital purposes.

Voting exclusion: The Company will disregard any votes cast on resolution 3 by:

- (a) the parties that participated in or were allotted ordinary fully paid shares pursuant to the Placement as indicated above; and
- (b) an associate of any of those persons.

However, the Company need not disregard a Vote if:

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

4. RESOLUTION 4 – THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2012 IS ADOPTED

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

“That the remuneration report, as set out in pages 22 – 26 of the Company’s 2012 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) and the Company will disregard any votes cast on resolution 4 by or on behalf of any of either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on resolution 4 as a proxy if the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above and either:

- (c) The person holds a directed proxy; or
- (d) The person is the chairman, the proxy is undirected and the proxy expressly authorises the chairman to exercise the proxy even though the resolution is connected with the remuneration of members of the key management personnel of the Company.

5. OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's constitution and the *Corporations Act 2001* (Cth).

DATED: 26 SEPTEMBER 2012

BY ORDER OF THE BOARD

**PETER TAZEWELL
MATRIX COMPOSITES & ENGINEERING LTD
CHIEF FINANCIAL OFFICER AND 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.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10.00am (WST) on 31 October 2012 at the AMC Jakovich Centre, Garden Island Room, 4 McGrath Road, Henderson, Western Australia.

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 in the Notice of Annual General Meeting.

1. 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 2012 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 2012 is available on the Company's website at www.matrixengineered.com

2. RESOLUTIONS 1 AND 2 – RE-ELECTION OF DIRECTORS

Clause 11.3 of the Constitution provides that at every annual general meeting of the Company one-third of the Directors (or the number nearest one-third), and any Director not in such one-third who has held office for three years or more (except a managing director), must retire from office.

The Company currently has five Directors and accordingly two must retire.

Under clause 11.4 of the Constitution, a Director who retires by rotation under clause 11.3 is eligible for re-election.

Accordingly, pursuant to clauses 11.3 and 11.4 of the Constitution, Nigel Lloyd Johnson and Craig Neil Duncan, each being a director of the Company, retire by way of rotation and, being eligible, offer themselves for re-election as a Director.

Details of Messrs Johnson and Duncan are set on page 14 of the Company's 2012 Annual Report.

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

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

3. RESOLUTION 3 – REINSTATEMENT OF PLACEMENT CAPABILITY

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval, unless an exception applies. Generally a company may not, without shareholder approval, issue (in any 12 month period) more than 15 per cent of the number of shares on issue 12 months before the date of the issue.

ASX Listing Rule 7.4 provides that an issue of shares made without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1, if the issue did not breach ASX Listing Rule 7.1 when made and the company's shareholders subsequently approve it.

Accordingly, the Board has decided to seek shareholder approval, by ratification, under ASX Listing Rule 7.4 for, during the year ended 30 June 2012, the issue by the Company of 12,333,041 ordinary shares pursuant to Listing Rule 7.1. If approval is given, this will restore the Company's full capacity to issue new securities under Listing Rule 7.1, without further shareholder approval.

Though the Board has no present intention to undertake any further issue of equity securities, the Board recommends approval of this resolution to provide the Company with flexibility to raise further capital should it be required.

The Board recommends that shareholders approve this resolution.

4. RESOLUTION 4

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 on pages 25 – 26 of the 2012 Annual Report which is available on the Company's website at www.matrixengineered.com

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. 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 of the 2011 AGM.

A summary of the relevant provisions of the Corporations Act is set out below:

- (a) If a 'no' vote of 25 per cent or more is cast on the resolution to adopt the remuneration report at an annual general meeting and comments are made on the report, the subsequent remuneration report must outline the board's proposed action in response (or state the reasons for any inaction).
- (b) If a 'no' vote of 25 per cent or more is cast on the resolution to adopt the subsequent remuneration report at the next annual general meeting (**Second AGM**), the shareholders must then vote at the Second AGM on a resolution (known as the **Spill Resolution**) that a general meeting be convened to consider the election of certain directors (**Spill Meeting**). However, a Spill Meeting need not be convened if a Spill Resolution was put to the vote at the previous year's annual general meeting.
- (c) If the Spill Resolution is carried by an ordinary majority (more than 50 per cent of those present and voting at the Second AGM), the Spill Meeting must be held within 90 days. All directors (other than the managing director) who were in office at the date of approval of the applicable directors' report would cease to hold office immediately before the end of the Spill Meeting.

- (d) Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting. If a director is re-appointed at the Spill Meeting, the appointment continues as if uninterrupted.
- (e) The Spill Meeting need not be held if none of the directors being spilled remains in office at the end of the 90 day period.
- (f) The Corporations Act seeks to avoid a complete Board Spill by ensuring that there are at least three directors following a Spill Meeting. These three positions will be occupied by:
 - (i) the managing director; and
 - (ii) the two persons who receive the highest proportion of votes in favour of their appointment at the Spill Meeting (even if less than 50 per cent of the votes cast on their election are in favour of their re-appointment). If two or more individuals have the same proportion of votes, the managing director and any re-elected director have the power to choose which individual will be re-appointed, subject to confirmation at the following annual general meeting.

GLOSSARY

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

ASX means ASX Limited.

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 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.

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

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.

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