



A.B.N 54 009 435 25

23 December 2010

Ms Kerri Papamihail
 Assistant Manager, Listings (Perth)
 ASX Compliance Pty Ltd
 Level 8 Exchange Plaza
 2 The Esplanade
 PERTH WA 6000

By email: kerrie.papamihail@asx.com.au

Dear Kerri

PRICE & VOLUME QUERY

I refer to your letter dated 23 December 2010 in relation to a price and volume query on Matrix Composites & Engineering Ltd ("Company") and respond as follows (using the same numbering and definitions as contained in your letter):

1. The Company is not aware of any information concerning it that has not been announced to the market or is not in the public domain that could explain the recent trading in the securities of the Company.
2. Not applicable.
3. The Company is not aware of any other information for the price and volume change for the securities of the Company, however the Company notes recent broker reports that provide varying discounted cash flow valuations between \$5.32 and \$7.45.
4. The Company confirms it is, to the best of its knowledge and belief, in compliance with the Listing Rules, in particular Listing Rule 3.1.

Please do not hesitate to contact the undersigned should you have any other queries.

Yours sincerely

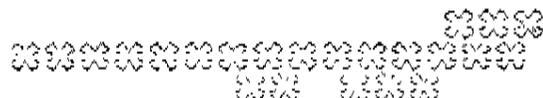
Michael Kenyon
 Company Secretary

Head Office:

42 Truganina Road, Malaga Western Australia 6090
 Post Office Box 2349, Malaga Western Australia 6944
 T +61 8 9249 3637
 F +61 8 9249 7815
 E matrix@matrixap.com.au
 W www.matrixap.com.au

European Sales Office:

Rotterdam House 116 Quayside, Newcastle Upon Tyne
 NE1 1DY England
 T +44 191 206 4374
 F +44 191 206 4001
 E matrix@matrixap.com.au
 W www.matrixap.com.au





ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
Facsimile 61 8 9221 2020
www.asx.com.au

23 December 2010

Mr Michael Kenyon
Company Secretary
Matrix Composites & Engineering Limited
42 Truganina Road
Malaga WA 6090

By email: michael.kenyon@matrixap.com.au

Dear Michael

Matrix Composites & Engineering Limited ("the Company")

PRICE & VOLUME QUERY

We have noted a change in the price of the Company's securities from a closing price of \$6.65 on 21 December 2010 to an intra day low of \$6.03 on 22 December 2010. We have also noticed an increase in the volume of securities being traded.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price and volume change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

Your response should be sent to me by email to kerrle.papamihall@asx.com.au or by facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 9:00 am (WST) today, Thursday 23 December 2010.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely



Kerrie Papamihall
Assistant Manager, Listings (Perth)