
MATRIX COMPOSITES & ENGINEERING LTD
ABN 54 009 435 250

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (WST)

DATE: Wednesday, 15 December 2021

PLACE: Carnac Island Room, AMC Jakovich Centre, 4 McGrath Road,
Henderson (Cnr Russell Road), 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

TIME AND PLACE OF MEETING

The Meeting will be held at Carnac Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson (Cnr Russell Road), Western Australia on Wednesday, 15 December 2021 at 10:00am (WST).

YOUR VOTE IS IMPORTANT

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

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 13 December 2021. Shareholders registered after that time will be disregarded in determining eligibility to attend and vote at the Meeting.

VOTING IN PERSON

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 (under 'Resources' then 'Forms').

VOTING BY PROXY

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 (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 13 December 2021.

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 will be held at Carnac Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson (Cnr Russell Road), Western Australia on Wednesday, 15 December 2021 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

ORDINARY BUSINESS

1. ANNUAL REPORT

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2021, which includes the Directors' Report, the Financial Report, and the Auditor's Report.

2. RESOLUTION 1 – RE-ELECTION OF MR CHRIS SUTHERLAND AS A DIRECTOR

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

"That Mr Chris Sutherland, who was appointed to the Board since the Company's last AGM and who ceases to hold office in accordance with Rule 19.2 of the Constitution, and being eligible, be re-elected as a Director."

3. RESOLUTION 2 – RE-ELECTION OF MR PETER HOOD AO AS A DIRECTOR

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

"That Mr Peter Hood, who retires by rotation in accordance with Rule 19.3 of the Constitution, and being eligible, be re-elected as a Director."

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 2,415,056 Options and 1,245,249 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.

5. RESOLUTION 4 – 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 2021.”

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 person 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.

6. RESOLUTION 5 – SPILL RESOLUTION (CONDITIONAL ITEM)

If at least 25% of the eligible votes cast on Resolution 4 are against adoption of the Remuneration Report, then the following Resolution will be put to the vote at the Meeting:

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

“That:

- (a) *another general meeting of the Company (**Spill Meeting**) be held within 90 days of the passing of this Resolution;*

- (b) *all of the Directors who were directors of the Company when the resolution to make the Directors' Report was passed (excluding the Managing Director of the Company), such Directors being Peter Hood AO, Steven Cole, Craig Duncan and Chris Sutherland, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of Shareholders at the Spill Meeting."*

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 person 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.

OTHER BUSINESS

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

BY ORDER OF THE BOARD

Paul Hardie

PAUL HARDIE

Joint Company Secretary
15 November 2021

EXPLANATORY STATEMENT

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.

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.

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 no later than 10:00am (WST) on Wednesday, 8 December 2021.

2. RESOLUTION 1 – RE-ELECTION OF MR CHRIS SUTHERLAND AS A DIRECTOR

Rule 19.2 of the Constitution provides that a Director may be appointed at any time to fill a casual vacancy or as an addition to the Board. Any person appointed as a Director under Rule 19.2 holds office until the conclusion of the Company's next AGM following his or her appointment, and is then eligible for re-election.

Mr Sutherland, who was appointed as a Director on 7 December 2020, will cease to hold office at the conclusion of the Meeting and, being eligible, seeks re-election as a Director.

Details of Mr Sutherland's background and experience are set out below:

Chris Sutherland has significant executive leadership expertise spanning more than 20 years, encompassing a wide array of sectors in Australia; including oil and gas, resources, infrastructure, and manufacturing. Mr Sutherland previously spent 11 years as Managing Director and Chief Executive Officer of Programmed Maintenance Services Ltd. He has also served in other leadership roles which followed executive and management roles at major multidisciplinary engineering firms.

Mr Sutherland is a member of the Risk, Audit, Nomination, and Remuneration Committees. He holds a Bachelor of Engineering (Honours) from the University of Western Australia, and is a graduate of the Advanced Management Program (Harvard Business School).

The Board (excluding Mr Sutherland) recommends that Shareholders vote **in favour** of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF MR PETER HOOD AO AS A DIRECTOR

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.

Mr Hood, who was last elected as a Director at the 2018 AGM of the Company, will retire from office at the conclusion of the Meeting and, being eligible, seeks re-election as a Director.

Details of Mr Hood's background and experience are set out below:

Peter Hood is a qualified Chemical Engineer with nearly 50 years of experience in senior management and project development in the mining, oil and gas, and chemical industries.

Mr Hood was previously the CEO of Coogee Resources Ltd, a company involved in the exploration and production of oil and gas in the Timor Sea. Prior to this he was the CEO of Coogee Chemicals Pty Ltd where he oversaw a period of significant growth in the company's value.

Mr Hood is a Past President of the Australian Chamber of Commerce & Industry (ACCI), and is a Non-Executive Director of GR Engineering Ltd, De Grey Mining Ltd and Cue Energy Resources Ltd, and Chairman of MAK Industrial Water Systems Pty Ltd. He was also previously Chairman of Apollo Gas Ltd and Vice-Chairman of APPEA.

Mr Hood chairs the Remuneration and Nomination Committees and is a member of the Audit and Risk Committees.

The Board (excluding Mr Hood) recommends that Shareholders vote **in favour** of Resolution 2.

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

4.1 General

The Company is proposing to issue 2,415,056 Options and 1,245,249 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 102,321,429 to 105,981,734 (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 3.58%.

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 \$170,000.

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 \$0.0352 and the value of each Performance Right to be issued to Mr Begley is \$0.0683.

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

	Options	Performance Rights
Methodology	Monte Carlo	Monte Carlo
Number of iterations	100,000	100,000

Assumed grant date	21 September 2021	21 September 2021
Assumed spot price (\$)	0.145	0.145
Assumed expiry date	21 September 2024	21 September 2024
VWAP hurdle (\$)	0.320	0.320
Assumed vesting date	19 September 2024	19 September 2024
Exercise price (\$)	0.320	nil
Risk-free rate (%)	0.1651	0.1
Volatility (%)	70	70
Dividend yield (%)	nil	nil
Fair value per security (\$)	0.0352	0.0683

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
Options	\$85,000	\$0.0352	2,415,056
Performance Rights	\$85,000	\$0.0683	1,245,249

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 2021; and
- (b) a performance hurdle that the Shares achieve a 14-day VWAP of at least \$0.32 following release of the Financial Report for the year ending 30 June 2024.

In addition, the Options will have an exercise price of \$0.32. 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.

Assuming that the vesting conditions and performance hurdles are met, (and assuming a 14-day VWAP following release of the Financial Report for the year ending 30 June 2024 of \$0.32, \$0.50 and \$1.00), the value attributed to the Awards to be issued to Mr Begley is set out in the table below.

Target Share Price	\$0.32		\$0.50		\$1.00	
Total Grant Value	\$170,000					
	Options	PRs	Options	PRs	Options	PRs
Valuation	\$0.0352	\$0.0683	\$0.0352	\$0.0683	\$0.0352	\$0.0683
Award	2,415,056	1,245,249	2,415,056	1,245,249	2,415,056	1,245,249
Exercise Price / VWAP Hurdle	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32
Share Price/%uplift from 3 November 2021 base date (\$0.21)	\$0.11 – 152%		\$0.29 – 238%		\$0.79 – 476%	
Benefit	\$0.00	\$398,479	\$434,710	\$622,624	\$1,642,238	\$1,245,249
Share Conversion	N/A	1,245,249	2,415,056	1,245,249	2,415,056	1,245,249

If Mr Begley ceases employment with the Company before 30 June 2024, 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 Technical information required by Listing Rule 10.5

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) 2,415,056 Options; and
 - (ii) 1,245,249 Performance Rights;
- (d) Mr Begley's current total remuneration package is \$675,946 (inclusive of salary, superannuation, and short and long-term incentives);
- (e) Mr Begley has previously been issued 2,514,793 Options and 846,614 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 \$170,000;
- (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 Company's 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.

5. RESOLUTION 4 – ADOPTION OF REMUNERATION REPORT

5.1 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 4 is advisory only and does not bind the Directors. If Resolution 4 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 two 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.

At last year's AGM, the Company received a Strike in relation to the Remuneration Report. If the Company receives a second Strike at this year's AGM, Resolution 5 will be put to Shareholders to consider whether the Company ought to convene a Spill Meeting. Further details relating to the Spill Meeting are set out in section 6 of this Explanatory Statement.

5.2 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 4, *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 4, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 4.

6. RESOLUTION 5 – SPILL RESOLUTION (CONDITIONAL ITEM)

6.1 General

Resolution 5 is a conditional item of business (called a "**Spill Resolution**") and will only be put to the vote at the Meeting if at least 25% of the votes validly cast on Resolution 4 are against the adoption of the Remuneration Report, which will constitute a second Strike for the Company.

If less than 25% of the votes validly cast on Resolution 4 are against the adoption of the Remuneration Report, the Spill Resolution will not be put to the Meeting.

If the Company receives a second Strike and the Spill Resolution is passed at the Meeting, the Board will need to convene a Spill Meeting within 90 days after the Spill Resolution is passed to consider the composition of the Board. If a Spill Meeting is required, details of that meeting will be notified to Shareholders in due course.

If a Spill Meeting is held, the following Directors will cease to hold office immediately before the end of the Spill Meeting unless they are willing to stand for re-election, and are re-elected, at the Spill Meeting:

- (a) Peter Hood*

- (b) Steven Cole
- (c) Craig Duncan
- (d) Chris Sutherland*

**This assumes that Chris Sutherland and Peter Hood are re-elected at the Meeting under Resolutions 1 and 2 respectively.*

The Directors listed above are those who held on office on 30 August 2021 (excluding the managing director) when the Directors' Report (including the Remuneration Report) for the year ended 30 June 2021 was approved. Each of those Directors will be eligible to seek re-election at the Spill Meeting, however there is no assurance that any or all of them will do so.

If Mr Sutherland and Mr Hood are re-elected at the Meeting pursuant to Resolutions 1 and 2 respectively, they will still need to be re-elected at the Spill Meeting to remain in office after that time. If any additional directors are appointed before the Spill Meeting, they will not need to stand for election at the Spill Meeting to remain in office.

Resolutions to appoint individuals to the offices vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting. Eligibility for election as a Director at the Spill Meeting will be determined in accordance with the Constitution.

For the Spill Resolution to be passed at the Meeting, more than 50% of the votes validly cast will need to be in favour of it.

In deciding how to vote on the Spill Resolution, the Board recommends that Shareholders take the following factors into account:

- (a) substantial additional costs will be incurred if the Company is required to call and hold the Spill Meeting;
- (b) disruption to the Board, which could undermine the Company's stability;
- (c) the current Board already has the requisite skills and experience to provide effective oversight of the Company; and
- (d) there is no assurance that any or all of the Directors will stand for re-election at the Spill Meeting.

6.2 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 5, *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 5, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 5.

6.3 Board recommendation

The Board recommends that Shareholders vote **against** any Spill Resolution put to the vote at the Meeting.

GLOSSARY

AGM means annual general meeting.

Associate has the meaning given by section 12 of the Corporations Act as if section 12(1) included a reference to the Explanatory Statement and the Company was the designated body.

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.

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 Carnac Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson (Cnr Russell Road), Western Australia on Wednesday, 15 December 2021 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.

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

Shareholder means the holder of a Share.

Spill Meeting has the meaning given in Resolution 5.

Spill Resolution has the meaning given in section 6.1.

Stantons means Stantons Corporate Finance Pty Ltd.

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

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.

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

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**
www.linkmarketservices.com.au
-  **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 & Engineering Ltd and entitled to attend and vote hereby appoint:

APPOINT A PROXY

 the Chair of the Meeting (mark box)

 OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

 or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Wednesday, 15 December 2021 at Carnac Island Room, AMC Jakovich Centre, 4 McGrath Road, Henderson (Cnr Russell Road), Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 3, 4 and 5: If the Chair 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 Chair of the Meeting to exercise the proxy in respect of Resolutions 3, 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairperson intends to vote undirected proxies on, and in favour of, all resolutions other than Resolution 5 where the Chair intends to vote against (if it is put to the Meeting).
STEP 1


VOTING DIRECTIONS

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

Resolutions

Resolutions	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Mr Chris Sutherland as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Peter Hood AO as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<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"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Spill Resolution (Conditional Item)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5 Spill Resolution (Conditional Item)

Note – Resolution 5 will only be put to the Meeting if at least 25% of votes cast on Resolution 4 (Adoption of Remuneration Report) are “against” that Resolution. If less than 25% of the votes cast on Resolution 4 are against that Resolution, then Resolution 5 will not be put to the Meeting.
 * 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.

STEP 2

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 Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair 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 CHAIR OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" 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.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Monday, 13 December 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



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 www.linkmarketservices.com.au 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) and subject to public health orders and restrictions



COMMUNICATION PREFERENCE

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



ONLINE

www.linkmarketservices.com.au

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

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