

MATRIX COMPOSITES & ENGINEERING LIMITED SECURITIES TRADING POLICY

1. INTRODUCTION

These guidelines set out the policy on the sale and purchase of securities in the Company by its Key Management Personnel ("KMP")¹.

The Company's KMP are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist KMP to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act.

2. WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries.

3. WHAT IS INSIDER TRADING?

3.1 Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (i.e., information that is 'price sensitive');
- (b) and that person:
 - (i) buys or sells securities in the Company; or
 - (ii) procures someone else to buy or sell securities in the Company; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

3.2 Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company's securities:

¹ Key Management Personnel has the meaning as defined in Accounting Standard AASB 124 Related Party Disclosure.

- (a) the Company considering a major acquisition or disposal of assets;
- (b) the threat of major litigation against the Company;
- (c) the Company's sales and profit results materially exceeding (or falling short of) the market's expectations;
- (d) a material change in debt, liquidity or cash flow;
- (e) a significant new development proposal i.e., new product or technology;
- (f) the granting (or loss) of a major contract;
- (g) management or business restructuring proposal; and
- (h) a share issue proposal.

3.3 Dealing through third parties

A person does not need to be a KMP of the Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by KMP through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "Associates" in these guidelines).

3.4 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

3.5 Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

4. GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES

4.1 General rule including closed periods

The time for any KMP not to buy or sell Company securities is limited to the four (4) week period before the:

- (a) release of the half yearly results announcement to the ASX; or
- (b) release of the preliminary final results announcement to the ASX; and

limited to the two (2) week period before the:

- (a) date of the Company's Annual General Meeting; or
- (b) release of a disclosure document offering securities in the Company.

These periods are known as "closed periods" and the Company may at its discretion vary this rule in relation to a particular period by general announcement to all employees and the ASX either before or during the period.

However, if a KMP of the Company is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.

4.2 No short-term trading in the Company's securities

KMP's should never engage in short-term trading of the Company's securities except for the exercise of options where the shares may be sold shortly after the exercise. Short-term trading refers to a trading of the Company's securities within a period of three months.

4.3 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

4.4 Exceptions

- (a) KMP may at any time:
 - (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
 - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
 - (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
 - (iv) acquire, or agree to acquire or exercise options under a Company Share Option Plan;
 - (v) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan; and
 - (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme.

- (b) It is noted that the Company does not have in place any active share or option plans. However, it should be noted that should it do so:
- (i) it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs during one of the 4 week periods specified in paragraph 4.1; and
 - (ii) where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the KMP may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares.

Were this to occur at a time when the person possessed inside information then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

4.5 Notification of periods when Key Management Personnel can trade

The Company Secretary's Department will endeavour to notify all KMP of the times when they are permitted to buy or sell the Company's securities as set out in paragraph 4.1.

5. APPROVAL AND NOTIFICATION REQUIREMENTS

Any Director wishing to buy, sell or exercise rights in relation to the Company's securities at any time must first notify the Chairman, Company Secretary or the Board before doing so and provided the Chairman, Company Secretary or the Board indicate that there is no impediment to undertaking the proposed transaction.

If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities the Chairman must first notify the Company Secretary or the Board before doing so and provided the Company Secretary or the Board indicate that there is no impediment to undertaking the proposed transaction.

Any first or second line reports of the Chief Executive Officer wishing to buy, sell or exercise rights in relation to the Company's securities must first notify the Chief Executive Officer before doing so and provided the Chief Executive Officer indicates that there is no impediment to undertaking the proposed transaction.

Any KMP (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary in writing of the details of the transaction within five (5) business days of the transaction occurring. This notification obligation operates at all times but does not apply to acquisitions of shares or options by employees made under employee share or option schemes,

nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

Shares may be sold by a KMP in exceptional circumstances during a closed period i.e. in the potential case of financial hardship.

A request to dispose of shares by a KMP during a closed period may be made to the Chairman, the Board or the Company Secretary. Each case will be based on its merits, however the KMP must be able to demonstrate that their circumstances are exceptional and that the sale or disposal of the securities is the only reasonable course of action.

The request must be made in writing (email is acceptable) and will specify the amount of securities to be disposed, the proposed timeframe and the details of the exceptional circumstance.

The Chairman, Company Secretary or the Board will have the ultimate discretion over the request. Any approval granted is valid for that singular request only and must be resubmitted in the event that a further exceptional circumstance is encountered during a closed period. The form to complete and send to the Company Secretary is available on request from the Company Secretary.

6. ASX AND OTHER SECURITIES EXCHANGES NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

7. EFFECT OF COMPLIANCE WITH THIS POLICY

Compliance with these Guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

8. ADDITIONAL INFORMATION

If you have any questions arising from these guidelines, you may contact the Company Secretary.