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ASX RELEASE

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New \$12 million UAV Order

- Orbital has received a US\$9.7 million (A\$12 million) order for the supply of UAV engines and propulsion systems to Insitu Inc., a subsidiary of The Boeing Company.
- The new order is for the supply of an initial batch and is expected to be followed by a long-term production contract for the supply of engines, rebuilds, spares and service.
- The order validates Orbital's decision to establish a new ORBITAL UAV Engine division.

Orbital – a growing engine company

Orbital Corporation Limited (ASX: OEC) ("Orbital" or "the Company") is pleased to announce it has received an order valued at US\$9.7 million (A\$12 million) from Insitu Inc. ("Insitu"), a subsidiary of The Boeing Company ("Boeing"), to manufacture an initial batch of Unmanned Aerial Vehicle ("UAV") engines and propulsion systems.

In May 2015, Insitu announced Orbital as their preferred engine supplier for the ScanEagle UAV. To facilitate aggressive customer program timing requirements, Insitu has issued an initial batch order contract valued at US\$9.7 million (A\$12 million). The new order has been received while negotiations continue between Orbital and Insitu on the terms and conditions of a long-term production contract for the commercial supply of the new Orbital UAV engine and propulsion systems.

This first order from Insitu for production engines and systems validates Orbital's decision to establish a new ORBITAL UAV Engine division ("ORBITAL UAVE"). The ORBITAL UAVE initiative concentrates Orbital's UAV engine skills, facilities and infrastructure into a focused group charged with growing the business to achieve a A\$100 million per year sales target. The ORBITAL UAVE team has commenced initial activities to purchase long lead time components and systems from suppliers and to prepare local facilities and processes for manufacturing engines.

Requirements for this first consignment order will be manufactured at Orbital's world-class engineering and workshop facilities in Balcatta, Western Australia. Orbital will deliver on the new order in conjunction with advancing negotiations for the long-term production contract.

Mr. Ryan M. Hartman, President and CEO of Insitu, said "Our new Insitu-Orbital-designed engine sets an unprecedented standard for unmanned aircraft propulsion that will deliver exceptional performance and reliability while reducing life-cycle costs for our customers."

Orbital's CEO and Managing Director, Mr. Terry Stinson, stated "The Orbital team is excited to receive this first Insitu production order. This is an early reward for Orbital's investment in the design and development of cutting edge small aircraft engine designs and innovative products and systems that enhance the engine and aircraft performance. We expect this first order will lead to a long-term supply contract for our engines, rebuilds and spare parts. To ensure that Orbital is ready to grow our worldwide UAV business; we have already commenced the early planning stages to establish a US manufacturing base for manufacture of UAV engines and systems. The

US is the largest small unmanned aircraft market and Insitu are the market share leaders. Insitu provides Orbital with a base to build our worldwide ORBITAL UAVE business and a springboard to expand into other segments of the unmanned aircraft market.”

Orbital’s UAV engine

The new production order begins an era for a new benchmark engine that has been designed and developed by Orbital and Insitu. This new UAV engine is the first reciprocating internal combustion propulsion system to be engineered from the ground up specifically for UAV applications. The new technology delivers advancements not available on other aircraft in the same class, including real-time monitoring and diagnostics of all critical systems, sensor and actuator redundancy, and extensive “black box” recording capability. The new package will deliver the world standard for; performance, power to weight, ability to run on heavy fuel, cold start capability, fuel efficiency, and many other advancements.

The system features a number of improvements over previous systems, including the “Argon” engine control unit, which weighs less than 150 gms and drives the highest level of performance for heavy fuel engine applications in this class of aircraft. The new engine has exhaust systems designed to minimize heat and noise signature, and is installed with compact fuel and oil tank modules that simplify the assembly of the UAV and allow easy in-field servicing.

Insitu’s ScanEagle UAV

Orbital has established a solid relationship with Insitu who are considered the premier supplier in their field and have the majority share of the market. The Insitu ScanEagle is one of the most widely recognized light reconnaissance UAVs in use globally, and after more than 10 years in operation, is currently used by more than 20 countries. Orbital has been working with Boeing and Insitu since January 2013 as part of an initial design, development and validation contract to supply a new engine and propulsion system for Insitu’s existing and future platforms.

Insitu’s revolutionary ScanEagle platform will be the first to field the new engine and propulsion system. ScanEagle is a high value UAV system, with a complete system comprising six air vehicles, a ground control station, remote video terminal, a launcher and a runway-independent SkyHook recovery system. It is not uncommon for each system to also include spare engines and propulsion systems. The wide acceptance of ScanEagle as a leader in its class creates a significant opportunity for Orbital to build a high revenue business producing and supplying Orbital UAV engines to Insitu and their growing global customer base.

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About Orbital

ORBITAL is an innovative industrial technology company.

ORBITAL invents and builds smart technology that delivers improved performance outcomes for our clients in the mining & industrial, aerospace and consumer sectors.

ORBITAL operates on a global scale and is headquartered in Perth, Western Australia. From a world class facility, ORBITAL's innovation magic takes shape – from research and design to development, manufacturing and implementation.

Delivering cutting edge innovation within the industrial technology sector is what we do.

ORBITAL's innovation and technology leadership is exemplified by the patented REMSAFE remote isolation system for global mining and industrial applications and Orbital's® UAVE business that produces and supplies engine and propulsion systems for unmanned aerial vehicles.

Forward Looking Statements

This release includes forward-looking statements that involve risks and uncertainties. These forward-looking statements are based upon management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company that could cause actual results to differ materially from such statements. Actual results and events may differ significantly from those projected in the forward-looking statements as a result of a number of factors including, but not limited to, those detailed from time to time in the Company's Annual Reports. Orbital makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.