



ORBITAL®

ASX RELEASE

For Immediate Release: 30 June 2016

Orbital Growth Update

- Orbital UAVE delivers first production systems to Insitu Inc, a subsidiary of The Boeing Company.
- First installation and commissioning of REMSAFE for Anglo American, Zibulo, South Africa.
- Eight REMSAFE systems installed with key customers in the Pilbara since December 2015.
- Orbital Accelerator refined to focus on high-growth, mid-stage, industrial technology acquisitions.

Orbital Corporation Limited (“Orbital” or the “Company”) (ASX: OEC) is pleased to provide an update on progress within the Company’s UAVE and REMSAFE businesses. Delivery of UAVE production systems to Insitu Inc. (“Insitu”), a subsidiary of The Boeing Company, has commenced as Orbital continues to work towards a long term production supply agreement. REMSAFE has successfully installed and commissioned a first complete system in South Africa following completion and commissioning of eight REMSAFE systems in the Pilbara. During the current financial year Orbital has invested in the UAVE and REMSAFE businesses and remains committed to driving revenue growth and future profitability through expansion and diversification.

Orbital UAVE commercial production commenced

Orbital UAVE has commenced shipping production propulsion systems to Insitu in fulfilment of the previously announced \$12 million order (see ASX Release “New \$12 million UAV Order” 26 August 2015). The first propulsion system off the assembly line was displayed by Insitu at AUVSI Xponential 2016, a major global unmanned vehicle exhibition held in New Orleans. The commencement of Orbital UAVE production was one of the key messages Insitu delivered at AUVSI Xponential. Delivered volumes in the current fiscal year will be minimal with the majority of the order revenues from the Insitu order deferred into next fiscal year to match Insitu’s production schedule. This will have an effect on current year revenue and profit for Orbital.

Progress continues towards securing a long term production supply agreement with Insitu and completion of the agreement will be timed with the award of major Insitu customer orders, expected by the end of this calendar year. To ensure a continuation of propulsion systems supply to Insitu, an additional batch order is anticipated within the next three months. The Company continues to review options to establish a facility based in the United States of America (“USA”) for engine service, support and manufacturing.

Orbital UAVE’s expertise and success in the small unmanned aerial vehicle (“UAV”) class will also be leveraged to deliver world class propulsion systems in future for other UAV customers and aircraft classifications. Initial development of a propulsion system for vertical take-off and landing (VTOL) UAV class has already commenced.

Activities to develop a propulsion system for the next size up fixed wing UAV class aircraft market are planned for next fiscal year.

UAVE is identifying opportunities to expand products and services for military and commercial applications. Commercial Small UAV applications received a significant boost earlier this month with the Federal Aviation Authority (FAA) in USA announcement of simplified regulations for commercial operation of UAV's less than 55 lb (25 kg) outside of most controlled airspace with much of the onus on a licensed operator to operate within safety guidelines to be implemented in August, 2016. In addition, Insitu were recently awarded US\$40.7 million for Mid-Endurance Unmanned Aircraft Systems (MEUAS 1.5-B) intelligence, surveillance, and reconnaissance services. These are a small sample of positive market movements reaffirming Orbital's continued investment in the growing UAV market.

REMSAFE first international system is operational

Orbital is pleased to announce that REMSAFE has successfully completed the first international installation and commissioning of a remote isolation system at Zibulo, South Africa in a coal mining application. This is the first REMSAFE system installed outside of the Western Australian iron ore industry, demonstrating the capability of REMSAFE to expand into new regions and markets, placing REMSAFE firmly on the global stage as a leader in the supply of remote isolation systems.

South Africa has an abundance of mineral resources and major mining companies operating within the region are closely following the progress and operation of the new REMSAFE system installed at Zibulo. Success at Zibulo builds potential to open up new opportunities in South Africa and the region.

This achievement builds on Orbital's corporate transformation following the acquisition of REMSAFE in 2015. Commenting on the REMSAFE Anglo American Coal installation Mr Terry Stinson, Orbital's CEO and Managing Director, stated: "REMSAFE's recent success in South Africa demonstrates Orbital's ability to expand our business internationally, and to diversify REMSAFE from iron ore into other resources. Achievement of this key milestone provides confidence that REMSAFE can deliver on a huge potential international market. For Orbital, the most important aspect of the REMSAFE system, simply put is that it makes the workplace safer, which is an integral element of Orbital's company values. Each day, in the USA alone, there are as many as five arc flash injuries and there are over 150 arc flash related fatalities every year. While each case had systems in place to help identify hazards and prevent injury and death, these injuries and fatalities still continue around the world. REMSAFE, in combination with good industry practice, can contribute to dramatically reducing and potentially eliminating future workplace arc flash related injuries in mining, and many other industries and applications".

REMSAFE expands in the Pilbara

REMSAFE has commissioned eight remote isolation systems in the Pilbara region since early December last year, significantly expanding the total number of systems installed for Tier One customers such as BHP Billiton, Rio Tinto and FMG. The addition of these systems, plus the system in South Africa, add to the growing portfolio of customers reaping the benefits the REMSAFE system provides.

Mr Mike Lane, Managing Director of REMSAFE comments "We're in the business of saving lives and I'm proud to say that we have already eliminated the risk of serious injury or death to mine site personnel over 1,200 times and counting through the use of REMSAFE remote isolation systems. At the same time, the REMSAFE system improves plant efficiency through reduced down time. REMSAFE provides a unique and uncommon combination of improved safety, improved efficiency, and reduced operating costs."

Orbital Accelerator

Orbital created the Accelerator initiative to identify early stage innovation opportunities. Accelerator's scope has been refined to include the Company's mergers and acquisitions function. Accelerator will focus on identifying high-growth, mid-stage, industrial technology acquisition opportunities to capitalise on Orbital's proven commercialisation and engineering experience. Through Accelerator, Orbital will identify and evaluate bolt-on and adjacent acquisitions to expand and complement Orbital UAVE and REMSAFE, as well as opportunities in new industrial technology sectors to diversify Orbital's business portfolio. The Company has already identified several potential acquisition opportunities and plans to move forward within the next fiscal year if these opportunities meet the Board's investment criteria. Orbital's strategy is to build and diversify its business portfolio and transform the Company into a worldwide leader in innovative industrial technology.

Outlook

REMSAFE continues to identify opportunities for domestic and international sales growth. Despite the impact of the downturn in the local iron ore industry, the company has high confidence in the medium to long term potential for REMSAFE. To stimulate sales in a capital constrained local mining market, REMSAFE is developing alternative financing options, including rental arrangements as an alternative to outright purchase.

In response to customer requests, REMSAFE plans expansion into underground mining applications. There is a growing demand for improved safety, efficiency and output from underground mine operators. Orbital is targeting this identified underground system opportunity in both Australia and in South Africa. REMSAFE has a product in research and development to meet this market demand. REMSAFE is also exploring opportunities in the rail industry and is solidifying a relationship with a key global engineering partner, and with a potential domestic rail customer. The REMSAFE rail project is expected to commence shortly with an Australian based proof of concept pilot installation.

Sales growth is our primary focus and REMSAFE continues to expand direct sales initiatives, enter into collaborative marketing agreements with leading Engineering, Procurement and Construction Management companies (EPCMs), establishing relationships with original equipment manufacturers (OEMs) and industrial equipment suppliers, and exploring joint ventures that should lead REMSAFE into new industry opportunities both domestically and internationally. REMSAFE is now in discussions with a major industrial equipment OEM to form a cooperative marketing arrangement that is projected to open up extensive sales opportunities across the global mining market.

Orbital UAVE continues to review options to establish a USA based facility for engine service, support and manufacturing under a long term production supply agreement with Insitu. To ensure a continuation of propulsion systems supply to Insitu, an additional batch order is anticipated within the next three months.

Orbital continues to position and prepare for rapid growth by expanding the product ranges offered by UAVE and REMSAFE, establishing new sales channels through global partnerships, and expanding the highly skilled workforce to deliver on the aggressive growth strategy. Mr Terry Stinson stated that "The sale of Orbital's 30% joint venture interests in Synerject in November 2015 and the conversion of 100% of the Convertible Notes to equity in February 2016 have provided Orbital's with the strong balance sheet position to continue supporting the aggressive growth strategy of the Company. The current cash balance of over \$25 million will ensure that the company has the appropriate cash reserves to support continued investments in expanding operations."

-ENDS-

CONTACTS

Terry Stinson

CEO & Managing Director

Tel: +61 8 9441 2311

Email: AskUs@orbitalcorp.com.au

Website: www.orbitalcorp.com.au

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 aerospace, mining & industrial 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 state-of-the-art products and services within the industrial technology sector is what we do.

ORBITAL's 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.