



6 October 2016

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Notice of Annual General Meeting

In accordance with the Listing Rules, we attach copies of the following documents which are to be dispatched to shareholders of Orbital Corporation Limited today:

1. Notice of Annual General Meeting;
2. Explanatory Memorandum;
3. Sample Proxy Form; and
4. Electronic communications letter.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ian Veitch'.

Ian Veitch ACA ACIS
Chief Financial Officer
& Company Secretary



ORBITAL[®]

**ORBITAL CORPORATION LIMITED
ACN 009 344 058**

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in the Goldsworthy Room, Pan Pacific Perth, 207 Adelaide Terrace, Perth, Western Australia on Monday, 7 November 2016 at 12.30pm (WST).

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9441 2311

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Orbital Corporation Limited (**Company**) will be held in the Goldsworthy Room, Pan Pacific Perth, 207 Adelaide Terrace, Perth, Western Australia on Monday, 7 November 2016 at 12.30pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form are to be included in and form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 5 November 2016 at 12.30pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

1. ANNUAL REPORT

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. RESOLUTION 1 - REMUNERATION REPORT

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

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report for the year ended 30 June 2016."

Votes on the Resolution are advisory only and do not bind the Director or the Company.

Voting Exclusion

A vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast.

In addition and in accordance with section 250BD of the *Corporations Act*, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 - ELECTION OF JOHN WELBORN AS DIRECTOR

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

"That, pursuant to and in accordance with Listing Rule 14.5, the Constitution and for all other purposes, Mr J P Welborn, Director, retires and being eligible, is re-elected as a Director."

4. RESOLUTION 3 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and as set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) a person who may participate in the issue of Equity Securities which will be permitted under Listing Rule 7.1A if this Resolution is passed;
- (b) a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares; and
- (c) and any Associate of those persons identified in (a) and (b) above.

The Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (e) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR UNDER THE PERFORMANCE RIGHTS PLAN

"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Mr T D Stinson (or his nominee) under the Performance Rights Plan and as set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr T Stinson, or an Associate of Mr T D Stinson.

However, Company need not disregard a vote cast on Resolution 4 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 19 September 2016

By order of the Board

I G Veitch
Company Secretary

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held in the Goldsworthy Room, Pan Pacific Perth, 207 Adelaide Terrace, Perth, Western Australia on Monday, 7 November 2016 at 12.30pm (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 12.30pm (WST) on Saturday 5 November 2016. Proxy Forms received after this time will not be effective.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. ANNUAL REPORT

In accordance with section 317(1) of the Corporations Act the Annual Report will be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.orbitalcorp.com.au/annual-reports.html;
- (a) ask questions about, or comment on, the management of the Company; and
- (b) ask a representative of the Company's auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Written questions relating to the content of the Auditor's Report and the conduct of the audit of the Financial Report may be submitted to the Company's auditor by sending the question(s) to the Company

Secretary at the Company's registered office no later than 5 business days before the annual general meeting.

All written questions received by the Company will be made available for inspection at the annual general meeting and the representative of the auditor will be given a reasonable opportunity to answer the written questions submitted.

4. RESOLUTION 1 – REMUNERATION REPORT

In accordance with section 250R of the Corporations Act, the Company must put a non-binding resolution to Shareholders to adopt the Remuneration Report at the Company's annual general meeting. Accordingly, Resolution 1 is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of this Resolution and the discussion of the Remuneration Report at the annual general meeting into account when determining the Company's approach to remuneration going forward.

The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution and the voting exclusion which applies to this Resolution is set out in the Notice under Resolution 1.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. RESOLUTION 2 – ELECTION OF JOHN WELBORN AS DIRECTOR

5.1 Background

In accordance with Listing Rule 14.5 and the Company's constitution, John Welborn is required to retire and eligible for re-election.

John Welborn was appointed as a director on 21 October 2014. Resolution 2 seeks his re-election as a Director.

Details of John Welborn's qualifications and experience are set out in Section 5.2.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding John Welborn) supports the re-election of John Welborn and recommends that shareholders vote in favour of Resolution 2.

5.2 Qualifications and experience of Mr John Welborn

Mr Welborn is a Chartered Accountant with a bachelor of commerce degree from the University of Western Australia, is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Management, and holds memberships of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Australasian Institute of Mining & Metallurgy.

Mr Welborn is the managing director and chief executive officer of Resolute Mining Limited (ASX:RSG). Resolute Mining Limited is an ASX-Listed gold mining company which currently operates two mines, the

Syama Gold Mine in Africa and the Ravenswood Gold Mine in Australia. He is also a non-executive director of Equatorial Resources Limited (ASX:EQX), an ASX-Listed resources exploration and development company. He was previously the Head of Specialised Lending in Western Australia for Investec Bank (Australia) Ltd.

Mr Welborn has more than 20 years of commercial experience as a senior executive and company director in corporate management, investment banking, and the resources industry.

6. RESOLUTION 3 – APPROVAL OF 10% ADDITIONAL PLACEMENT FACILITY

6.1 Overview

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

The Directors believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative). The voting exclusion which applies is set out in the Notice under Resolution 3.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

6.2 Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice, the Company only has one quoted classes of Equity Securities on issue, being Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;

- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) The Company's capacity to issue shares

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 76,234,097 Shares and therefore has a capacity to issue:

- (i) 11,325,122 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being granted under Resolution 3, 5,061,552 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) above).

(e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX, (the **10% Placement Period**).

6.3 Effect of passing Resolution 3

The effect of passing Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

6.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

(a) Minimum issue price

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Risk of dilution

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, there is a risk that the economic value and voting power of each Share in the Company may be diluted, including a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of approval at the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or as part of consideration for the acquisition of a new asset.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.

The table also shows:

- (iii) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iv) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.425 50% decrease in Issue Price	\$0.85 Issue Price	\$1.70 100% increase in Issue Price
Current Variable "A" 76,234,097 Shares	10% Voting Dilution	7,623,409 Shares	7,623,409 Shares	7,623,409 Shares
	Funds raised	\$3,239,949	\$6,479,898	\$12,959,795

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.425 50% decrease in Issue Price	\$0.85 Issue Price	\$1.70 100% increase in Issue Price
50% increase in current Variable "A" 114,351,146 Shares	10% Voting Dilution	11,435,114 Shares	11,435,114 Shares	11,435,114 Shares
	Funds raised	\$4,859,923	\$9,719,847	\$19,439,694
100% increase in current Variable "A" 152,468,194 Shares	10% Voting Dilution	15,246,819 Shares	15,246,819 Shares	15,246,819 Shares
	Funds raised	\$6,479,898	\$12,959,796	\$25,919,592

The table has been prepared on the following assumptions:

- (v) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (vi) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (vii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (viii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (ix) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options or Convertible Notes, it is assumed that those Options or Convertible are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (x) The issue price is \$0.85, being the closing price of the Shares on ASX on 16 September 2016.

(c) Period for issue of Equity Securities

The Company will only issue the Equity Securities during the 10% Placement Period.

(d) Purpose for which the Equity Securities may be issued

The Company may seek to issue the Equity Securities for the following purposes:

- (i) issue for non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration; or
- (ii) issue for cash consideration for the acquisition of new businesses or investments (including expenses associated with such acquisition), and/or general working capital.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the subscribers under the 10% Placement Facility will be the vendors of the new assets or investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A where any Equity Securities are issued.

(f) **Equity Securities issued in previous 12 months**

In the 12 months preceding the date of this Notice the Company issued a total of 25,522,934 Equity Securities which represent 33.48% of the total number of Equity Securities on issue as at 19 September 2016, being 76,234,097 Shares. The Equity Securities issued in the preceding 12 months were as follows:

Date of Issue	Number Company Equity Securities issued	Class of Equity Security issued	Issued to or basis of issue	Issue price & discount (if any) on closing market price on date of issue	Amount Raised, Use of Funds or Non-Cash Consideration
07.10.15	343,510	Shares	Issue of Interest Shares to holders of Convertible Notes with a maturity date of 3 February 2017 who elected to receive Interest Shares for the interest period ended 30 September 2015	\$0.5533 per Share 4.60%	N/A
30.11.15	95,646	Shares	Issue of shares in accordance with the terms of the Employee Share Plan to 59 eligible employees	N/A – Issued in accordance with Employee Share Plan for nil consideration	N/A
11.12.15	125,000	Shares	Issue of Shares on the conversion of one Convertible Note with a maturity date of 3 February 2017	\$0.40 per Share 37.50%	N/A

Date of Issue	Number Company Equity Securities issued	Class of Equity Security issued	Issued to or basis of issue	Issue price & discount (if any) on closing market price on date of issue	Amount Raised, Use of Funds or Non-Cash Consideration
07.01.16	340,282	Shares	Issue of Interest Shares to holders of Convertible Notes with a maturity date of 3 February 2017 who elected to receive Interest Shares for the interest period ended 31 December 2015	\$0.5547 (0.085% premium to closing market price)	N/A
08.01.16	125,000	Shares	Issue of shares on the conversion of one Convertible Note with a maturity date of 3 February 2017	\$0.40 24.53%	N/A
12.01.16	250,000	Shares	Issue of shares on the conversion of two Convertible Notes with a maturity date of 3 February 2017	\$0.40 per Share 18.37%	N/A
05.02.16	125,000	Shares	Issue of shares on the conversion of one Convertible Note with a maturity date of 3 February 2017	\$0.40 per Share 14.89%	N/A
11.02.16	250,000	Shares	Issue of shares on the conversion of two Convertible Notes with a maturity date of 3 February 2017	\$0.40 per Share 11.11%	N/A
15.02.16	1,125,000	Shares	Issue of shares on the conversion of nine Convertible Notes with a maturity date of 3 February 2017	\$0.40 per Share 11.11%	N/A
22.02.16	1,250,000	Shares	Issue of shares on the conversion of ten Convertible Notes with a maturity date of 3 February 2017	\$0.40 per Share 14.89%	N/A
24.02.16	375,000	Shares	Issue of shares on the conversion of three Convertible Notes with a maturity date of 3 February 2017	\$0.40 per Share 13.04%	N/A

Date of Issue	Number Company Equity Securities issued	Class of Equity Security issued	Issued to or basis of issue	Issue price & discount (if any) on closing market price on date of issue	Amount Raised, Use of Funds or Non-Cash Consideration
29.02.16	19,125,000	Shares	Issue of shares on the conversion of one hundred and fifty three (153) Convertible Notes with a maturity date of 3 February 2017	\$0.40 per Share 20.00%	N/A
02.03.16	289,142	Shares	Issue of Interest Shares to holders of Convertible Notes with a maturity date of 3 February 2017 who elected to receive Interest Shares for the interest period ended 29 February 2016	\$0.4172 per Share 16.56%	N/A
04.04.16	900,000	Performance Right	Issue of Fully Paid Ordinary Shares on the vesting of Performance Rights in accordance with the terms and conditions of issue of the Performance Rights as approved by shareholder on 21 October 2014	N/A – Performance Rights issued for nil consideration	N/A
08.09.16	900,000	Performance Right	Issue of Fully Paid Ordinary Shares on the vesting of Performance Rights in accordance with the terms and conditions of issue of the Performance Rights as approved by shareholder on 21 October 2014	N/A – Performance Rights issued for nil consideration	N/A

(g) **Voting exclusion statement**

A voting exclusion statement is included in the Notice for Resolution 3. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

7. RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR UNDER THE PERFORMANCE RIGHTS PLAN

ASX Listing Rule 10.14 prohibits the Company from permitting a Director (and an Associate of a Director) to acquire Equity Securities under an employee incentive scheme without the prior approval of Shareholders by ordinary resolution at a general meeting.

Accordingly, the approval of Shareholders is sought for the granting of up to 500,000 Performance Rights under the Company's Performance Rights Plan to Mr T D Stinson, the Managing Director and CEO of the Company.

For the avoidance of doubt, the Board (excluding Mr Stinson) has formed the view that the Company is not required to seek approval for the granting of these Performance Rights under section 208 of the Corporations Act (the giving of financial benefits) as the grant of Performance Rights falls within the exception in section 211 of the Corporations Act (the “reasonable remuneration” exception) applies.

In accordance with Listing Rule 10.15, the following information is provided in relation to the acquisition of Performance Rights by Mr Stinson under the Performance Rights Plan:

- (a) Mr T D Stinson will be awarded no more than 500,000 Performance Rights which will entitle Mr Stinson to a maximum of 500,000 Shares if the relevant performance hurdles (set out in the table below) are met.
- (b) the Performance Rights to be issued to Mr T D Stinson under the Performance Rights Plan will be issued for nil consideration subject to him accepting the offer of those Performance Rights;
- (c) the Performance Rights will be granted no later than 12 months after the date of the Meeting or such longer period of time as ASX allows. It is currently intended that 500,000 performance rights will be offered to Mr Stinson shortly following approval at the annual general meeting;
- (d) no funds will be raised by the grant of Performance Rights as they are being granted for nil consideration;
- (e) only one director, Mr T D Stinson has been granted Performance Rights since the last approval by shareholders for the purposes of Listing Rule 10.14. He has been issued a total of 1,500,000 Performance Rights for nil consideration in accordance with that approval;
- (f) all the Directors, being Mr T D Stinson, Mr J P Welborn and Mr J H Poynton are entitled to participate in the Performance Rights Plan and as at the date of this Notice. The Company is only proposing to make an offer of Performance Rights to Mr T D Stinson as contemplated by Resolution 4;
- (g) loans are not made available by the Company in connection with the Performance Rights Plan; and
- (h) a voting exclusion statement has been included in the Notice for Resolution 4.

The Company has set performance criteria for the Performance Rights to ensure that they only vest upon achievement of fundamental milestones that will drive the long term value of the Company’s securities.

The Performance Rights are to be granted to Mr T D Stinson under the terms of the Performance Rights Plan, a copy of which is available on the Company’s web-site (www.orbital.com.au) or from the Company Secretary. The Performance Rights Plan was approved by shareholders at the 2014 AGM and a summary of its terms was included in the notice of meeting dated 18 September 2014. Since that time, the Performance Rights Plan has not been amended other than on 6 September 2016 to include additional restrictions (subject to usual exceptions as described further below) that apply where a Performance Right vests and a Share is issued on its exercise.

Each Performance Rights right that vests can be converted to one Share under the terms of the Performance Rights Plan. The Shares issued on conversion of Performance Rights are to be issued on terms that they will be subject to restrictions on disposal under the terms of the Performance Rights Plan for 7 years from the date of conversion of the relevant Performance Right into a Share. This restriction is subject to usual exceptions (where employment comes to an end, financial hardship (as determined by the Board), transformative event for the Company (such as a successful takeover/change of control transaction).

The Performance Rights will be granted to Mr T D Stinson (and/or his nominee) with the following Performance Conditions and Expiry Dates:

Tranche	Performance Condition	Expiry Date	Allocation to Mr T D Stinson
1.	Milestone: the Company having a market capitalisation of greater than A\$125 million and a share price of \$1.50 per share for a period of 30 consecutive calendar days.	24 months from the date of the grant of the Performance Rights	200,000
2.	Milestone: the Company having a market capitalisation of greater than A\$200 million and a share price of \$2.00 per share for a period of 30 consecutive calendar days.	36 months after the date of the grant of the Performance Rights	300,000
Total			500,000

The Board (excluding Mr Stinson) recommends that Shareholders vote in favour of Resolution 4.A voting exclusion statement is included in the Notice for Resolution 4.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

SCHEDULE 1: DEFINITIONS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 6.1.

10% Placement Period has the meaning given in Section 6.2(e).

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2016.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Associate has the meaning given in Chapter 19 of the Listing Rules.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chairman means the person appointed to chair the Meeting, or part of the Meeting, convened by the Notice.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company means Orbital Corporation Limited (ACN 009 344 058).

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the *Corporations Act* for the Company and its controlled entities.

Employee Share Plan means the existing employee share plan of the Company.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel has the meaning given in section 9 of the Corporations Act.

Listing Rules means the listing rules of ASX.

Managing Director means the managing director of the Company.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Option means an option which entitles the holder to subscribe for a Share.

Performance Right means the right to acquire a Share upon the satisfaction of certain rights under the Performance Rights Plan.

Performance Rights Plan means the existing performance rights plan of the Company.

Proxy Form means the proxy form attached to the Notice.

Register means the register of Holders established and maintained in accordance with the Trust Deed, where appropriate, includes:

- (a) a sub-register maintained by or for the Company under the Corporations Act or Listing Rules; and
- (b) any branch register.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
 Orbital Corporation Limited
 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
 1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
 Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Orbital Corporation Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman 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 Chairman 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 **12:30pm (WST) on Monday, 7 November 2016 in Goldworthy Room, Pan Pacific Perth, 207 Adelaide Terrace, Perth WA 6000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 4: If the Chairman 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 Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 4, even though the relevant Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of John Welborn as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of Performance Rights to the Managing Director under the Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * 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.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder'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).



HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman 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 securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the relevant Resolution is 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 securities 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 securities 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 security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities 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
- (b) 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 securityholder 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" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security 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 **12:30pm (WST) on Saturday, 5 November 2016**, 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, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Orbital Corporation Limited
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*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**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.**



Dear Valued Shareholder,

I notice that you currently receive hard copy correspondence from Orbital Corporation Limited (OEC).

OEC strongly recommends receiving all documents via email correspondence in order to help the environment and reduce printing and mailing costs.

If you are happy to receive correspondence by email going forward, please update your email address by visiting our Share Registry's website at investorcentre.linkmarketservices.com.au and follow the steps below;

- click on the "REGISTER NOW" icon to create your portfolio (if you do not have a portfolio set up) or alternatively enter as a "single holding" by entering the following information;
 - enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), this can be found at the top right hand corner of the proxy form;
 - enter your postcode (if you have an Australian address), select your country (if you have an overseas address) and enter the security code;
- once you are logged in, click on 'Communications' from the top menu and select 'Preferences'. From here you can select your Communication Preference and update your email address.

Thank you for your contribution toward helping the environment and reducing printing and mailing costs.

If you have any queries, please contact OEC on (08) 9441 2311 or Link Market Services on +61 1300 554 474.

Yours sincerely

I G Veitch
Company Secretary

Orbital Corporation Limited