

5 October, 2012

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 Notes on Items of Business; and
3. Sample Proxy Form

Yours faithfully



Ian Veitch ACA ACIS  
Company Secretary

## **NOTICE OF 2012 ANNUAL GENERAL MEETING**

Notice is given that the 24th Annual General Meeting of Orbital Corporation Limited ("**the Company**") will be held in Westend One Room, Perth Rydges Hotel, Corner of King and Hay Streets, Perth, Western Australia on Wednesday 7 November 2012 at 10.00am (WST).

### **ORDINARY BUSINESS**

#### **1. Chairman's address and the Chief Executive's report**

#### **2. Financial Report and Reports of the Directors and the Auditors**

To receive and consider the financial statements for the financial year ended 30 June 2012 together with the directors' report and the auditor's report.

#### **3. Remuneration Report**

To consider and, if thought fit, to pass as an ordinary resolution:

*"That the Remuneration Report for the year ended 30 June 2012 be adopted by the Company."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 1 by or on behalf of (in any capacity):

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of a member of the Key Management Personnel (which includes certain family members, dependants and controlled companies).

However, the Company need not disregard a vote if it is cast by:

- (i) a person described above as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) 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.

#### **Notes**

- In accordance with section 250R(3) of the Corporations Act 2001 (Cwlth) (**Corporations Act**), the votes cast in respect of this resolution are advisory only and do not bind the directors or the Company.
- The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and CEO) must go up for re-election.

#### **4. Re-election of Director**

To consider and, if thought fit, to pass as an ordinary resolution:

*"That Mr W P Day who retires by rotation in accordance with article 9.3 of the Company's constitution and, being eligible, offers himself for re-election, be elected as a director of the Company."*

#### **5. Executive Long Term Share Plan**

To consider and, if thought fit, to pass as an ordinary resolution:

*"That approval is given for all purposes under the ASX Listing Rules (including so as to qualify as an exception to ASX Listing Rule 7.1) for the issue of fully paid ordinary shares in the Company under the Company's Executive Long Term Share Plan."*

##### **Voting Exclusion Statement**

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

- a director of the Company (except a director who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- an associate of that director.

However, the Company need not disregard a vote if it is cast:

- (i) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) i 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.

Further, a member of the Company's key management personnel and their closely related parties (other than as the Chairman of the meeting) may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

Further information about this item of business is set out in the Explanatory Notes.

#### **6. Grant of shares to the Managing Director under the Executive Long Term Share Plan**

To consider and, if thought fit, to pass as an ordinary resolution:

*"That approval is given for all purposes (including ASX Listing Rule 10.14 and exception 9 to ASX Listing Rule 7.2) for the issue of up to 1,100,000 fully paid ordinary shares in the Company, directly or indirectly, to Mr T D Stinson under the Company's Executive Long Term Share Plan."*

##### **Voting Exclusion Statement**

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

However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by Mr T D Stinson 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 Mr T D Stinson as chairman of 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.

Further, a member of the Company's key management personnel and their closely related parties (other than as the Chairman of the meeting) may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

Further information about this item of business is set out in the Explanatory Notes.

## **SPECIAL BUSINESS**

### **7. Approval of 10% Placement Facility**

To consider and, if thought fit, to pass as a special resolution:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1.4.2 and on the terms and conditions in the Explanatory Notes."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed.

However, the Company need not disregard a vote cast on this resolution 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 chairman of 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.

Further information about this item of business is set out in the Explanatory Notes.

By order of the Board

**I G VEITCH**

Company Secretary  
Perth, Western Australia  
21 September 2012.

## **IMPORTANT INFORMATION FOR SHAREHOLDERS**

1. The accompanying explanatory notes form part of this Notice of Meeting and should be read in conjunction with it.
2. If you cannot attend the meeting you may appoint a proxy to attend and vote for you. A proxy form is included with this Notice of Meeting for this purpose.
3. You may appoint no more than two proxies to attend and vote on your behalf. A proxy need not be a member of the Company. If you appoint two proxies, you may specify the proportion or number of your votes that each proxy is appointed to exercise. If you do not do so, each proxy may exercise half of the votes.
4. If you wish to direct a proxy on how to vote on any resolution, you should place a mark (e.g. a cross) in the appropriate box on the proxy form. Your proxy may then only exercise your vote in the manner you have directed. If you do not direct your proxy how to vote, your proxy can vote any way it chooses. If you appoint the Chairman of the meeting as your proxy and do not direct the Chairman on how to vote, the Chairman will vote in favour of all resolutions.
5. To be effective, a properly completed proxy form and (where applicable) any power of attorney under which it is signed or a certified copy of that power of attorney must be received by the Company by no later than 10.00am (WST) on Monday, 5 November 2012, being not less than 48 hours before the time for commencement of the meeting. Please send the proxy form to the Company's share registry, Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne, Victoria 3001. Shareholders may also fax the proxy form to the Company's share registry (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555.
6. A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.
7. For the purpose of voting at the meeting the Directors have determined that shareholders are those persons who are the registered holders of the Company's shares at 4.00pm (WST) on Monday, 5 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
8. Shareholders attending the meeting will be able to ask questions or give comments at the meeting. Shareholders will also be able to ask questions of Ernst & Young, the Company's external auditor. If you would like to submit a written question or comment to the Company or Ernst & Young in advance of the meeting, please send it, by no later than 5.00pm (WST) on Thursday 1 November 2012:
  - to the Company, at our registered office, 4 Whipple Street, Balcatta, Western Australia, 6021; or
  - by facsimile to +61 (8) 9441 2111

A list of relevant written questions will be available at the meeting. The Company or Ernst & Young will either answer those questions at the meeting or table written responses to them. Any answers tabled at the meeting will be lodged with the ASX as soon as possible after the meeting.

## **EXPLANATORY NOTES ON ITEMS OF BUSINESS**

---

### **1. CHAIRMAN'S ADDRESS AND THE CHIEF EXECUTIVE'S REPORT**

The Chairman will address the meeting and the Chief Executive will make a presentation on the performance of the Company during the financial year ended 30 June 2012 as well as other strategic and operational activities of the Company. The Chairman will also allow time at the end of the meeting to respond to questions raised by shareholders at or before the meeting.

### **2. FINANCIAL REPORT AND REPORTS OF THE DIRECTORS AND THE AUDITORS**

The Corporations Act 2001 (Cwlth) (**Corporations Act**) requires the Company to lay its Financial Report, Directors' Report and Auditor's Report for the last financial year before the Annual General Meeting.

Shareholders are not required to vote on these reports but will be given an opportunity to raise questions and comments on the Reports at the Meeting.

The Company's external auditor, Ernst & Young, will also be present at the meeting and shareholders will be given the opportunity to ask the auditor questions or raise comments about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

### **3. REMUNERATION REPORT**

A resolution for the adoption of the Remuneration Report is required to be considered and voted upon in accordance with the Corporations Act.

The Remuneration Report is set out in the Director's Report in the 2012 Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of non-executive directors, executive directors and other key management personnel of the Company;
- discusses the relationships between the Board's remuneration policy and the Company's performance;
- sets out the actual remuneration for the financial year ended 30 June 2012 for each Director and other key management personnel; and
- details and explains any performance hurdles applicable to the remuneration of executive directors and other key management personnel.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

A reasonable opportunity will be provided for discussion of and questions relating to the Remuneration Report at the meeting.

The Board unanimously recommends that shareholders vote in favour of this resolution.

### **4. RE-ELECTION OF DIRECTOR**

Mr Day, a non-executive director, retires by rotation in accordance with Article 9.3 of the Company's constitution and offers himself for re-election. Details on Mr Day are set out below.

Mr Day joined the Board and was appointed Chairman in August 2007. Mr Day retired as Chief Financial Officer of the global packaging group Amcor in 2007. He has a diversified background in finance and general management in mining, manufacturing, food and financial services industries. He has held senior executive and director positions with Bonlac Foods, Rio Tinto, CRA and Comalco including Chief Financial Officer at Commonwealth Aluminum Corporation (USA) and Managing Director, CRA Business Services in Australia. He is a former Chairman of the Australian Accounting Standards Board, and was Deputy Chairman of the Australian Securities & Investments Commission.

Mr Day is a member of the Company's Audit Committee and the Company's Human Resources, Remuneration and Nomination Committee.

The Board (excluding Mr Day) recommends that shareholders vote in favour of this resolution.

## EXPLANATORY NOTES ON ITEMS OF BUSINESS

### 5. EXECUTIVE LONG TERM SHARE PLAN

#### Background

ASX Listing Rule 7.1 contains a prohibition on issuing more than 15% of the Company's capital in any 12 month period without the approval of shareholders. Exception 9 to ASX Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply to an issue under an employee incentive scheme, if within three years before the date of issue the holders of ordinary securities have approved the issue as an exception to this rule and the notice of meeting includes certain specified information (which is set out in this Notice of Meeting).

Recommendation 9.4 of the ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations" provides that companies should ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

Shareholders first approved the terms of the Executive Long Term Share Plan at the Company's Annual General Meeting in 2001. Shareholders subsequently re-approved the Executive Long Term Share Plan at the Company's Annual General Meetings in 2004 and 2008. In accordance with exception 9 of ASX Listing Rule 7.2, re-approval of the Executive Long Term Share Plan is now being sought.

A total of 1,643,000 ordinary shares in the Company have vested and been issued under the Executive Long Term Share Plan since it was last approved by shareholders in October 2008.

#### Summary of terms of Executive Long Term Share Plan

The Executive Long Term Share Plan provides for a performance related offer of fully paid ordinary shares in the Company to eligible executives of the Company and is designed to align executive reward with shareholder interests.

Under the Executive Long Term Share Plan shares will only be issued to executives if the terms and conditions detailed below are satisfied.

Six executives have been offered shares under the Executive Long Term Share Plan since it was last approved by shareholders in October 2008.

The maximum number of shares offered that may vest to the executives (excluding Mr T D Stinson, whose participation is the subject of specific shareholder approval under Item 6 below) under the Executive Long Term Share Plan will be a total of 3,220,775 shares. Shares offered under the Executive Long Term Share Plan will vest no later than 7 November 2015.

#### Terms and conditions

The total number of shares for which a particular executive may be eligible will be determined by the Board ("Personal Allotment").

The number of shares that the executive actually receives depends on the performance of the Company as measured by the Company's "Earnings Per Share".

The following table sets out the relevant percentages of an executive's Personal Allotment which will be issued at the conclusion of the Performance Period based on the Company's Earnings Per Share:

Company Performance (Earnings Per Share)	% of Personal Allotment issued to each executive
Less than 5 cents per share	0%
At or above 5 cents per share but below 7 cents per share	25% - 49% (on a straight-line basis)
At or above 7 cents per share but below 9 cents per share	50% - 99% (on a straight-line basis)
At or above 9 cents per share	100%

Personal Allotments that have not been issued at the end of the Performance Period will expire.

## **EXPLANATORY NOTES ON ITEMS OF BUSINESS**

---

### **Change of Earnings Per Share Target**

The Earnings Per Share targets set at the commencement of the Performance Period remain fixed for the Performance Period and are not adjusted for subsequent issues of new ordinary shares (if any). The Earnings Per Share targets will only be adjusted if the number of ordinary shares on issue changes as a result of the Company undertaking a share consolidation or a share split.

### **Cessation of employment**

An executive's rights in relation to the Executive Long Term Share Plan (including any right to their Personal Allotment which has yet to be issued) will lapse immediately if:

- (a) their employment with the Company ceases (and, in the Board's opinion, this is not due to death, disability, ill health or redundancy);
- (b) they are dismissed for breach of their employment contract; or
- (c) they have committed any act of fraud or defalcation in relation to the affairs of the Company.

In the case where an executive ceases to be employed as a result of death, disability, ill health or redundancy, the Board will decide what percentage of their Personal Allotment will be issued (if any).

The Board of the Company maintains an absolute discretion to issue shares under the Executive Long Term Share Plan where it would be unfair not to issue the shares.

### **Disposal restrictions**

Unless otherwise determined by the Board, shares in the Company issued under the Executive Long Term Share Plan will be subject to the following disposal restrictions:

The shares will be held by a Trustee, who will not be entitled to sell or transfer a share held on behalf of an executive before the earlier of:

- (a) 10 calendar years after the share was issued;
- (b) cessation of that executive's employment with the Group;
- (c) a "Capital Event" (a change in control resulting from a takeover bid, the acquisition of a relevant interest by a resolution passed at a general meeting of the Company or pursuant to a scheme of arrangement, the winding up or liquidation of the Company, or any other event which the Board in its absolute discretion considers a Capital Event); or
- (d) the date on which the Board approves such dealing following a request from that executive.

### **Restrictions on Board consent**

For the 12 months following the issue of the relevant shares, the Board will not approve a dealing for the purposes of (d) above which concerns:

- (a) more than 20% of shares held on trust for that executive where the Company Earnings Per Shares was at or above 5 cents per share but below 7 cents per share when the shares were issued;
- (b) more than 40% of shares held on trust for that executive where the Company Earnings Per Share was at or above 7 cents per share but below 9 cents per share when the shares were issued; or
- (c) more than 50% of shares held on trust for that executive where the Company Earnings Per Share was at or above 9 cents per share when the shares were issued.

A copy of the Executive Long Term Share Plan is available from the Company Secretary.

The Board (excluding Mr Stinson) recommends that shareholders vote in favour of this resolution.



## **EXPLANATORY NOTES ON ITEMS OF BUSINESS**

---

### **6. GRANT OF SHARES TO THE MANAGING DIRECTOR UNDER THE EXECUTIVE LONG TERM SHARE PLAN**

ASX Listing Rule 10.14 prohibits the Company from permitting a director to acquire shares or other securities under an employee incentive scheme without the prior approval of shareholders by ordinary resolution at a general meeting. The shares or other securities must be issued no later than three years after the meeting where the approval is given. Accordingly, the approval of shareholders is sought for the acquisition by Mr T D Stinson, the Managing Director and Chief Executive Officer of the Company, of up to 1,100,000 fully paid ordinary shares in the Company under the Company's Executive Long Term Share Plan (a summary of which is set out in Item 5 above).

ASX Listing Rule 7.1 provides that an entity must not issue or agree to issue more than 15% of its total equity securities without the approval of shareholders, unless one of the exceptions contained in Listing Rule 7.2 applies. An issue of equity securities under an employee incentive scheme will fall within exception 9 of Listing Rule 7.2 if, within 3 years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1. Shareholder approval is being sought for the Executive Long Term Share Plan under Resolution 5. So, subject to Resolution 5 being approved, the issue of the shares to Mr T D Stinson under the Executive Long Term Share Plan will not affect the Company's capacity to issue shares under Listing Rule 7.1.

If this resolution is approved, the maximum number of shares offered that may vest to Mr T D Stinson, under the Executive Long Term Share Plan will be a total of 2,714,375 shares (being the 1,100,000 shares the subject of this resolution and shares approved at previous Annual General Meetings). Shares offered to Mr T D Stinson under the Executive Long Term Share Plan will vest no later than 7 November 2015.

This notice of meeting to approve the acquisition of shares by Mr T D Stinson is required to include certain information under Listing Rule 10.15A, which is set out below.

Under the Executive Long Term Share Plan:

- (a) Mr T D Stinson will be awarded no more than 1,100,000 fully paid ordinary shares in the Company during the Performance Period (being no later than three years from the date of approval of the resolution);
- (b) the exact number of shares that may be acquired by Mr T D Stinson will be calculated in accordance with the Executive Long Term Share Plan Rules;
- (c) the acquisition price for the shares will be nil;
- (d) any shares issued will be issued at the prevailing market price at the time of issue;
- (e) other than Mr T D Stinson, no director, associate of a director or a person whom ASX considers should be approved under Listing Rule 10.14 has received shares under the Executive Long Term Share Plan since approval for an issue under Listing Rule 10.14 was last obtained at the 2011 Annual General Meeting;
- (f) Mr T D Stinson is the only person entitled to participate in the Executive Long Term Share Plan for the purposes of Listing Rule 10.14;
- (g) loans are not made available by the Company in connection with the Executive Long Term Share Plan; and
- (h) the shares offered to Mr T D Stinson will be issued no later than 7 November 2015, being three years after the date of the meeting at which shareholder approval is sought.

Details of any securities issued under the Executive Long Term Share Plan will be published in each annual report of the Company relating to the period in which securities have been issued, and that approval was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Executive Long Term Share Plan after this resolution is approved and who was not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

The Board (excluding Mr Stinson) recommends that shareholders vote in favour of this resolution.

## EXPLANATORY NOTES ON ITEMS OF BUSINESS

---

### 7. APPROVAL OF 10% PLACEMENT FACILITY

#### 7.1 General

New ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities (being shares, options and other securities as defined in the ASX Listing Rules) up to 10% of their issued 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 ASX Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to Issue Equity Securities under the 10% Placement Facility.

The actual number of Equity Securities that the Company will have capacity to issue under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described in section 7.2(c) below).

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

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

The Company, as at the date of this Notice of Meeting, has on issue one class of Equity Securities, being ordinary shares. The number of ordinary shares currently on issue is 48,722,477.

##### (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 fully paid 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 fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
- (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.

## EXPLANATORY NOTES ON ITEMS OF BUSINESS

---

*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 the approval of shareholders under Listing Rule 7.1 or 7.4.

### (d) Listing Rule 7.1 and Listing Rule 7.1A

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 this Notice, the Company has on issue 48,722,477 Shares and therefore has a capacity to issue:

- (i) 7,308,371 Equity Securities under Listing Rule 7.1; and
- (ii) 4,872,247 Equity Securities under Listing Rule 7.1A, subject to the Shareholder approval being granted under this Resolution.

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 7.2(c) above).

### (e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days 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.

### (f) 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 the approval by shareholders 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 (**10% Placement Period**).

## 7.3 Listing Rule 7.1A

The effect of Resolution 7 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.

Resolution 7 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).

## 7.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

## EXPLANATORY NOTES ON ITEMS OF BUSINESS

- (a) 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 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) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is 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 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 the Equity Securities are issued as part of the consideration for the acquisition of a new asset,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The following 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 this notice of meeting.

The table also shows:

- (i) 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
- (ii) 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		
		\$0.095 50% decrease in Issue Price	\$0.19 Issue Price	\$0.38 100% increase in Issue Price
Current Variable 'A' 48,722,477	10% Voting Dilution	4,872,247 shares	4,872,247 shares	4,872,247 shares
	Funds Raised	\$462,863	\$925,727	\$1,851,454
50% increase in current Variable 'A' 73,083,715	10% Voting Dilution	7,308,371 shares	7,308,371 shares	7,308,371 shares
	Funds Raised	\$694,295	\$1,388,590	\$2,777,181
100% increase in current Variable 'A' 97,444,954	10% Voting Dilution	9,744,495 shares	9,744,495 shares	9,744,495 shares
	Funds Raised	\$925,727	\$1,851,454	\$3,702,908

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) 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%.
- (iii) 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.

## **EXPLANATORY NOTES ON ITEMS OF BUSINESS**

---

- (iv) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The issue price is \$0.19, being the closing price of the Shares on the ASX on 21 September 2012.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) Non-cash consideration for the acquisition of new businesses and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) Cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new businesses or investments (including expenses associated with such acquisition), and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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 allottees 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 issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisors (if available).

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

Further, if the Company is successful in acquiring new businesses, assets or investments, it is possible that the allottees under the 10% Placement Facility may include vendors of the new businesses, assets or investments.

- (e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder to participate in an issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

# Orbital Corporation Limited

ABN 32 009 344 058

## Lodge your vote:



### Online:

www.investorvote.com.au



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 OEC  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

[www.investorvote.com.au](http://www.investorvote.com.au)



**Cast your proxy vote**



**Access the annual report**



**Review and update your securityholding**

### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: 1999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 10:00am (WST) Monday 5 November 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Orbital Corporation Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Orbital Corporation Limited to be held at Westend One Room, Perth Rydges Hotel, Corner of King and Hay Streets, Perth, Western Australia on Wednesday, 7 November 2012 at 10.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 3 (except where I/we have indicated a different voting intention below) even though Item 3 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 3 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Director - Mr W P Day	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Executive Long Term Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Grant of shares to the Managing Director under the Executive Long Term Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_