

ASX Code: OEC

FOR IMMEDIATE RELEASE: 31 JULY 2013

NYSE Amex Code: OBT

Orbital to develop next generation UAS engine

- New engineering order for Unmanned Aerial Surveillance (UAS) propulsion system.
 - United States based customer is one of the largest in the UAS industry.
 - Design, development and validation program incorporating Orbital's FlexDI™ technology to be conducted throughout 2013 and 2014.
 - First engine production from our Balcatta facility expected in 2014.
 - High volume production expected from new United States based facility from 2015.
-

PERTH, AUSTRALIA – Orbital is pleased to announce that it has been awarded a contract for the development of a production engine for a small unmanned aerial system (SUAS). This United States customer has provided 24/7/365 operations for customers worldwide and has been delivering Intelligence, Surveillance and Reconnaissance (ISR) capabilities for both land and maritime missions.

This initial design, development and validation contract of up to \$4.5 million will be delivered throughout 2013 and 2014. Prototype and initial low volume production engines will be delivered from our existing Balcatta SUAS engine manufacturing facility in Western Australia.

This new engine will utilise Orbital's FlexDI™ Engine Management System (EMS). FlexDI™ provides superior fuel preparation with very small fuel droplet size that enables a small spark ignition engine to run on heavy fuels such as JP5 (naval operations) and JP8 (land based operations) thus satisfying a U.S. Department of Defence initiative to eliminate gasoline fuels for safety and logistic reasons – "the one fuel" policy. The system can also satisfy stringent cold start, and other environmental conditions, required for SUAS applications, without the need for any fuel pre-heating or other conditioning required by some competitive systems.

The program target is to develop a small engine package that will be durable, fuel efficient and lightweight, all key factors to provide the desired range and payload capability. A further advantage of the Orbital Technology is extended range compared to the standard engine typically used in this class of SUAS; the improved fuel efficiency can increase the range on a typical mission, or can allow increased payload. Both of these attributes are of critical importance to the end customer.

Through this program, Orbital will expand its existing business in the SUAS market, a market with R&D and procurement expenditures of around \$5.2 billion per year increasing up to \$11.6 billion over the next decade¹.

To support the anticipated growth in engine production, Orbital plans to develop engine assembly, testing, and technical support facilities in the USA. This expansion is targeted for 2014-15 and will be based on market demand.

¹ World Unmanned Aerial Vehicle Systems – Market Profile and Forecast 2013 Edition. Teal Group Corporation

