

29 October 2014

Mr Adam Russo
Adviser, Listings Compliance (Perth)
ASX Compliance
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

By Email: adam.russo@asx.com.au

Dear Mr Russo,

ASX Price Query

In response to your correspondence dated 28 October 2014 regarding an increase in the Company's share price and in the volume of trading in the securities, the Company's response is as follows:

- 1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?**

Yes. The Company is in advanced negotiations for a potential acquisition which, if known by some in the market, could explain the recent trading in its securities.

The Company is not presently in a position to make an announcement to the market until key terms of the negotiation for the potential acquisition and accompanying funding of the acquisition are concluded and binding agreements are executed by the Company.

The transaction being contemplated by the Company is an approximately \$5 million acquisition of a 50% interest in ICM Technologies Pty Ltd, the developer of a patented technology that provides productivity improvements for the mining and resources sector. The final amount and form of consideration, including the potential split between Orbital shares and cash and the share price to be used in determining the number of shares to be issued, are still to be negotiated. The Company has also commenced preliminary negotiations with potential finance providers to assist with the funding of the potential acquisition. Key terms of the potential funding, including the form of the funding, are yet to be negotiated by the Company.

- 2. If the answer to question 1 is "yes":**

- a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?**

Yes. Negotiations of key terms associated with the potential acquisition and its funding are still incomplete.

- b) Can an announcement be made immediately?**

No.

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

The Company is not presently in a position to make an announcement to the market until key terms of the negotiation for the potential acquisition and accompanying capital raising are concluded and binding agreements are executed by the Company.

The Company is unable to advise the timing for when binding agreements will be able to be finalised and an announcement can be made to the market as there are still a number of key negotiations to be settled.

3. If the answer to question 1 is "no", is there any other explanation that the Company may have for the recent trading in its securities?

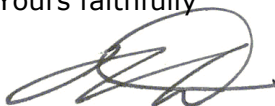
Notwithstanding the fact that Orbital has an incomplete potential acquisition under consideration, it is the Company's opinion that it is the series of positive announcements over the last few months that are driving the ongoing improvement in our share price.

- The Company's net tangible assets, after adjustment for the July 2014 share buy-back, is over 45 cents per share;
- As announced on 2 September 2014, the Directors have committed to an aggressive growth strategy to grow the Company's market capitalisation including the assessment of acquisition opportunities. The Company is assessing a number of acquisition opportunities, but none of these negotiations have matured to the point of requiring announcement to the ASX under listing rule 3.1;
- As announced on 16 September 2014, the Company has delivered the first purpose-built ScanEagle Unmanned Aerial Vehicle propulsion system to Insitu Inc, a subsidiary of The Boeing Company;
- As announced on 7 October 2014, the Company has secured an extension to its ANMP grant for applying its patented engine management system technology to rotary engine applications; and
- The Annual General Meeting presentations by the Chairman and the CEO, as announced on 21 October 2014, also continued the positive stream of announcements and included references to some of the positive coverage from aviation industry publications.

4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

Yours faithfully



Ian Veitch
Company Secretary



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28 October 2014

Mr Ian Veitch
Orbital Corporation Limited

By Email: IVeitch@orbitalcorp.com.au

Dear Ian

Orbital Corporation Limited (the “Company”) - ASX price query

We have noted a change in the price of the Company’s securities from a closing price of \$0.335 on 27 October 2014, to an intra-day high of \$0.395. We have also noted an increase in the volume of trading in Company’s securities over this period.

In light of the price and volume change, ASX asks you to respond separately to each of the following questions:

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?
4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:30pm (WST) on Tuesday, 28 October 2014**. If we do

not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at adam.russo@asx.com.au or by facsimile to 08 9221 2020. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Adam Russo
Adviser, Listings Compliance (Perth)