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ASX RELEASE

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Long Term Agreement signed with Insitu worth up to \$120 million

- Long Term Agreement signed with Insitu Inc., a subsidiary of The Boeing Company, for the manufacture and supply of new Orbital Unmanned Aerial Vehicle (UAV) propulsion systems
- The Agreement is based on flexible monthly volumes over a three (3) year period and has a minimum order value of US\$33 million (A\$44 million) and a maximum order value of US\$91 million (A\$120 million)
- Orbital will now commence establishment of US operational base in preparation for Insitu's near term requirements, and scalable to meet demand of expected future military and commercial market growth

Orbital UAVE – Agreement drives business expansion

Orbital Corporation Limited (ASX: OEC) ("Orbital" or "the Company") is pleased to announce it has signed a Long Term Agreement ("LTA" or the "Agreement") with Insitu Inc. ("Insitu"), a subsidiary of The Boeing Company ("Boeing"), valued at up to US\$91m (A\$120 million) over a three year period.

The Agreement covers the supply of new Insitu-Orbital UAVE "N20" propulsion systems to Insitu for near term program requirements projected to run over the next three years. A supporting agreement that will cover engine rebuilds, spares and services is currently under development and is expected to be completed in the next calendar year. Further extensions to the LTA are anticipated with likely growth in the military and commercial Unmanned Aerial Vehicle ("UAV") markets.

The LTA provides secure minimum volumes that will enable Orbital to forecast production volumes with surety and put in place necessary long lead time supplier arrangements. The Agreement can be adjusted for future potential increased volume requirements based on projected growth in the military market, potential retrofit opportunities and anticipated significant growth in the commercial UAV market segment.

Having secured this strong long term supply commitment from Insitu, Orbital will now execute its plans to establish an operational base in the United States. It is envisioned that this new base will initially focus on delivering UAVE engine rebuilds and providing local technical support, before expanding to full UAVE propulsion system production as the demand from Insitu ramps up.

Orbital's working relationship with Insitu began in January 2013 commencing with an initial design development and validation contract. With continued success, the commercial arrangement has evolved into a production

contract for state of the art engine and propulsion systems for Insitu's existing and future platforms. The execution of this new long term supply Agreement highlights the strong working relationship between Insitu and Orbital.

Orbital is currently providing UAV propulsion systems to Insitu as part of two batch orders received over the past 18 months. The first batch order (see ASX announcement dated 26 August 2015) is now being delivered. The delivery of the second batch order has been incorporated into the LTA and is targeted to be completed by end of the next calendar year.

Don Williamson, Vice President and General Manager, Insitu Defense stated; "The Agreement with Orbital UAVE secures supply of the N20 propulsion systems and support services to insure Insitu meets its near-term customers' requirements. The N20 propulsion system, developed between Insitu and Orbital UAVE, is designed to achieve industry best overall performance, and best TBO (Time between Overhaul), a key commercial consideration from our customers. The N20 package has met all of our rigorous performance and capability criteria, and we are proud to provide our customers with a reliable, cost-effective product."

Orbital's CEO and Managing Director, Terry Stinson commented; "This is a great step forward for Orbital and represents a major boost to the forecast revenues from our UAVE business. Insitu and Orbital have developed a strong partnership during the N20 production development program. The long term supply agreement provides Orbital the opportunity to establish a production base in the United States and focus on further expansions in line with the Orbital UAVE growth strategy."

Insitu-Orbital N20 UAV propulsion system

Orbital technology is setting a new benchmark for UAV propulsion systems and engines. Orbital's UAV engine is the first reciprocating internal combustion propulsion system to be engineered from the ground up specifically for UAV applications. The new technology delivers advancements not available on other aircraft in the same class, including real-time monitoring and diagnostics of all critical systems, sensor and actuator redundancy, and extensive "black box" recording capability.

The N20 propulsion system delivers world standard performance, power to weight, ability to run on heavy fuel, cold start capability, fuel efficiency, and many other advancements. The engine is integrated with Orbital designed and supplied compact fuel and oil tank modules into a complete stand-alone propulsion system, simplifying the assembly of the UAV and allowing easy in-field servicing.

Orbital's UAVE business

Orbital's UAVE business develops and supplies spark ignition heavy fuel engines designed specifically for UAV applications. These engines are designed and supplied along with all ancillary systems and components required to make up a Line Replacement Unit ("LRU") propulsion system.

In addition, Orbital UAVE undertakes engine inspections and rebuilds to meet customer service and maintenance requirements. Orbital UAVE is the only company with the required expertise to complete the rigorous service and rebuild requirements of many military customers. Consequently this service business is expected to grow significantly as more Orbital UAVE propulsion systems are put into service. Orbital also supplies a range of specialized lightweight sensors and other UAV components designed to limit total engine system weight to allow for greater payload capability or extended range of the UAV.

Orbital UAVE is investigating new opportunities to expand including the development of new engines designed for specific UAV applications. These opportunities include variations on Orbital's existing UAV piston engine as well as rotary engine designs. Rotary engines are preferred for small unmanned helicopters and some tactical UAV applications and represents a new growth market for Orbital.

Insitu's ScanEagle UAV

Insitu's ScanEagle product is a high value UAV, with a complete system comprising up to six air vehicles, a ground control station, launcher and a runway-independent SkyHook recovery system. In most applications the system is deployed with a number of spare engines and propulsion systems. The wide acceptance of ScanEagle as a leader in its class creates a significant opportunity for Orbital to build a high revenue business producing and supplying Orbital UAV engines to Insitu and their growing global customer base.

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About Orbital

ORBITAL is an innovative industrial technology company.

ORBITAL invents and builds smart technology that delivers improved performance outcomes for our clients in the aerospace, mining & industrial and consumer sectors.

ORBITAL operates on a global scale and is headquartered in Perth, Western Australia. From a world class facility, ORBITAL's innovation magic takes shape – from research and design to development, manufacturing and implementation.

Delivering state-of-the-art products and services within the industrial technology sector is what we do.

ORBITAL's technology leadership is exemplified by the patented REMSAFE remote isolation system for global mining and industrial applications and Orbital's® UAVE business that produces and supplies engine and propulsion systems for unmanned aerial vehicles.

Forward Looking Statements

This release includes forward-looking statements that involve risks and uncertainties. These forward-looking statements are based upon management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company that could cause actual results to differ materially from such statements. Actual results and events may differ significantly from those projected in the forward-looking statements as a result of a number of factors including, but not limited to, those detailed from time to time in the Company's Annual Reports. Orbital makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.