



ORBITAL®

ASX RELEASE

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Orbital ships first production UAV engines

- Orbital UAVE has shipped the first batch of production engines and propulsion systems to Insitu
- The shipment is the initial supply of the A\$12 million contract awarded to Orbital in August 2015
- Orbital remains focused on securing a Long Term Supply Agreement with Insitu
- Key milestone achieved in Orbital's strategy to become a globally leading manufacturer of UAV engines

ORBITAL – A GROWING ENGINE COMPANY

Orbital Corporation Limited (ASX: OEC) ("Orbital" or "the Company") is pleased to announce first shipment of Unmanned Aerial Vehicle ("UAV") engines and propulsion systems to Insitu Inc. ("Insitu"), a subsidiary of The Boeing Company ("Boeing").

In August 2015, Orbital announced an Insitu order for UAV engine and propulsion systems with a contract value of A\$12 million (see ASX Release "New \$12 million UAV Order" 26 August 2015). This order covers Insitu near term requirements, while the parties negotiate a Long Term Supply Agreement.

To fulfil this order, Orbital has developed a world class supplier base along with state-of-the-art production and test facilities at their Balcatta, Western Australia headquarters.

This first production shipment is a key milestone for Orbital's UAVE division and is the culmination of several years of extensive Insitu-Orbital design, development and testing to create a globally leading award winning engine and propulsion system to power Insitu's latest ScanEagle UAV.

Mr. Ryan M. Hartman, President and CEO of Insitu, said "The Insitu-Orbital propulsion system sets a new standard for small UAV propulsion systems and delivers high performance, increased endurance, and enhanced reliability, reducing life-cycle costs for our customers."

Orbital's CEO and Managing Director, Mr. Terry Stinson, stated "This first shipment from our Balcatta facility is a key milestone confirming Orbital's complete capability including design, development, validation, and now manufacturing of a new benchmark quality product for our customer."

ORBITAL'S UAV ENGINE

Orbital's UAV engine, designed and developed by Orbital and Insitu, sets a new benchmark. This new engine is the first ground-up design for this class of UAV that has been extensively tested and validated by a major UAV manufacturer. For ScanEagle, this engine is supplied as a complete propulsion system unit, integrating the fuel supply and IC engine systems to increase reliability and simplify field operations. The new technology delivers advancements not available on other UAVs 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 new package will deliver the world standard for performance, power-to-weight ratio, ability to run on heavy fuel, cold start capability, benchmark fuel efficiency, and other advancements

The system features a number of improvements over previous systems, including the "Argon" engine control unit, which weighs less than 150gm and drives the highest level of performance for heavy fuel engine applications in this class of UAV. The new engine has exhaust systems designed to minimise heat and noise signature, and is installed with compact fuel and oil tank modules that simplify the assembly of the UAV and allow easy in-field servicing.



This new engine and propulsion system provides a level of performance and capabilities beyond any competitor offering in its class, while delivering superior reliability and the lowest cost of operation. Many of these features will be highlighted at the upcoming AUUVSI – XPONETIAL 2016 in New Orleans, where one of the first production engines will be on display in the Insitu booth.

INSITU'S SCANEAGLE UAV

Orbital has established a solid relationship with Insitu who are considered the premier supplier in their field and has the majority share of the market. The Insitu ScanEagle is one of the most widely recognised light reconnaissance



UAVs in use globally, and after more than 10 years in operation, is currently used by more than 20 countries. Orbital has been working with Boeing and Insitu since January 2013 as part of an initial design, development and validation contract to supply a new engine and propulsion system for Insitu's existing and future platforms.

Insitu's revolutionary ScanEagle platform will be the first to field the new engine and propulsion system. ScanEagle is a high value UAV system, with a complete system comprising six air vehicles, a ground control station, remote video terminal, a launcher and a runway-independent SkyHook™ recovery system. It is not uncommon for each system to also include 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.

PATHWAY TO LONG TERM SUPPLY CONTRACT

The first production shipment is the latest milestone on the path to securing a Long Term Supply Agreement with Insitu. Orbital has been working with Insitu since 2013 on the design, development, validation, and now manufacture of the new ScanEagle propulsion system. Insitu and Orbital share an ambition to set a new standard for the industry with the new ScanEagle UAV. The current A\$12m production order is projected to fulfil Insitu's immediate customer requirements. This initial order is being delivered from Orbital's upgraded facilities in Balcatta, Western Australia.

Insitu and Orbital are working to develop a Long Term Supply Agreement which envisages a significant boost to the number of propulsion systems and related service requirements based on expected demand by current and future UAV ScanEagle customers. Insitu and Orbital are targeting to complete the Long Term Supply Agreement before the end of calendar year 2016. In the meantime, further batch production orders, additional to the initial A\$12 million order currently being fulfilled, may be required to meet customer demand and lead times on deployment.

Orbital intends to establish a base in the United States for engine repair and rebuilds. This new US facility is expected to evolve into United States based production facility as production numbers increase. Orbital is currently investigating suitable locations for these UAVE facilities and intends to develop a flexible approach to cater for anticipated accelerated customer demand for ScanEagle UAV.

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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.

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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.