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# ORBITAL CORPORATION LIMITED

ABN 32 009 344 058

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## Notice of 2020 Annual General Meeting

**10:00am (AWST), Friday, 13 November 2020**

City of Perth Library (Auditorium)

573 Hay Street

Perth, Western Australia

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# Orbital Corporation Limited

## NOTICE OF MEETING 2020

The 2020 Annual General Meeting of Orbital Corporation Limited ACN 009 344 058 (Orbital or the Company) will be held at 10.00am (AWST) on Friday, 13 November 2020 at City of Perth Library (Auditorium), 573 Hay Street, Perth WA 6000.

### Dear Shareholder

It is my pleasure to invite you to attend Orbital's Annual General Meeting (AGM) to be held at 10.00am (AWST) on Friday, 13 November 2020 at City of Perth Library (Auditorium), 573 Hay Street, Perth WA 6000 (Meeting).

As a Shareholder your participation at the Meeting is important. The Meeting is an ideal opportunity to engage directly with Orbital's Board and senior management team and I encourage you to attend.

Highlights since the Company's last AGM include Orbital's designation as primary supplier to Boeing Insitu, commencing production of the second engine model under the supply agreement with Boeing Insitu, and securing new development programs with one of Singapore's largest defence technology company and with Northrop Grumman.

An electronic copy of the Company's 2020 Annual Report is available to download or view on Orbital's website at: <https://orbitaluav.com/>. Hard copies have been sent to those Shareholders who previously elected to receive the report in this format.

This Notice of Meeting details the items of business to be conducted at the AGM. Your Directors believe that each of the resolutions is in the best interests of the Company and its Shareholders.

Voting on the resolutions at the Meeting is important and if you are not able to attend I encourage you to exercise your voting rights by completing and returning the enclosed Proxy Form. If you nominate a proxy, please carefully consider the related comments in this Notice.

Completed Proxy Forms must be returned to and received by the Company's Share Registry, Link Market Services Limited, by 10:00am (AWST) on Wednesday, 11 November 2020, either by posting the enclosed form or lodging it online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

On behalf of the Board and management team I look forward to your company at the Meeting.

Yours faithfully



John Welborn

Chairman

14 October 2020

# Orbital Corporation Limited

## NOTICE OF MEETING 2020

Items of Business		Shareholder Approval	Voting Restrictions and Further Details
<b>ORDINARY BUSINESS</b>			
1. CHAIRMAN'S ADDRESS AND THE CEO'S REPORT	The Chairman and the CEO will make presentations on the performance of the Company during the financial year ended 30 June 2020, as well as other strategic and operational activities of the Company.	Not applicable	5
2. DISCUSSION OF FINANCIAL STATEMENTS AND REPORTS	To receive and consider the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020.	Not applicable	5
3. REMUNERATION REPORT	To adopt the Remuneration Report for the year ended 30 June 2020.	Non-binding	5
4. RE-ELECTION OF DIRECTOR – MR KYLE ABBOTT	That, for the purposes of ASX Listing Rule 14.5, article 9.3 of the Company's constitution and for all other purposes, Mr Kyle Abbott be re-elected as a Director.	Ordinary resolution	5
<b>SPECIAL BUSINESS</b>			
5. APPROVAL OF EMPLOYEE INCENTIVE PLAN	That, the Company's Employee Incentive Plan summarised in the Explanatory Notes ( <b>Employee Incentive Plan</b> ), the grant of Performance Rights and/or Options (each an <b>Incentive</b> ) under the Employee Incentive Plan and any resulting issue of Shares under the Employee Incentive Plan, be approved for the purposes of Listing Rule 7.2 (Exception 13), section 260C(4) of the Corporations Act and for all other purposes.	Ordinary Resolution	6
6. ISSUE OF LTI PERFORMANCE RIGHTS TO MR TODD ALDER UNDER THE EMPLOYEE INCENTIVE PLAN	That, for the purposes of ASX Listing Rule 10.14, Part 2D.2 of the Corporations Act (including sections 200B and 200E of the Corporations Act) and for all other purposes, Shareholders approve the issue of up to 374,400 LTI Performance Rights to Mr Todd Alder (and/or his nominee(s)) under the Employee Incentive Plan, as described in the Explanatory Notes.	Ordinary Resolution	7
7. ADDITIONAL CAPACITY TO ISSUE EQUITY SECURITIES	That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities (as defined in the ASX Listing Rules, <b>Equity Securities</b> ) of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Notes.	Special resolution	10

# Orbital Corporation Limited

## NOTICE OF MEETING 2020

### VOTING

#### Voting Entitlement

The Company's shareholders (**Shareholders**) recorded on the Company's register of members at 4:00pm (AWST) on Wednesday, 11 November 2020 (**Voting Entitlement Date**) will be entitled to vote on Items at the Company's 2020 annual general meeting (**Meeting**).

#### Becoming a Shareholder

Persons who become registered Shareholders between the date of this notice of meeting (**Notice**) and the Voting Entitlement Date, and wish to vote at the Meeting by proxy should call +61 1300 554 474 and request an additional personalised voting form.

Persons who become beneficial Shareholders between the date of this Notice and the Voting Entitlement Date, and wish to vote at the Meeting by proxy should contact their broker or intermediary for instructions on how to do so.

#### Voting Procedure

Under the Company's constitution (**Constitution**), each poll will be conducted as directed by the chair of the Meeting (the **Chair**).

Shareholders can vote in one of two ways:

- by attending the Meeting and voting; or
- by appointing a proxy to attend and vote on their behalf.

Shareholders are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their Shareholding against the Company's share register and note attendances.

#### Voting Restrictions

The voting prohibitions under the *Corporations Act 2001* (Cth) (**Corporations Act**) and voting exclusions under the ASX Listing Rules (**Listing Rules**) for each Item are set out in the Explanatory Notes to this Notice.

### PROXY FORMS

#### Proxy Form

Enclosed with this Notice is a personalised proxy form (**Proxy Form**). The Proxy Form allows Shareholders who are not attending the Meeting to appoint a proxy to vote on their behalf.

If you hold fully paid ordinary shares in the capital of the Company (**Shares**) in more than one capacity, please complete the Proxy Form that is relevant to each holding.

#### Appointing proxies

Shareholders, who are entitled to attend and vote at the Meeting, may appoint a proxy to act generally at the Meeting and to vote on their behalf.

A proxy need not be a Shareholder of the Company.

A Shareholder entitled to attend and vote can appoint up to two proxies, and should specify the proportion or number of votes each proxy is appointed and authorised to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. If you wish to appoint two proxies please call +61 1300 554 474 and request an additional Proxy Form.

A corporate Shareholder or proxy must appoint a person as its corporate representative.

#### Undirected proxies

Any proxy given to:

- a member of the Company's key management personnel (those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its consolidated group, directly or indirectly, including any director (whether executive or otherwise) of the Company (**Directors**) or of an entity within the

consolidated group) (**Key Management Personnel**), other than the Chair; or

- their closely related parties (including a spouse, child, dependent or other close family members, as well as any companies they control) (**Closely Related Parties**),

for Items 3, 5 or 6 will not be counted unless Shareholders specify how the proxy is to vote.

Any undirected proxy given to the Chair for Items 3, 5 or 6 by a Shareholder entitled to vote on Items 3, 5 or 6 will be voted by the Chair in favour of the Item, in accordance with the express authorisation on the Proxy Form (even though Items 3, 5 and 6 are connected directly or indirectly with the remuneration of members of Key Management Personnel). The Chair intends to vote all valid undirected proxies for all Items in favour of those Items.

#### Power of attorney and corporate representatives

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

A body corporate member may elect to appoint a representative, rather than appoint a proxy. Where a body corporate appoints a representative, written proof of the representative's appointment must be to be lodged with, or presented to the Company before the Meeting.

A body corporate appointed as a proxy must also lodge a certificate of appointment of a corporate representative.

The appointment of a corporate representative must be received by the Company before the meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representatives are available at [https://www.linkmarketservices.com.au/corporate/forms/holding-management/App\\_Corp\\_Rep\\_140312.pdf](https://www.linkmarketservices.com.au/corporate/forms/holding-management/App_Corp_Rep_140312.pdf) or on request by calling 1300 554 474.

### LODGING PROXY FORMS

#### Deadline

Proxy Forms must be received by 10:00am (AWST) on Wednesday, 11 November 2020.

#### How to lodge Proxy Forms

You can lodge your Proxy Form with the Company by:

**Online:** At [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Mail:** to Link Market Services C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia.

**Delivery:** to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

**Facsimile:** +61 2 9287 0309

Further details on how to lodge your Proxy Form can be found on the reverse side of the Proxy Form.

### ENQUIRIES

If you have any questions about this Notice or your Proxy Form please contact the Company's share registry, Link Market Services Limited, by calling +61 1300 554 474.

#### By order of the Board of Directors



David Bonomini  
Company Secretary  
14 October 2020

# Orbital Corporation Limited

## EXPLANATORY NOTES

### ITEM 1 CHAIRMAN'S ADDRESS AND THE CEO'S REPORT

The Chair will address the Meeting and the CEO will make a presentation on the performance of the Company during the financial year ended 30 June 2020, as well as other strategic and operational activities of the Company. The Chair will also allow time at the end of the Meeting to respond to questions by Shareholders at or before the Meeting.

### ITEM 2 DISCUSSION OF FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, Shareholders will have a reasonable opportunity to ask questions or make comments on the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020.

The Company's auditor, PricewaterhouseCoopers will be present at the Meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies and the independence of the auditor.

The auditor will also respond to any written questions provided these are submitted to the Company no later than five business days prior to the Meeting.

There is no requirement for Shareholders to approve the Company's Financial Report, Directors' Report and Auditor's Report.

A copy of the Company's 2020 Annual Report, which includes the Company's Financial Report, Directors' Report and Auditor's Report is available on the Company's website: <https://orbitaluav.com/>.

### ITEM 3 REMUNERATION REPORT

#### Background

The Remuneration Report for the financial year ended 30 June 2020 is included in the Company's 2020 Annual Report and sets out the Company's remuneration arrangements for Directors and executive staff.

The Chair will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the Remuneration Report at the Meeting. Shareholders will then be asked to vote on the Remuneration Report.

The vote is advisory only and does not bind the Company or its Directors. The Company's board (**Board**) 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.

#### No spill resolution

If at least 25% of votes that are cast are voted against the adoption of the Company's Remuneration Report at two consecutive annual general meetings, Shareholders must vote on whether the Board (other than the Managing Director) should go up for re-election.

At the Company's 2019 annual general meeting, less than 25% of the votes cast on the resolution to adopt the 2019 Remuneration Report were voted against the resolution. Accordingly no spill resolution will be held at this Meeting.

#### Board recommendation

The Board unanimously recommends that Shareholders vote **in favour** of the adoption of the Remuneration Report.

The Chair intends to vote undirected proxies in favour of Item 3 in accordance with the express authorisation on the Proxy Form.

#### Voting prohibition statement

In accordance with the Corporations Act, the Company will disregard any votes cast on Item 3:

- by or on behalf of a member of Key Management Personnel (details of whose remuneration are including in the Remuneration Report), or their Closely Related Parties, regardless of the capacity in which the votes are cast; or
- by a person who is a member of the Key Management Personnel at the date of the Meeting, or their Closely Related Parties, as a proxy.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Item 3:

- in accordance with a direction as to how to vote on the proxy; or
- by the Chair pursuant to an express authorisation to exercise the proxy even though this Item 3 is connected directly or indirectly with the remuneration of the Key Management Personnel.

### ITEM 4 RE-ELECTION OF DIRECTOR

Mr Kyle Abbott was appointed to the Board on 1 May 2018.

In accordance with Listing Rule 14.5 and article 9.3 of the Constitution, Mr Abbott will retire and being eligible, offer himself for re-election. His relevant skills and experience and other ASX listed directorships are summarised below.

#### Mr Kyle Abbott *B.Com (Hons 1<sup>st</sup>), CA*

#### Term

Appointed 1 May 2018

#### Independent

Yes, Mr Abbott is an independent non-executive Director.

#### Skills and experience

Mr Abbott is an experienced aerospace and defense industry executive. Mr Abbott was Managing Director of Western Australian Specialty Alloys (WASA) from 1996 to 2015. During this period WASA grew from a Western Australian specialised alloy manufacturer to become a major supplier to the global aerospace industry, with key customers in the United States, the United Kingdom and Japan. In 2000, Mr Abbott managed the successful sale of WASA to United States-based Precision Castparts Corporation (PCC), an S&P 500 company. PCC was subsequently acquired by Berkshire Hathaway in 2015.

#### Other ASX listed directorships

Nil

#### Special responsibilities

Mr Abbott is a member of the Audit and Risk Committee.

#### Interests in the Company

30,000 Shares

#### Board recommendation

The Board (other than Mr Abbott who has an interest in Item 4) believe that the re-election of Mr Abbott is in the best interests of the Company, as his skills and experience align with the Company's strategic direction, and unanimously recommend that Shareholders vote in favour of the re-election of Mr Abbott.

The Chair intends to vote undirected proxies in favour of Item 4.



# Orbital Corporation Limited

## EXPLANATORY NOTES

### ITEM 5 APPROVAL OF EMPLOYEE INCENTIVE PLAN

#### Background

Item 5 seeks Shareholder approval, pursuant to ASX Listing Rule 7.2 (Exception 13), section 260C(4) of the Corporations Act and for all other purposes, to approve the Employee Incentive Plan (in the same form as it was approved at the Company's 2017 annual general meeting), approve grants of Incentives and approve the resulting issues of Shares under the Employee Incentive Plan. A summary of the terms of the Employee Incentive Plan is set out at **Schedule 1** and a copy of the Employee Incentive Plan is available from the Company Secretary.

#### Purpose of approval

The primary purpose of the Board in proposing the Employee Incentive Plan for renewed Shareholder approval is to retain, attract and motivate key personnel. The Board believes that the success of the Company depends in a large measure on the skills and motivation of the people engaged in the management of the Company's business, it is therefore important that the Company is able to retain and attract people of the highest calibre for the Company's operations. The Employee Incentive Plan forms an important part of a comprehensive remuneration strategy for the Company's directors, employees and consultants, aligning their interests with those of Shareholders by linking their rewards to the long term success of the Company and its financial performance.

The Employee Incentive Plan will apply to any potential future rights to acquire a Share upon the satisfaction of certain matters under the Employee Incentive Plan (**Performance Rights**) and/or options which each entitle the holder to subscribe for a Share (**Options**), that are issued under and in accordance with the Employee Incentive Plan, such as pursuant to Item 6.

The securities to be issued under the Employee Incentive Plan will be exempted from Listing Rule 7.1 for a further period of 3 years from the date on which Item 5 is passed.

There is an exemption in section 260C(4) of the Corporations Act for financial assistance provided under an employee incentive scheme approved by the Shareholders in general meeting.

Pursuant to the Employee Incentive Plan, there is a possibility of the Company providing financial assistance to acquire Shares. For example, upon the vesting and exercise of Performance Rights, the Company may pay for the acquisition of Shares on-market, instead of issuing additional Shares, in order to supply the Shares due to the participant under the Employee Incentive Plan. Accordingly, the Company is seeking approval of the Employee Incentive Plan for the purposes of section 260C(4) of the Corporations Act. If approved the exemption will only apply where Shares are acquired under or in connection with the operation of the Employee Incentive Plan. The exemption will not apply in relation to other acquisitions of Shares.

#### Listing Rules 7.1 and 7.2, Exception 13

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (**15% Placement Capacity**).

Listing Rule 7.2, Exception 13, operates as one of the exceptions to Listing Rule 7.1. The effect of Shareholder approval under Listing Rule 7.2, Exception 13 is that any issues of securities under the Employee Incentive Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, Exception 13 lasts for a period of three years.

If Item 5 is passed, the Company will be able to issue securities to any full time or part time employee of the Company (or of its group companies) a director or company secretary of the Company (or of its group companies), a contractor engaged by the Company (or by its group companies) or any other

person determined by the Board to be an eligible participant for the purposes of the Employee Incentive Plan, including nominees (**Eligible Participants**) under the Employee Incentive Plan without using up any of the Company's 15% Placement Capacity and without Shareholder approval under Listing Rule 7.1.

If Item 5 is not passed, the Company may still issue securities to Eligible Participants under the Employee Incentive Plan (subject to compliance with applicable laws) but any issue without Shareholder approval will reduce, to that extent, the Company's capacity to issue equity securities under Listing Rule 7.1 for 12 months following the issue. This may limit the Company's ability to utilise the Employee Incentive Plan without additional Shareholder approval.

#### Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2, Exception 13, the following information is provided:

- A summary of the material terms of the Employee Incentive Plan is set out in **Schedule 1**.
- The Employee Incentive Plan was most recently approved by Shareholders at the Company's 2017 annual general meeting as noted above. The number of securities issued or planned to be issued during October 2020 prior to the Annual General Meeting under the Employee Incentive Plan since it was approved by Shareholders on 27 October 2017 is as described below.

Date	Number of Securities	Class of Securities
29 May 2018	1,854,373	Performance Rights
October 2020	815,000	Performance Rights

- The maximum number of securities proposed to be issued under the Employee Incentive Plan within the three year period from the date of the passing of Item 5 is 3,103,477 securities. The maximum number is not intended to be a prediction of the actual number of securities to be issued under the Employee Incentive Plan, simply a ceiling for the purposes of Listing Rule 7.2 (Exception 13(b)).
- A voting exclusion statement has been included below.

#### Other Information

The primary purpose of the grant of Incentives under the Employee Incentive Plan is not to raise capital, but to form part of the employee's, director's or consultant's remuneration package. No funds will be raised from the grant of the Incentives. If Performance Rights are granted and vest, then no funds will be raised upon the issue of the Shares. However, if Options are granted and are exercised, then the net exercise price paid upon the issue of the Shares will be used for general working capital purposes. An employee or consultant must contribute their own money to the Company to fund the exercise price of any Options. There are no significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentives upon the terms of the Employee Incentive Plan proposed.

#### Board recommendation

The Board recommends that Shareholders vote in favour of Item 5, to facilitate the use of equity incentives to attract and motivate key personnel and to align their interests with the interests of Shareholders.

The Chair intends to vote undirected proxies in favour of Item 5 in accordance with the express authorisation on the Proxy Form.

# Orbital Corporation Limited

## EXPLANATORY NOTES

### Voting exclusion statement

The Company will disregard any votes cast in favour of Item 5 by or on behalf of any person who is eligible to participate in the Company's Employee Incentive Plan or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Item 5 by:

- a person as proxy or attorney for a person who is entitled to vote on this Item 5, in accordance with directions given to the proxy or attorney to vote on this Item 5 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Item 5, in accordance with a direction given to the Chair to vote on Item 5 as the Chair decides; or
- a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Item 5; and
  - the Shareholder votes on this Item 5 in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

### Voting Prohibition

A person appointed as a proxy must not vote, on the basis of that appointment, on this Item 5 if:

- the proxy is either:
  - a member of the Key Management Personnel; or
  - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on this Item.

However, the above prohibition does not apply if:

- the proxy is the Chair; and
- the appointment expressly authorises the Chair to exercise the proxy even though this Item 5 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## ITEM 6 ISSUE OF LTI PERFORMANCE RIGHTS TO MR TODD ALDER UNDER THE EMPLOYEE INCENTIVE PLAN

### Background

Item 6 seeks Shareholder approval under ASX Listing Rule 10.14, Part 2D.2 of the Corporations Act (including sections 200B and 200E of the Corporations Act) and for all other purposes, to the issue of up to 374,400 long term incentive Performance Rights under the Employee Incentive Plan (**LTI Performance Rights**) to Mr Todd Alder (and/or his nominee(s)).

The proposed issue of the LTI Performance Rights is intended to further align the interests of Mr Todd Alder with those of Shareholders by linking Mr Todd Alder's rewards to the long-term success of the Company, specifically to returns achieved by Shareholders.

The Company has set performance criteria for the LTI Performance Rights to ensure that they only vest upon achievement of fundamental milestones that will drive the long term value of the Company's securities.

The LTI Performance Rights are proposed pursuant to Item 6 to be issued to Mr Todd Alder (and/or his nominee(s)) with the following key terms and they will also be governed by the terms of the Employee Incentive Plan as summarised at **Schedule 1**.

### Proposed LTI Performance Rights

<b>LTI Performance Right entitlement</b>	374,400 LTI Performance Rights  All LTI Performance Rights will be granted as soon as practicable after the date of the Meeting.
<b>Vesting conditions</b>	LTI Performance Rights will vest immediately upon the satisfaction of the relevant performance condition described below (each a <b>Performance Condition</b> ).
<b>Exercise</b>	The holder may exercise any vested LTI Performance Rights from the date of vesting until 30 September 2025. Upon exercise, each vested LTI Performance Right converts into one Share.  However, if the relevant Performance Condition is not satisfied by 30 September 2023 the relevant Performance Rights subject to that Performance Condition will immediately lapse.

The LTI Performance Rights are proposed to be granted to Mr Alder (and/or his nominee(s)) with the following Performance Conditions:

Tranche	Performance Condition	Allocation to Mr Alder
A.	<b>Milestone 1:</b> the Company having a 90 day volume weighted average market price (as defined in the ASX Listing Rules, <b>VWAP</b> ) of at least \$1.50 per Share at any time between 1 October 2020 and 30 September 2023.	234,000
B.	<b>Milestone 2:</b> the Company having a 60 day VWAP of at least \$2.50 per Share at any time between 1 October 2020 and 30 September 2023.	140,400
<b>Total</b>		<b>374,400</b>

The number of LTI Performance Rights have been determined based on the following:

- Total Fixed Remuneration (**TFR**) of Mr Alder: \$390,000 per annum.
- Long Term Incentive (**LTI**): 60% of TFR = \$234,000 per annum.
- Duration of performance plan: 3 years.
- Total LTI available for consideration over the vesting period: \$702,000.
- Total LTI amount available has been allocated between Milestone 1 and Milestone 2.
- LTI Performance Rights allocation for Tranche A of 234,000, represents 50% of the total LTI \$702,000 divided by \$1.50.
- LTI Performance Rights allocation for Tranche B of 140,400, represents 50% of the total LTI \$702,000 divided by \$2.50.

# Orbital Corporation Limited

## EXPLANATORY NOTES

Immediately upon achievement of a milestone, the relevant number of LTI Performance Rights will vest. Vested LTI Performance Rights may be exercised by Mr Alder from the date of vesting until 30 September 2025 (subject to compliance with applicable law and the Company's Securities Trading Policy). Each vested LTI Performance Right converts into one Share under the terms of the Employee Incentive Plan.

The VWAP of Shares between 1 October 2020 and 13 October 2020 was \$1.27 per Share.

### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the LTI Performance Rights under Item 6 constitutes giving a financial benefit and Mr Alder is a related party of the Company by virtue of him being a Director.

The Directors (other than Mr Alder, given his material personal interest in Item 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the LTI Performance Rights under Item 6 because they are being issued as part of Mr Alder's remuneration package, comprise reasonable remuneration and have been negotiated on an arm's length basis.

### Section 200B of the Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from a managerial or executive office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

The LTI Performance Rights may, automatically or subject to the Board's discretion, vest (and be exercisable into Shares) upon termination of Mr Todd Alder's employment, including as summarised in **Schedule 1**. The Board has formed the view that, should this occur, it may constitute a benefit in connection with Mr Todd Alder's retirement from office under section 200B of the Corporations Act.

Section 200B of the Corporations Act applies where the benefit is given to, among other persons, a person whose details were included in the Directors' Report for the previous financial year. Mr Todd Alder's details were included in the FY2020 Directors' Report of the Company. The Company is therefore seeking Shareholder approval under section 200B of the Corporations Act in connection with potential vesting of the LTI Performance Rights proposed to be issued to Mr Todd Alder (and/or his nominee(s)) pursuant to Item 6.

### Specific Information Required by Section 200E of the Corporations Act

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval for the purposes of section 200E of the Corporations Act:

- The amount or value of the benefit relating to the LTI Performance Rights pursuant to Item 6 to be held by Mr Todd Alder (and/or his nominee(s)) which may arise in connection with his retirement from a managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to affect the calculation of that amount or value include:
  - the number of LTI Performance Rights held prior to ceasing employment;

- the outstanding conditions (if any) of vesting of the LTI Performance Rights and the number that the Board determines to (or which automatically) vest, lapse or leave on foot;
- the applicable Performance Conditions and the achievement of them (and the personal performance of Mr Todd Alder);
- the circumstances of, or reasons for, ceasing employment with the Company;
- the length of service with the Company and performance over that period of time;
- any other factors that the Board determines to be relevant when exercising its discretion to provide potential retirement benefits to Mr Todd Alder;
- the market price of the Company's Shares on ASX at the relevant time when the amount or value of the LTI Performance Rights is determined;
- any changes in law; and
- the risk free rate of return in Australia and the estimated volatility of the Company's Shares on ASX at the relevant time.

- The Company will calculate the value of the benefit at the relevant time based on the above factors and using the trinomial valuation model where applicable.

### Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of shareholders:

- a director of the company;
- an associate of a director of the company; or
- a person whose relationship with the entity or a person referred to in (a) or (b) above is, in ASX's opinion, such that the acquisition should be approved by its shareholders.

The issue of the LTI Performance Rights to Mr Todd Alder (and/or his nominee(s)) falls within Listing Rule 10.14.1, as Mr Todd Alder is the Managing Director of the Company. The proposed issue of LTI Performance Rights under Item 6 therefore require the approval of the Company's Shareholders under Listing Rule 10.14.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, if Item 6 is passed, the issue of LTI Performance Rights to Mr Todd Alder (and/or his nominee(s)) pursuant to this Item 6 will not reduce the Company's 15% Placement Capacity for the purposes of Listing Rule 7.1.

If Item 6 is passed, the Company will be able to proceed with the issue of the LTI Performance Rights to Mr Todd Alder (and/or his nominee(s)).

If Item 6 is not passed, the Company will not be able to proceed with the issue of the LTI Performance Rights to Mr Todd Alder (and/or his nominee(s)) and may consider alternative forms of remuneration for Mr Todd Alder.

### Specific Information required by Listing Rule 10.15

<b>Name of Person</b>	The LTI Performance Rights will be issued to Mr Todd Alder (and/or his nominee(s)).
<b>Category</b>	Mr Todd Alder falls within the category in Listing Rule 10.14.1, as he is a Director of the Company and any party he nominates to receive LTI Performance Rights would be expected to fall within the category in Listing Rule 10.14.2 as an associate of Mr Todd Alder.
<b>Maximum number of securities</b>	The maximum number of LTI Performance Rights to be issued to Mr Todd Alder (and/or his nominee(s)) pursuant to Item 6 is up to 374,400 LTI Performance Rights.



# Orbital Corporation Limited

## EXPLANATORY NOTES

### Total Remuneration

Details of Mr Todd Alder's current total remuneration package per annum are set out below:

Director	Todd Alder
Base Salary	\$368,306
Superannuation	\$21,694
Cash Bonus	up to \$156,000
Share based payments	up to \$234,000
Total Remuneration	up to \$780,000

### Board recommendation

The Board (other than Mr Todd Alder) recommends that Shareholders vote in favour of Item 6, to incentivise the continued performance of Mr Alder and to align his interests with Shareholders, consistently with the strategic goals and targets of the Company. Mr Todd Alder has an interest in Item 6 and therefore believes it is inappropriate to make a recommendation.

The Chair intends to vote undirected proxies in favour of Item 6 in accordance with the express authorisation on the Proxy Form.

### Previous issue

Mr Todd Alder's base salary inclusive of superannuation increased from \$340,000 to per annum, (set in 2017) to \$390,000 per annum effective 1 July 2020.

Mr Alder (or his nominee(s)) has previously been issued with 1,242,250 Performance Rights (each for nil acquisition price) pursuant to the Employee Incentive Plan (which was last approved at the Company's 2017 annual general meeting).

### Notifiable Interests

Mr Todd Alder's notifiable interests in securities of the Company as at the date of this Notice are set out below:

- 372,333 Shares; and
- 987,250 vested Performance Rights.

### Material Terms of LTI Performance Rights, rationale for issuing them and valuation

The material terms of the LTI Performance Rights are detailed in these Explanatory Notes for Item 6 and in **Schedule 1**.

The LTI Performance Rights are proposed to be issued to incentivise the continued performance of Mr Alder and to align his interests with Shareholders, consistently with the strategic goals and targets of the Company.

The value which the Company attributes to the LTI Performance Rights and the basis of that value is as set out in **Schedule 3**.

### Deadline for issue

The LTI Performance Rights issue to Mr Alder (or his nominee(s)) is proposed to occur by 31 December 2020, but no later than 3 years after the date of the Meeting.

### Price

No funds will be raised by the grant or conversion of the LTI Performance Rights, as they will be granted for nil cash consideration and no exercise price is payable in order to convert them into Shares following their vesting.

### Loan

No loan is being made to Mr Todd Alder in connection with the acquisition of the LTI Performance Rights.

### Other

Details of any securities issued under the Employee Incentive Plan will be published in the annual report of the Company for the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Employee Incentive Plan after Item 6 is approved and who are not named in the Notice will not participate until approval is obtained under that rule.

### Voting exclusion statement

A voting exclusion statement is included below for Item 6.

### Voting exclusion statement

The Company will disregard any votes cast in favour of Item 6 by or on behalf of any Director who is eligible to participate in the Company's Employee Incentive Plan (including Mr Todd Alder) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Item 6 by:

- a person as proxy or attorney for a person who is entitled to vote on this Item 6, in accordance with directions given to the proxy or attorney to vote on this Item 6 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Item 6, in accordance with a direction given to the Chair to vote on Item 6 as the Chair decides; or
- a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Item 6; and
  - the Shareholder votes on this Item 6 in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

### Voting Prohibitions

A vote on this Item must not be cast (in any capacity) by or on behalf of Mr Todd Alder or his nominee(s) or any of his, or their, associates. However, subject to the voting exclusion above and the further voting prohibition below, this does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on this Item 6; and
- it is not cast on behalf of Mr Todd Alder or his nominee(s) or any of his, or their, associates.

Further, a person appointed as a proxy must not vote, on the basis of that appointment, on this Item 6 if:

- the proxy is either:
  - a member of the Key Management Personnel; or
  - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on this Item 6.

However, the above prohibition does not apply if:

- the proxy is the Chair; and
- the appointment expressly authorises the Chair to exercise the proxy even though this Item 6 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

# Orbital Corporation Limited

## EXPLANATORY NOTES

### ITEM 7 ADDITIONAL CAPACITY TO ISSUE EQUITY SECURITIES

#### General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share 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 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 seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.

If Item 7 is passed, the effect will be that the Company will be able to issue Equity Securities under the 10% Placement Facility in addition to the Company's 15% placement capacity under Listing Rule 7.1.

If Item 7 is not passed, the effect will be that the Company will not be able to issue any Equity Securities under the 10% Placement Facility and will have to rely upon its 15% placement capacity under Listing Rule 7.1 for the issue of Equity Securities.

Item 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).

The Chair intends to exercise all available proxies in favour of Item 7.

#### 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 issued 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 the Notice, has on issue one quoted class of Equity Securities, being Shares.

##### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities that 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 fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an

exception in Listing Rule 7.2 (other than exception 9, 16 or 17),

- (ii) plus the number of fully paid ordinary securities issued in the 12 months on the conversion of convertible securities within rule 7.2 (exception 9) where:

- (A) the convertible securities were issued or agreed to be issued before the commencement of the 12 months; or

- (B) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,

- (iii) plus the number of fully paid ordinary securities issued in the 12 months under an agreement to issue securities within Listing Rule 7.2 (exception 16) where:

- (A) the agreement was entered into before the commencement of the relevant period; or

- (B) the agreement or issue was approved or taken under the Listing Rules to have been approved under Listing Rule 7.1 or Listing Rule 7.4,

- (iv) plus the number of any other fully paid ordinary securities issued in the 12 months with approval under Listing Rule 7.1 or Listing Rule 7.4 (noting that this may include fully paid ordinary securities issued in the 12 months under an agreement to issue securities within Listing Rule 7.2 (exception 17) where the issue is subsequently approved under Listing Rule 7.1),

- (v) plus the number of partly paid ordinary securities that became fully paid in the 12 months;

- (vi) less the number of fully paid ordinary securities 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.

is 10%.

**D**

**E**

is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months where the issue or agreement to issue has not been subsequently approved by Shareholders under Listing Rule 7.4.

# Orbital Corporation Limited

## EXPLANATORY NOTES

### (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 the Notice, the Company has on issue 77,586,923 Shares and therefore has a capacity to issue:

- (i) 11,504,041 Equity Securities under Listing Rule 7.1 (after deduction of the 133,997 Shares issued to eligible employees on 19 December 2019); and
- (ii) relying on the Listing Rule 7.1A approval obtained at the Company's 2019 Annual General Meeting, 7,758,692 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A (if Item 7 is approved) 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 (c) above).

### (e) Minimum Issue Price

The issue price of Equity Securities to be issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### (f) 10% Placement Period

- (i) 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 first to occur of the following:

- (A) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (B) The time and date of the entity's next annual general meeting.
- (C) The time and date of Shareholder approval of 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),

(the 10% Placement Period).

### Effect of Item 7

The effect of Item 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.

### Specific Information required by Listing Rule 7.3A

**Shareholder Approval Expiry** The Company will only issue the Listing Rule 7.1A Shares during the 10% Placement Period. The approval under Item 7 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).

**Minimum issue price** The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the same class of the Company's Equity Securities over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 10 trading days of the date in the paragraph immediately above, the date on which the Equity Securities are issued.

**Indicative use of funds** The Company may seek to issue the Equity Securities for cash consideration, which is proposed to be utilised for the acquisition of new businesses or investments and/or general working capital.

**Risk of Dilution** If Item 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 table in **Schedule 2**.

There is a risk of economic and voting dilution to the Shareholders, including that:

- the market price for the Company's Equity Securities in that class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- 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.

The table in **Schedule 2** shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- 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
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

**Listing Rules Disclosures** The Company will comply with its disclosure obligations under Listing Rules 7.1A.4, 2.7 and 3.10.3 in relation to any issue of securities under the 10% Placement Facility.

**Allocation policy** 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 allottees will be determined on a case-by-case basis having regard to factors which may include:

# Orbital Corporation Limited

## EXPLANATORY NOTES

- 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;
- the effect of the issue of the Equity Securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

As at the date of this Notice, the allottees have not been determined. They may, however, include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company and are likely to be sophisticated and professional investors.

**Utilisation in the preceding 12 months** In the 12 months preceding the date of the Meeting, the Company has not issued, nor agreed to issue, any Equity Securities pursuant to Listing Rule 7.1A.2. The Company confirms that it currently does not propose to issue any Equity Securities pursuant to Listing Rule 7.1A.2 between the date of the Notice and the date of the Meeting.

**Voting exclusion statement** A voting exclusion statement is included below. However as at the date of this Notice, the Company has not invited any existing Shareholder to participate in any proposed issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders are anticipated to be excluded from voting on this Item.

### Previous approval

At the Company's 2019 annual general meeting, Shareholders approved the Company's capacity to issue equity securities equivalent to an additional 10% of the Company's ordinary securities. The approval given at the 2019 annual general meeting will expire on 13 November 2020.

### Board Recommendation

The Board unanimously recommends Shareholders vote in favour of granting the Company the 10% Placement Facility.

The Chair intends to vote undirected proxies in favour of Item 7.

### Voting exclusion statement

The Company will disregard any votes cast in favour of Item 7 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Item 7 by:

- a person as proxy or attorney for a person who is entitled to vote on this Item 7, in accordance with directions given to the proxy or attorney to vote on this Item 7 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Item 7, in accordance with a direction given to the Chair to vote on Item 7 as the Chair decides; or
- a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Item 7; and
  - the Shareholder votes on this Item 7 in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

As at the date of this Notice, the Company has not identified any particular persons or class of persons who would be excluded from voting on Item 7.

# Orbital Corporation Limited

## SCHEDULE 1 – SUMMARY OF TERMS OF THE EMPLOYEE INCENTIVE PLAN

Information about the Employee Incentive Plan is set out below. A copy of the Employee Incentive Plan can be obtained by contacting the Company Secretary.

### Outline of the Employee Incentive Plan

This section gives a brief outline of how the Board intends to implement initial participation under the rules of the Employee Incentive Plan.

### Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. Also, they are used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights and Options (i.e. Incentives) under the Employee Incentive Plan to employees (including Directors) and eligible contractors. Incentives include Performance Rights and Options. An Incentive is a right to be issued a Share (typically subject to satisfaction of certain conditions that are attached to the Incentive), as determined by the Board. An Incentive with a nil exercise price is a Performance Right. An Incentive with a positive exercise price is an Option. In accordance with the requirements of the ASX Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Employee Incentive Plan.

### Overview of the Employee Incentive Plan rules and terms and conditions

The Board is cognisant of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of a performance condition.

The Board considers the Employee Incentive Plan a crucial mechanism to encourage and retain high level executive, employee and contractor performance. The Board intends to implement the Employee Incentive Plan, and set the performance conditions, in a manner designed to incentivise and reward high level executive, employee and contractor performance.

The main features of the Employee Incentive Plan are summarised as follows:

<b>Eligibility</b>	<p>Under the terms of the Employee Incentive Plan, the Board may determine which employees, directors or contractors of the Company and its related bodies corporate are eligible to participate.</p> <p>The Employee Incentive Plan is targeted at the Company's directors, senior management, employees and contractors. Any proposal to issue Performance Rights or Options to Directors under the Employee Incentive Plan would require prior Shareholder approval to be obtained pursuant to the related party provisions of the ASX Listing Rules.</p>
<b>Incentives</b>	<p>The Employee Incentive Plan allows the Board to grant Performance Rights and Options (each an Incentive) to Eligible Participants.</p>
<b>Number of Incentives to be granted</b>	<p>The number of Incentives granted under the Employee Incentive Plan will be decided by the Board from time to time.</p> <p>However, the Company will generally be seeking to take advantage of the form of disclosure relief provided by ASIC Class Order 14/1000. In order to be able to take advantage of that form of relief certain conditions need to be fulfilled including that the maximum number of securities which may be granted under incentive plans (including the Employee Incentive Plan and previous employee incentive schemes) in a rolling 3 year period is 5% of the issued share capital of the Company (calculated at the date of the offer under the Employee Incentive Plan).</p>
<b>Vesting Conditions</b>	<p>The vesting terms for grants of Incentives under the Employee Incentive Plan will be decided by the Board from time to time. Where appropriate, the Board may impose appropriate performance hurdles to encourage participants to focus on performance of the Company over the long term. The Board may waive vesting conditions.</p> <p>The Board considers that issuing Options with a premium exercise price, and on such terms that the Options lapse on the cessation of employment or engagement, will ensure that benefits will only be received by recipients who continue to be employed by the Company. In the Board's view terms of that nature have a like effect to a vesting condition.</p>



# SCHEDULE 1 – SUMMARY OF TERMS OF THE EMPLOYEE INCENTIVE PLAN

	Upon satisfaction of the vesting conditions, the Company may issue a vesting notice. An incentive will vest when that vesting notice is given or deemed to have been given to the incentive holder.																	
Exercise Price	<p>Performance Rights do not require the employee to pay any amount to the Company upon vesting or exercise.</p> <p>The Board may grant Options under the Employee Incentive Plan. If it chooses to do so, the exercise price of any Options granted under the Employee Incentive Plan is at the absolute discretion of the Board and the Board will determine the exercise price from time to time. Typically, any Options granted would have an exercise price calculated by reference to a VWAP of the Company's shares for a period prior to the date of grant.</p>																	
Expiry Date	<p>The Board may set out in an invitation to participate in the Employee Incentive Plan the date and times when any Incentives lapse. The expiry date will be no later than 15 years after the date of grant.</p>																	
Exercising Incentives	<p>The Incentive holder may determine when to exercise a vested Incentive by delivering an exercise notice (along with payment in respect of the Exercise Price (if any)) to the Company up until the Expiry Date.</p>																	
Impact of cessation of employment/engagement	<table><tr><th>Cause</th><th>Incentives which have not vested</th><th>Incentives which have vested</th></tr><tr><td>Termination for ill health or death</td><td>Immediately lapse unless Board determines otherwise</td><td>May be exercised (in the case of ill health) by the participant, or (in the case of death) by the participant's personal representative, until the Incentive lapses</td></tr><tr><td>Termination for cause (e.g. fraud, dishonesty, material breach of obligations)</td><td>Immediately lapse unless Board determines otherwise</td><td>Immediately lapse unless Board determines otherwise</td></tr><tr><td>Termination by consent (e.g. resignation)</td><td>Immediately lapse unless Board determines otherwise</td><td>Are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by the Board</td></tr><tr><td>Redundancy, constructive dismissal, other termination by Company not dealt with above</td><td>Incentives automatically vest and are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by Board</td><td>Are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by the Board</td></tr></table>			Cause	Incentives which have not vested	Incentives which have vested	Termination for ill health or death	Immediately lapse unless Board determines otherwise	May be exercised (in the case of ill health) by the participant, or (in the case of death) by the participant's personal representative, until the Incentive lapses	Termination for cause (e.g. fraud, dishonesty, material breach of obligations)	Immediately lapse unless Board determines otherwise	Immediately lapse unless Board determines otherwise	Termination by consent (e.g. resignation)	Immediately lapse unless Board determines otherwise	Are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by the Board	Redundancy, constructive dismissal, other termination by Company not dealt with above	Incentives automatically vest and are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by Board	Are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by the Board
Cause	Incentives which have not vested	Incentives which have vested																
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Redundancy, constructive dismissal, other termination by Company not dealt with above	Incentives automatically vest and are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by Board	Are able to be exercised during the period ending 30 days after cessation of employment/ engagement or a longer period allowed by the Board																
Takeover bid and change in control	<p>Incentives granted under the Employee Incentive Plan automatically vest in the event of a change in control of the Company, including where a takeover bid is made for the Company and the bidder acquires more than 50% voting power in the Company, Shareholders approve a scheme of arrangement, any person becomes bound or entitled to acquire shares in the Company under the compulsory acquisition provisions of the Corporations Act, a selective capital reduction is approved by Shareholders by which a person acquires more than 50% voting power in the Company, or in any other case where a person obtains voting power in the Company which the Board determines (acting in good faith and in accordance with their fiduciary duties) is sufficient to control the composition of the Board.</p> <p>The Board also has the discretion to permit the exercise of Incentives (irrespective of whether the relevant vesting conditions have been met) during such period as the Board determines where:</p> <p>(a) the Company passes a resolution for voluntary winding up;</p>																	

# SCHEDULE 1 – SUMMARY OF TERMS OF THE EMPLOYEE INCENTIVE PLAN

	<p>(b) an order is made for the compulsory winding up of the Company; or</p> <p>(c) the Company passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.</p>
<b>Transferability</b>	Incentives granted under the Employee Incentive Plan are generally not transferable. An Incentive invitation may contain disposal restrictions for a specified period of time.
<b>Dividend and voting rights</b>	Incentives granted under the Employee Incentive Plan do not carry any dividend or voting rights.
<b>Adjustment for Bonus Issue</b>	If Shares are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profits, the Incentive holder is entitled, upon exercise of the Incentives, to receive, in addition to the Shares in respect of which the Incentives are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Incentives are exercised.
<b>Adjustment for rights issues</b>	The exercise price of Incentives granted under the Employee Incentive Plan (which is only applicable for Options granted under the Employee Incentive Plan, which have an exercise price) will be adjusted in the manner provided by the ASX Listing Rules in the event of the Company conducting a rights issue prior to the lapse of that Incentive.
<b>Adjustment for reorganisation</b>	In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Incentives to which each Incentive holder is entitled or the Exercise Price of the Incentives (if applicable), or both as appropriate, will be adjusted in the manner as determined by the Board having regards to the Listing Rules and the general principle that the Incentive holder is not to be materially disadvantaged as a result of a corporate action.
<b>No other participation</b>	Subject to the above adjustments, during the currency of any Incentives and prior to their exercise, Incentive holders are not entitled to participate in any new issue of securities of the Company as a result of their holding Incentives.
<b>Board discretion</b>	<p>Under the terms of the Employee Incentive Plan, the Board has absolute discretion to determine the exercise price, the expiry date and vesting conditions of any grants made under the Employee Incentive Plan, without the requirement for further Shareholder approval.</p> <p>In circumstances where an eligible person ceases to be employed or engaged by the Company, the Board may decide that some or all of that person's Incentives will not be forfeited. The Board may add forfeiture terms to a particular grant of Incentive provided those terms are set out in the relevant Incentive invitation</p>
<b>Trust</b>	The Board may establish an employee share trust for the purposes of the Employee Incentive Plan.
<b>Copies of Employee Incentive Plan</b>	A copy of the full terms of the Employee Incentive Plan can be obtained by contacting the Company Secretary.

# Orbital Corporation Limited

## SCHEDULE 2 – Listing Rule 7.1A Dilution Table

- (a) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.
- (b) 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		
		\$0.63 50% decrease in Issue Price	\$1.25 Issue Price	\$2.50 100% Increase in Issue Price
Current Variable A (77,586,923 Shares)	10% Voting Dilution	7,758,692 Shares	7,758,692 Shares	7,758,692 Shares
	Funds Raised	\$4,849,183	\$9,698,365	\$19,396,731
50% increase in current Variable A (116,380,385 Shares)	10% Voting Dilution	11,638,038 Shares	11,638,038 Shares	11,638,038 Shares
	Funds Raised	\$7,273,774	\$14,547,548	\$29,095,096
100% increase in current Variable A (155,173,846 Shares)	10% Voting Dilution	15,517,385 Shares	15,517,385 Shares	15,517,385 Shares
	Funds Raised	\$9,698,385	\$19,396,731	\$38,793,462

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) No Performance Rights or other convertible securities are exercised or converted into Shares before the date of the issue of the Equity Securities.
- (iii) 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%.
- (iv) 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.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options (for example), it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$1.25, being the closing price of the Shares on ASX on 13 October 2020. The Company will only issue the Equity Securities during the 10% Placement Period.

Orbital Corporation Limited

## **SCHEDULE 3 – Independent Valuation of LTI Performance Rights**



**Orbital Corporation Limited**

**Performance Rights**

September 2020



Orbital Corporation Limited

**SCHEDULE 3 – Independent Valuation of LTI Performance Rights**

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**Please note, on 1 July 2020 Moore Stephens changed its name to Moore Australia as part of a global brand update. There was no change to the legal entity or ABN.**



# SCHEDULE 3 – Independent Valuation of LTI Performance Rights



## Moore Australia

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace, WA 6831

T +61 8 9225 5355

F +61 8 9225 6181

[www.moore-australia.com.au](http://www.moore-australia.com.au)

## Definition of Terms

The following definitions apply throughout this document unless the context requires otherwise:

Term	Definitions
AASB	Australian Accountings Standard Board. issuer of accounting standards under the Act
APES 224	Australian Professional Ethical Standard 225 - Valuation services
Act	Corporation Act, 2001
ASX	Australian Securities Exchange
Board or Directors	The Board of Directors of the Company
The Company	Orbital Corporation Limited
Management or Directors	The directors and key management personnel of the Company
Moore Australia, us, we	Moore Australia Corporate Finance (WA) Pty Ltd
NoM	Notice of Meeting
Performance Rights	Performance Rights issued by the Company
Valuation Date	22 September 2020

# SCHEDULE 3 – Independent Valuation of LTI Performance Rights



## 1. Introduction

### Terms of reference

In accordance with your instructions, we have performed a valuation of the Performance Rights as at 22 September 2020 ("Valuation Date"). We understand that you require the valuation for inclusion in a Notice of Meeting ("NoM").

For the purposes of this report "fair value" is defined as:

*"The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction."*

### Nature of the assignment

This valuation engagement has been undertaken in accordance with APES 225 – *Valuation Services*.

This valuation has been undertaken by Peter Gray, a director of the Corporate Advisory Division of Moore Australia Corporate Finance (WA) Pty Ltd, acting independently. Peter Gray has extensive experience in providing valuations of businesses, shares and other equities.

The fee to be paid to Moore Australia Corporate Finance (WA) Pty Ltd for this valuation assignment is not contingent on the conclusion, content or future use of this valuation report.

### Use of report

Our report is prepared solely for the confidential use of the Company, and solely for transaction purposes of the Company. The valuation provided and this report should not be relied on by any other party or for any other purpose.

### Disclaimer

The statements and opinions given in this report are given in good faith and in the belief, that such statements and opinions are not false or misleading. In preparing this report we have relied upon information supplied by the Company, which we believe to be accurate and reliable.

We have not, in preparing this report, independently verified the correctness, existence or value of any item, which is, or should be, in such information. We do not have any reason to believe that any material facts have been withheld from us, nor do we warrant that our investigation has revealed all of the matters which an audit or more extensive examination might disclose.

Although the report and opinions expressed herein are based on information supplied to us, we believe the report and opinions to be accurate. However, for the above reasons, we do not warrant the accuracy or reliability of either the information supplied to us or the conclusion drawn there from.

## SCHEDULE 3 – Independent Valuation of LTI Performance Rights



### 2. Scope of Valuation

#### Background

We understand that the Company intends to grant 374,400 Performance Rights to Mr Todd Alder, and requires a valuation for financial reporting purposes.

#### Performance Rights

The Company intends to grant the Performance Rights under the following Tranches:

Performance Rights Granted to Mr Todd Alder (374,400):

- 234,000 Tranche A Performance Rights; and
- 140,400 Tranche B Performance Rights.

## SCHEDULE 3 – Independent Valuation of LTI Performance Rights



### Performance Rights (continued)

The Performance Rights Granted have the following terms.

Conditions	
<b>Expiry Date:</b>	30 September 2025
Hurdle – Performance Rights convertible into Shares upon the achievement of the following milestones:	
<hr/>	
<b>Tranche A:</b>	The company share price reaching \$1.50 on a 90 day VWAP calculation within 3 year period from 1 October 2020 to 30 September 2023.
<hr/>	
<b>Tranche B:</b>	The company share price reaching \$2.50 on a 60 day VWAP calculation within 3 year period from 1 October 2020 to 30 September 2023.
<hr/>	

### Scope of Valuation

The scope of the work performed in assessing the fair value of the Performance Rights has consisted of:

- An assessment of the fair value of the Performance Rights based on the above terms;
- A review of the historical volatility of the share price of Orbital Corporation Limited.

# SCHEDULE 3 – Independent Valuation of LTI Performance Rights



## 3. Valuation Methodology

### Consideration of AASB 2

AASB 2 specifies the financial reporting requirements by an entity when it undertakes a share-based payment transaction. In particular, it sets out the approach which the entity must follow in reporting in its profit and loss account any impact of any share-based payment transaction.

For the purposes of AASB 2, a share-based payment transaction is defined as a transaction in which an entity:

- (i) *receives goods or services from the supplier of those goods and services (including an employee) in a share-based payment arrangement; or*
- (ii) *incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods and services.*

Further, a share-based payment arrangement is defined as:

*An agreement between an entity and another party (including an employee) that entitles the other party to receive:*

- (i) *cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity; or*
- (ii) *equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions are met.*

AASB 2 prescribes that vesting conditions are either 'service' conditions or 'performance' conditions and that performance conditions are further defined as 'market' conditions or 'non-market' conditions.

The features of each type of vesting condition, as set out in AASB 2, are summarised in the figure below.

**Figure 1 AASB 2 vesting conditions definitions:**

Vesting Conditions			
<b>Performance condition</b> Require the counterparty to complete a specific period of service and specified performance targets		<b>Service condition</b> Require the counterparty to complete a specified period of service	
<b>Market condition</b> A condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price of the entity's equity instruments		<b>Non-market condition</b> A performance condition that is not a market condition	

### Determining the fair value of equity instruments granted

AASB 2 states that an entity shall measure the fair value of instruments granted as at the measurement (grant) date, based on market prices, if available, taking into account the terms and conditions upon which the instruments were granted.

Where market prices are not available, the entity must estimate the value of the instrument based upon a valuation technique to estimate the price the equity instruments would have been at the measurement date. The valuation technique should be consistent with generally accepted valuation methodologies and shall incorporate all factors and assumptions that a knowledgeable willing market participant would consider in setting the price.



# SCHEDULE 3 – Independent Valuation of LTI Performance Rights



## Black Scholes Calculation

The Black-Scholes model is a formula used to price European Options (assumes they are held to expiration) and related custom derivatives. The Black-Scholes model makes an assumption that the market contains one asset that holds risk (the stock) and one riskless asset (usually the relevant government bond rate). In which the investor has the ability to invest in the risk-free rate and gain a return with zero risk.

The model recognizes that the option price is a function of the volatility of a stock's price (the higher the volatility the higher the premium on the option). Black Scholes treats a call option as a forward contract to deliver at a contractual price (the strike price).

The option value will reduce as a result of time decay, with the value of the option reducing as the option approaches expiration.

The Black Scholes model is function of a number of inputs that include the current stock price, time to expiration, option strike price, risk-free rate, volatility and time to expiry/vesting. From which a current value (the premium) is derived.

## Binomial and Trinomial Calculations

The binomial and trinomial models break down the time to expiration into potentially a very large number of time intervals, or steps. A tree of stock prices is initially produced working forward from the present to expiration.

Within a binomial model it is assumed at each that the stock price will move up or down by an amount calculated using volatility and time to expiration. This produces a binomial distribution, or recombining tree, of underlying stock prices. The tree represents all the possible paths that the stock price could take during the life of the option.

Within a trinomial model it is assumed at each that the stock price will stay the same, move up or down by an amount calculated using volatility and time to expiration. This produces a trinomial distribution, or recombining tree, of underlying stock prices. The tree represents all the possible paths that the stock price could take during the life of the option. As the number of steps is increased within the models there should be a decrease in the variance of outcomes between binomial and trinomial models.

At the end of the tree -- i.e. at expiration of the option -- all the terminal option prices for each of the final possible stock prices are known as they simply equal their intrinsic values.

Next the option prices at each step of the tree are calculated working back from expiration to the present. The option prices at each step are used to derive the option prices at the next step of the tree using risk neutral valuation based on the probabilities of the stock prices moving up or down, the risk-free rate and the time interval of each step. Any adjustments to stock prices (at an ex-dividend date) or option prices (as a result of early exercise of American options) are worked into the calculations at the required point in time. At the top of the tree you are left with one option price.

## Monte Carlo Calculation

The Monte Carlo model is used to value derivatives by simulating random changes in the underlying asset upon which those derivatives are based. The model projects possible price trajectory using the historical price date of the asset to generate a series of periodic outcomes. The key components that drive the Monte Carlo Model are "drift" which is the constant directional movement and volatility which is represented by market volatility of the underlying security. Random change simulations are found via random sampling from a normal distribution

As the underlying random process is the same as Black Scholes, the value of a European option under enough price paths should result in the same outcome. Monte Carlo is a more appropriate simulation when valuation is required on path dependant derivatives, such as Asian options.

## Selected valuation methodology

The Performance Rights are linked to market based vesting conditions, as such we have used a trinomial valuation model for the purposes of our valuation.

# SCHEDULE 3 – Independent Valuation of LTI Performance Rights



## Valuation model assumptions

We set out the assumptions we have used in assessing the indicative fair value of the Performance Rights in the table below.

**Table 1 Performance Rights valuation assumptions**

Assumptions	Ref	Tranche A	Tranche B
Valuation Date	1	22 September 2020	22 September 2020
Spot Price (\$)	2	\$1.02	\$1.02
Exercise Price (\$)	3	Nil	Nil
Issue Date	4	22 September 2020	22 September 2020
Expiry date	5	30 September 2025	30 September 2025
Expected future volatility (%)	6	81.27%	81.27%
Risk free rate (%)	7	0.39%	0.39%
Dividend yield (%)	8	Nil	Nil
Vesting Date	9	30 September 2023	30 September 2023
Performance Hurdle	10	90 Day VWAP of \$1.50 or higher	60 Day VWAP of \$2.50 or higher

Source: The Company and Moore Australia Corporate Finance (WA) Pty Ltd

- Valuation date:** The valuation date as to when this report has been prepared for the upcoming AGM is 22 September 2020.
- Spot Price:** We have used the last closing spot price as the spot price within our calculations. Based on Capital IQ market data the spot price is \$1.02.
- Exercise price:** We understand that the Performance Rights have a nil exercise price:
- Issue Date:** We assume the issue date is the same as the Valuation Date.
- Expiry period:** We understand that the Performance Rights will all expire on 30 September 2025.
- Expected future volatility:** We have assessed the share price volatility of the Company based on assessing historical volatility over relevant trading periods. Based on the historical and recent trading patterns of the company we have applied an average volatility of 81.27% to all Performance Rights tranches.
- Risk free rate:** We have determined this based on the yields of Commonwealth bonds using the period which most closely corresponds to the maximum life of the Performance Rights. The interest rates are measured as the closing rate on the business day prior to the Valuation Date, with rates disclosed by the Reserve Bank of Australia. The closing yield applicable to all Performance Rights tranches is 0.39%.
- Dividend yield:** The directors of the company do not expect to pay a dividend within the period of the right life for all Performance Rights granted.
- Vesting date:** We understand that all Performance Rights tranches vest on 30 September 2023.
- Performance Hurdle:** We understand the Performance Rights will vest based on performance conditions of the Company achieving a 90 Day VWAP of \$1.50 for Tranche A, and a 60 Day VWAP of \$2.50 for Tranche B within a 3-year period 1 October 2020 to 30 September 2023. Given the current share price is below the noted hurdles, we have used the stated prices rather than a premium to the share price. We have used the Hoadley Parisian Barrier in our calculation of the implied 60 Day and 90 Day VWAP barrier.

## SCHEDULE 3 – Independent Valuation of LTI Performance Rights



### 4. Valuation summary

Based on the methodology and assumptions set out in Section 3 of this report, we summarise below our assessment of the indicative fair value of the Performance Rights as at the Valuation Date.

#### Performance Rights measured

Orbital Corporation Limited (Mr Todd Alder)		
Performance Rights Class	Valuation (\$)	Value (\$)
Tranche A	0.78935	\$184,708
Tranche B	0.63439	\$89,069

#### General

If you have any queries or would like further information, please do not hesitate to contact the writer.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P Gray', written over a light gray horizontal line.

Peter Gray  
Director  
Moore Australia Corporate Finance (WA) Pty Ltd

## SCHEDULE 3 – Independent Valuation of LTI Performance Rights

### CONTACT US

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[www.moore-australia.com.au](http://www.moore-australia.com.au)



HELPING YOU THRIVE IN A CHANGING WORLD


## LODGE YOUR VOTE

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
Orbital Corporation Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



**X99999999999**

## PROXY FORM

I/We being a member(s) of Orbital Corporation Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Perth time) on Friday, 13 November 2020 at City of Perth Library (Auditorium) 573 Hay Street, Perth, Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.


**Important for Items 3, 5 & 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Items 3, 5 & 6, even though the Items are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Items	For	Against	Abstain*		For	Against	Abstain*
3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Additional Capacity to Issue Equity Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Director - Mr Kyle Abbott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of LTI Performance Rights to Mr Todd Alder under the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Items are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Perth time) on Wednesday, 11 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Orbital Corporation Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* in business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communications via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**





Dear Valued Shareholder,

I notice that you currently receive hard copy correspondence from Orbital Corporation Limited (OEC).

OEC strongly recommends receiving all documents via email correspondence in order to help the environment and reduce printing and mailing costs.

If you are happy to receive correspondence by email going forward, please update your email address by visiting our Share Registry's website at [investorcentre.linkmarketservices.com.au](http://investorcentre.linkmarketservices.com.au) and follow the steps below;

- click on the "REGISTER NOW" icon to create your portfolio (if you do not have a portfolio set up) or alternatively enter as a "single holding" by entering the following information;
  - enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), this can be found at the top right hand corner of the proxy form;
  - enter your postcode (if you have an Australian address), select your country (if you have an overseas address) and enter the security code (OEC);
- once you are logged in, click on 'Communications' from the top menu and select 'Preferences'. From here you can select your Communication Preference and update your email address.

Thank you for your contribution toward helping the environment and reducing printing and mailing costs.

Further, if you would like to receive news and investor updates directly from OEC, visit the company's website to join the distribution list: [www.orbitaluav.com](http://www.orbitaluav.com)

If you have any queries, please contact OEC on (08) 9441 2311 or Link Market Services on +61 1300 554 474.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Bonomini".

**David Bonomini**  
Company Secretary

**Orbital Corporation Limited**