

ORBITAL BOARD CHARTER

1. PURPOSE OF CHARTER

- 1.1 The Board Charter sets out the functions and responsibilities of the Board of Orbital Corporation Limited (“Orbital”) and its subsidiaries (“Orbital Group”).

2. FUNCTIONS OF THE ORBITAL BOARD

- 2.1 Overall control of the business of the Orbital Group is vested in the Board. The Board’s primary function is to protect and enhance long-term shareholder value by providing strategic guidance to the company and effective oversight of management. The Board has delegated responsibility for the management of the Orbital Group through the Chief Executive Officer to executive management. The CEO is a member of the Board but does not hold the position of Chairman.

- 2.2 The primary functions to be performed by the Board are:

- establishment and monitoring of the strategic direction of the Orbital Group;
- approving management development of corporate strategies and performance objectives;
- overseeing the company, including control and accountability systems;
- ensuring best practice corporate governance;
- appointment and removal of the Chief Executive Officer;
- ratifying the appointment and removal of the Chief Financial Officer and the Company Secretary;
- reviewing and ratifying systems of risk management and internal compliance controls;
- monitoring senior management’s performance;
- approving and monitoring major capital expenditure, capital management and acquisitions and divestments;
- approving and monitoring financial and other reporting, including final approval and sign-off of financial statements;
- ensuring appropriate and effective remuneration policies are implemented; and
- ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors.

3. MANAGEMENT FUNCTIONS

- 3.1 The Board delegates responsibility for day-to-day management of Orbital to the CEO, including:
- The implementation of corporate strategies and performance objectives as established by the Board.
 - Approval of capital expenditure within authority limits as determined by the Board from time to time.
 - Appointment of senior management and employees other than those appointments specifically reserved to the Board.
 - Developing systems of risk management and internal compliance controls.

4. COMMITTEES

- 4.1 The Board operates through Committees that are responsible for particular areas. Those Committees are the Audit Committee, the Nomination Committee, the Finance Committee and the Remuneration Committee which each operate in accordance with a written charter.

5. MEMBERSHIP AND TERM

5.1 The Board consists of a minimum of three Directors and a maximum of nine. A majority of Directors should be independent.

(An independent Director is a non-executive Director and:

1. is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
2. within the last three years has not been employed in an executive capacity by the company or another group member, or been a Director after ceasing to hold any such employment
3. within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
4. is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
5. has no material contractual relationship with the company or another group member other than as a Director of the company
6. has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the company
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the company.)

5.2 The term of appointment as a Director is for a period determined in accordance with the Company's constitution. No Director, other than a Managing Director, shall hold office for more than 3 years without standing for re-election.

6. CHAIRMAN

6.1 The Chairman of the Board should be an independent Director and shall be elected by the Directors.

6.2 Should the Chairman be absent from a meeting and no Vice-Chairman has been appointed, the Directors present at the meeting have authority to choose one of their number to be Chairman for that particular meeting.

7. MEETINGS

Meetings Other than in Person

7.1 The Board may conduct meetings without all Directors being involved in the meeting in the physical presence of one another provided that all Directors involved in the meeting are able to participate in discussion.

Frequency of Meetings

7.2 As a minimum, the Board meets six times per annum.

7.3 In addition, any Director may at any time convene a meeting of the Board.

8. ATTENDANCE AT MEETINGS AND QUORUM

8.1 The Directors may invite such Orbital executives and/or parties external to Orbital to attend any meeting of the Board.

8.3 The quorum for a meeting is two members.

9. SECRETARY

9.1 The Orbital Company Secretary acts as Secretary of the Board.

10. REPORTING

10.1 Proceedings of all meetings are minuted and signed by the Chairman.

11 FEES

11.1 Directors are entitled to receive remuneration as determined from time to time by the Board in accordance with shareholder approval.

12 REVIEW OF CHARTER

12.1 The Board Charter is reviewed annually by the Board to ensure it remains consistent with the Board's authority, objectives and responsibilities.