ORBITAL
ENGINE CORPORATION LIMITED

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6 June 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

INVESTOR PRESENTATION

Further to the Company's announcement today regarding a capital raising, attached for release to the market is a copy of a presentation to investors in relation to that raising.

Yours faithfully

J B ABBOTT
Company Secretary

Strictly Private & Confidential

ORBITAL ENGINE CORPORATION

ASX Code: OEC

Presentation to Investors

June 2003

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Disclaimer

- This presentation is provided to you, as a professional investor as defined in Chapter 6D.2 of the Corporations Act, for the purpose of providing preliminary background financial and other information to enable recipients to review the business activities of Orbital Engine Corporation Limited ("Orbital").
- The information contained in this presentation to investors includes statements which are of a predictive nature and depend on assumptions. These statements are subject to inherent uncertainties and risks and no guarantee can be given that the assumptions will remain operative or the predicted outcomes will be achieved. Potential investors should make their own assessment of these matters after reviewing the assumptions stated.
- It is provided to you on the basis that you and those executives of your organisation who sight it agree to keep its contents confidential. It should be circulated only within your organisation to those executives directly involved in evaluating an investment in Orbital. It may not be passed on to any other person. You undertake not to act in breach of the provisions of Part 7.10 (Insider Dealing) of the Corporations Act.
- The information in this document will be subject to completion, verification and amendment, and should not be relied upon as a complete and accurate representation of any matters that a potential investor should consider in evaluating Orbital. Certain agreements referred to in the document have not been executed and may be amended. In particular, the underwriting agreement has not been executed. The Company is not under any obligation to update any of the information contained in this presentation.

Overview

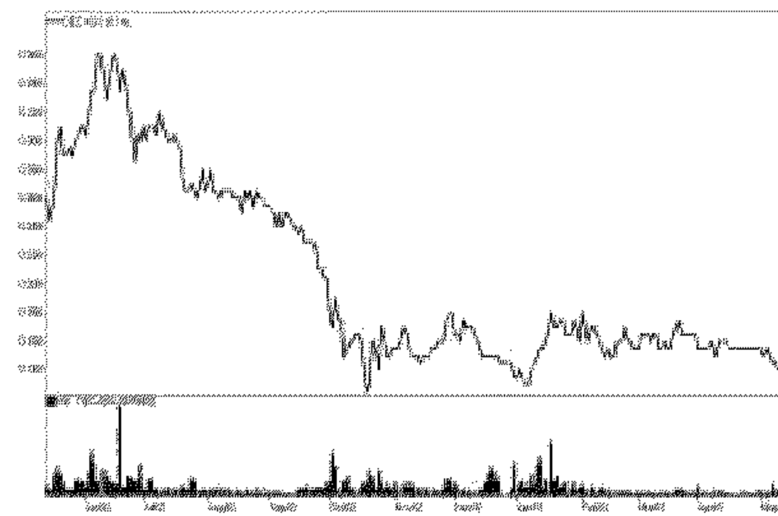
- OEC successfully executing a well articulated business strategy
- OEC is systematically working towards profitability in FY'04
- Cash on hand reduced to $6.7m as at 31 December 2002, marginally lower at June 2003
- Global customers demand confidence in OEC's long-term financial viability
- Seeking to raise approximately $6m new equity capital to bolster cash reserves/ balance sheet
- Proposed new issue of 15% of OEC's capital
- Combination Share Placement and Share Purchase Plan

Company Statistics and Performance

Shares on Issue	356.6m
Share Price	14.0¢
Market Cap	$50.0m
Daily Volume (shares)	483,000

Directors

Ross Kelly	Chairman
Peter Cook	Chief Executive Officer
John Marshall	Non Executive Director
Grahame Young	Non Executive Director



There are no substantial shareholders

Top 20 shareholders	19.5%*

*Excluding ADR Nominees

Shareholders	- Australia	13,500
	- Overseas	13,000

Announced ADR ratio change 8th May 2003

Business Strategy

- Implementation after appointment of new Managing Director Jan 02.
- Shift from R&D to commercialise and exploit
- Engineering
  - reduce costs from >$20.0 mil to < $10.0 mil
  - build short and long term revenue stream (turnover growth of 10+% pa from A $8.8 m F02, E $9.7 m F03, E $12.7 m F04)
- Grow royalty income and licence fees through new applications and new territories e.g. UCAL in India
- Support advanced engineering programs in Automotive
- Provide a realistic view of prospects, including time lines, with transparency and accountability to investors
- Progress being reflected in financials.

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Financial Summary - Profit & Loss

6 Months to	Dec '00	Jun '01	Dec '01	Jun '02	Dec '02	Jun '03
Income	Actual	Actual	Actual	Actual	Actual	Forecast
Licence income	1.1	0.3	1.2	2.6	0.1	
Royalties	1.3	2.2	1.2	1.5	1.5	
System sales (contribution)	1.0	1.6	1.0	1.0	1.5	
Engineering Fees	8.0	6.7	3.7	5.1	4.9	
Other Income	0.2	1.5	0.1	0.1	0.2	
	11.6	12.3	7.2	10.3	8.2	
Expenses						
Employee expenses	(10.0)	(9.2)	(8.0)	(6.7)	(5.9)	
Redundancies/Restructuring	(0.6)	(2.0)	(8.3)	(3.5)	(0.2)	
Share of Synerject loss(gain)	(6.6)	(6.2)	(2.7)	(0.4)	0.7	
Other expenses	(9.5)	(4.4)	(6.8)	(2.6)	(4.3)	
EBITDA	(15.1)	(9.5)	(18.6)	(2.9)	(1.5)	
Dep'n and Amort	(2.7)	(2.6)	(2.6)	(2.5)	(1.6)	
Interest	1.3	1.0	0.4	0.3	0.1	
EBT	(16.5)	(11.1)	(20.8)	(5.1)	(3.0)	
Tax	0.3	0.5	0.0	(0.9)	0.1	
NPAT	(16.2)	(10.6)	(20.8)	(6.0)	(2.9)	+(-) 0.5

Assumption: The June 03 forecast includes actual results to 30 April 2003 and management forecast for May and June 2003

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Financial Summary - Balance Sheet

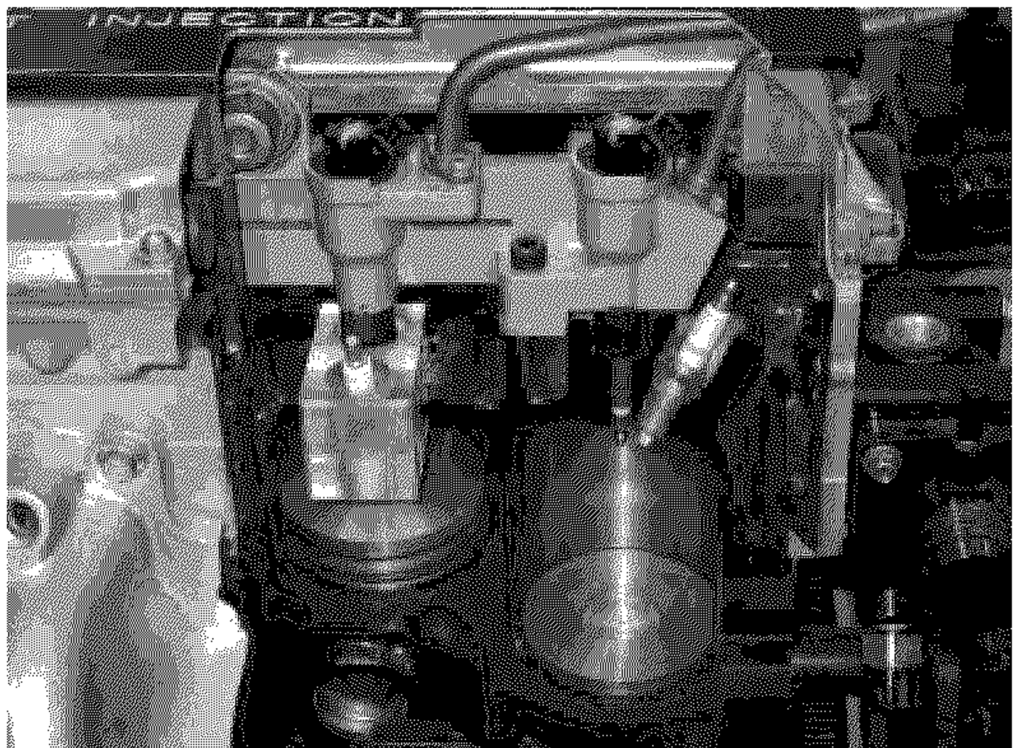
$m	30 Jun 01	30 Jun 02	31 Dec 02	31 Dec 02	Comments
Assets					
Cash	32.7	13.8	6.7	12.7	Headline figure important to customers
Receivables	14.2	17.1	26.1	2.2 *	Capitalisation of Synerject receivable/collection S Sales debtors
Inventories	0.9	0.6	0.1	0.1	
Investments	6.4	0.0	0.0	0.0	
Fixed Assets	15.4	12.6	11.6	11.6	
Other Assets	42.2	1.0	0.4	0.4	
Total Assets	111.8	45.1	44.9	27.0	
Liabilities					
Creditors	8.5	5.7	13.7	1.7 *	Payment of system sales creditors
Current Borrowings	0.4	0.2	0.2	0.2	
Non-current Borrowings	19.5	19.4	19.3	19.3	$19m WA Government loan, interest free,repayable in 2014
Other Liabilities	69.3	32.5	27.3	15.4 *	Synerject investment offset against provision
Total Liabilities	97.7	57.8	60.5	36.6	
Shareholders Funds	14.1	(12.7)	(15.6)	(9.6)	

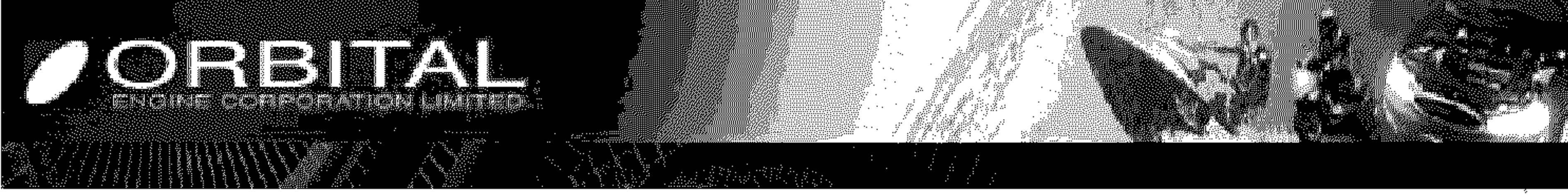
Note: The proforma balance sheet at 31 Dec 02 reflects the following changes:

1. Equity Capital raised $6.0m
2. The financial effect of the Synerject restructure *

* **Net effect of change is nil**

Operational Review
Engineering





Operational Review
Engineering Services

- Major emphasis of restructure
- Cost base down from > $20m pa to < $10m pa
  (including non cash expenses of $1.8m pa)
- Personnel numbers reduced to 65
- Revenue budget now $12m pa
- Revenues derived from:
  - Automotive OCP programs 36%
  - Non Automotive OCP programs 30%
  - Non OCP engineering programs 34%

Operational Review

Automotive

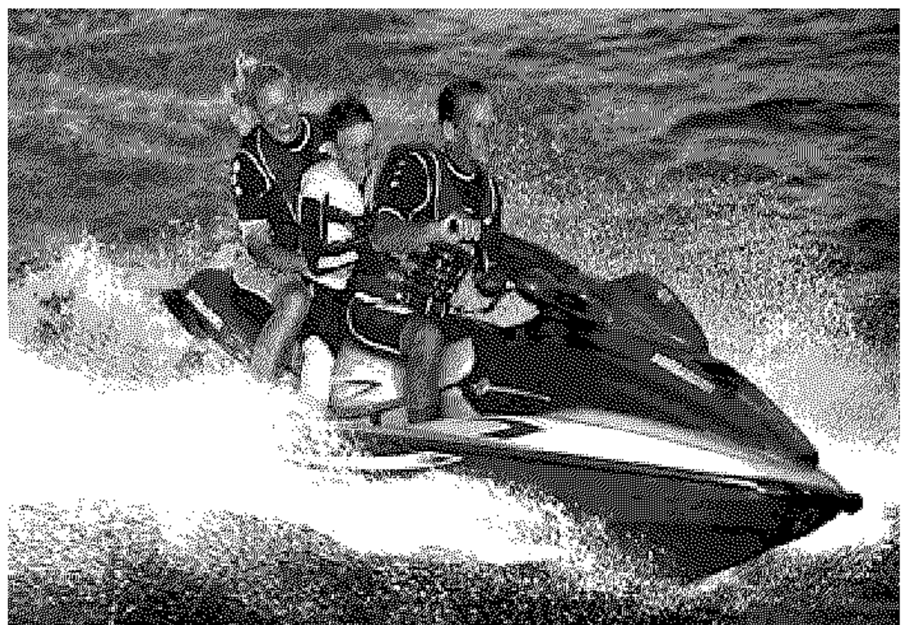
Operational Review
Automotive

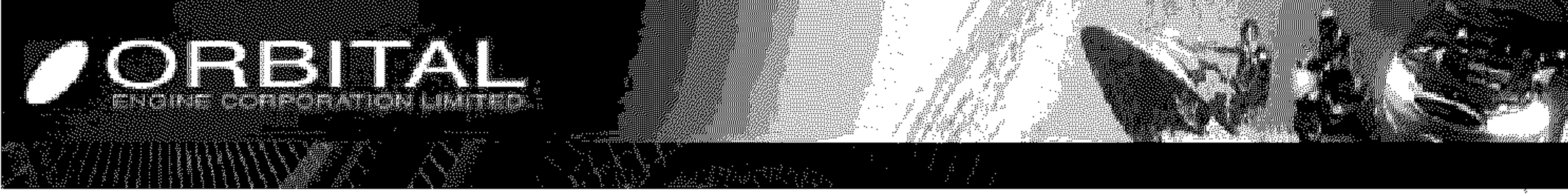
- Orbital Combustion Process (OCP) technology is yet to pass the showroom test
- Technology is moving towards direct injection (DI) - some benefits delivered, competing 1st generation products have problems - deliver power but not economy/emissions
- OCP is recognised as one of two viable technologies likely to deliver fuel economy and emissions needs before the end of the decade
  - Mercedes SAE paper – September 2002
  - Up to 14% fuel savings
  - Hydrocarbons,Oxides of nitrogen, Carbon monoxide tailpipe emissions better than Euro IV standards
- OCP still under evaluation by a number of companies

Operational Review
Automotive

- Currently advanced Engineering programs with two original engine manufacturers (OEM's)
  (N.B. A typical engine plant with a capacity 400k units pa and with royalties achieved in marine sector US$40 – $50 per unit represents US$16 - $20m pa in royalties)
- Commercialisation triggers:
  - Emission standards driven by legislation
    - Clean Air Bill
    - CARB regulations
    - EURO IV
  - Fuel saving benefits
    - Oil Price
    - European industry accord to meet 140g/k CO2 by 2008
- Manufacturer considerations:
  - Consumer interest in emissions/fuel saving
  - Capital cost of introducing technology
  - Alternative solutions
  - Risk

Operational Review
Marine & Recreation





Operational Review
Marine & Recreation

- Models continue to grow
  - At April 2003
    - 19 marine DI applications
    - Additional 4 models by end of calendar 03
- Mercury release 115 hp model of 1.5 litre Optimax engine
    - 1st 3 cylinder engine after 6 cylinder range rolled out

Model uptake would suggest better royalty growth should have been achieved. Other concurrent forces include:

- Downturn in Marine market volumes overall (seen as short term, US consumer driven)
- Concern over marine emissions delaying consumer purchase
- Industry shake outs – Bombardier/ Evinrude/ Johnson/Ficht

Operational Review

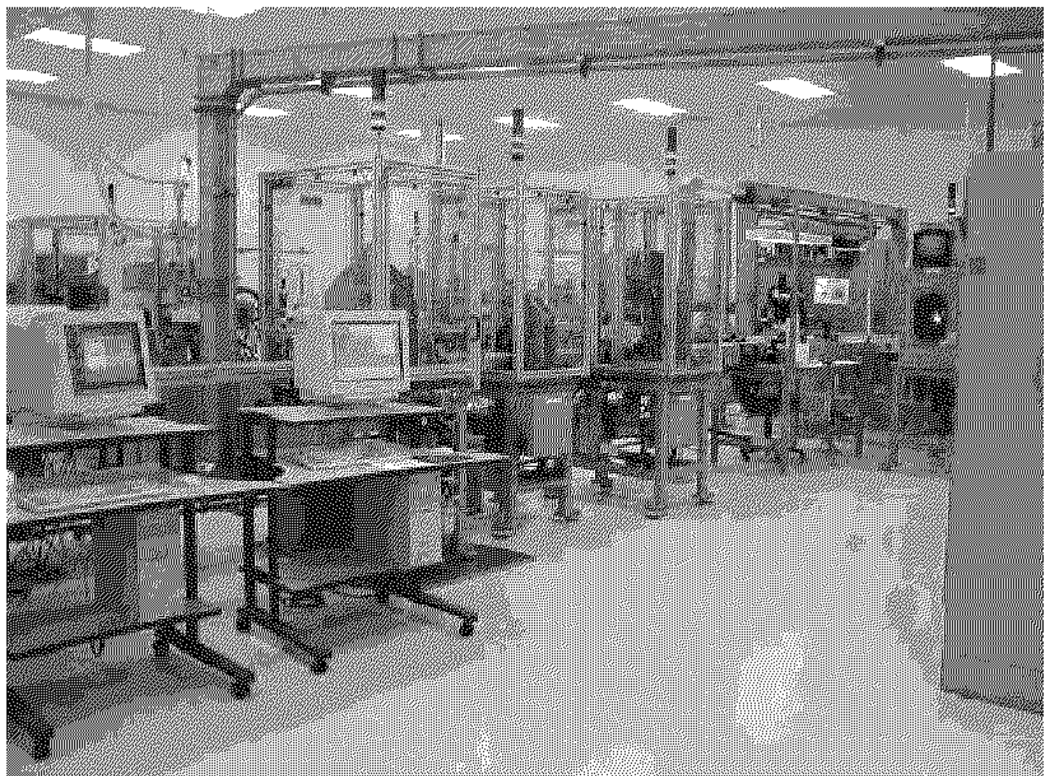
Motorcycle

Operational Review

Motorcycle

- Models continue to grow
  - At April 2003
    - 8 DI motor cycles
    - Plus 5 PI applications
    - Additional 2/3 DI motorcycles by end of calendar 03
- Geographic expansion - India and UCAL
  - Indian government have approved technology cooperation agreement
  - Over 4 million motorcycles and 3-wheelers produced p.a.
  - Market consists of few major OEM's
  - UCAL anticipates 1st commercial production commitment
  - Other Indian manufacturers reviewing technology
  - New emission standards from 2005
  - UCAL coordinating manufacturer interest as means of achieving lowest cost point
  - UCAL 30% owned by Japanese component supplier Mikuni
- Peugeot release TLDI Jet Force engines
- Recovery in Italian 50cc scooter market
- Industry shake outs - Aprilia (engines)

Operational Review
Synerject



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Operational Review
Synerject

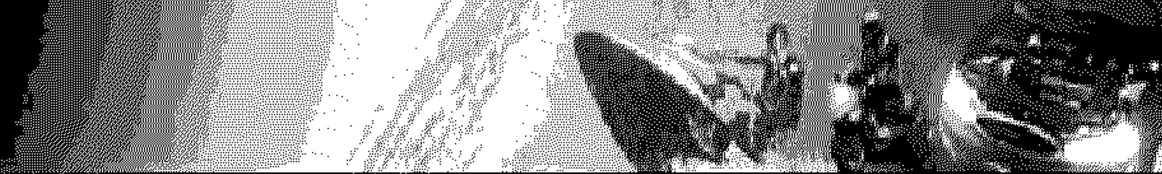
- Refinanced and restructured
- Refinancing in place until 30 September 2006
- Orbital contribute Marine & Recreation Systems business/Siemens-VDO contribute EFI Systems business
- Cashflow positive for more than 12 months
- Profitable in half year ended 31 Dec 2002
- Headline annualised revenue > US$40m
- Interest cover > 3 times YTD EBIT and > 5 times budget EBIT FY'04
- No major capital expenditure requirements

Operational Review
Synerject

Restructuring Impact

- Substantially reduces risk profile
- Reduces Orbital's Systems Revenue to zero after FY'03
- Increase Synerject's revenue by US$5-10 million in FY'04 (20%)
- Synerject current revenue growth about 20% pa
- Synerject enjoys the profit from synergies
- Orbital eliminates the costs of USA office ($600k pa)
- Synerject revenues of US$45 million in FY'04
- Synerject capex requirements minimal
- Synerject debt capped at US$20 million, sufficient for working capital requirements

nb: Orbital accounts for 50% of Synerject net profit.



Key Points

- Restructure of Business
  - Cost reduction
  - Cash neutrality
  - Engineering services business
  - Synerject restructure

- Customer Confidence
  - Generated by additional funds
  - Generated by reduced cash burn
  - long term relationship

- New equity capital for working capital purposes

Cash Utilisation

Cash balance June'03 (estimated)	$5.5m + (-) $0.5m
Capital raising (net of costs)	$5.7m
Total cash resource	$11.2m
Capital expenditure	< $0.5m
Investment/Acquisition	$0.0m
Synerject	$0.0m
Debt repayment	$0.2m
Working capital/strengthening balance sheet	$10.5m

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Issue Details

- Share Placement / Share Purchase Plan (SPP)
- To be underwritten to $6.0m
- Minimum 50,000,000 shares subject to SPP
- Issue price 12.0¢
- Issue to raise minimum $6.0m (less costs)
- Proposed Timetable

Proposed Timetable	Dates
– Finalise firm commitments/Sub-Underwriting	5 June
– ASX announcement	5 June
– Settlement of share placement	13 June
– Record date for SPP	Mid June
– Close of SPP	Mid July