

CEO's Statement

Building a business that provides for the future



To have a successful business, we believe you need to clearly understand your core assets, and from that knowledge, focus your energy on optimizing the value realized for all stakeholders. By incorporating good corporate governance, mechanisms can be installed whereby meaningful stakeholder engagement can happen, resulting in value realization.

Jay Lyons
Interim Chief Executive Officer

Despite the challenges presented by the global pandemic, the Company successfully maintained safe and reliable operations at the world class Songo Songo gas field.

The Company's response to the coronavirus pandemic ("COVID-19") was to ensure the welfare of our team in-country and those we work with, whilst allowing us to continue meeting the demand for natural gas from Songo Songo. We also chose to invest further in this important Tanzanian gas business for the benefit of all our local and international stakeholders.

Although our average sales volumes for 2020 were marginally down year-on-year at 57.7 million standard cubic feet ("MMcfd") compared to 63.1 MMcfd for 2019, we supplied natural gas for approximately 39% of all electrical power generated in Tanzania. The fall in sales was due to prolonged and heavy rainfall early in the year resulting in an increase in hydropower generation and a lower demand for gas fired power generation as well as COVID-19 impacting industrial customers' demand for natural gas in Tanzania.

In September 2020 the Board determined that as a result of the challenges facing the global oil & gas industry combined with Songo Songo's significant potential the Company should remain focused on the optimization and value maximization of its current operations.

Driven by Tanzania's continuing rapid growth trajectory, the country's need for cleaner energy such as natural gas, has never been greater. Over the past decade, the country has experienced 7% growth per annum. Over the same timeframe, the population has increased by 35%, and is predicted to continue to expand at this rate. Dar es Salaam is now the second-fastest growing city in the world. Tanzania has the stated objective of building a more industrialized country in which the contribution of manufacturing to the economy is set to reach at least 40% of GDP over the next four years. To a great extent, this transformation is currently powered by natural gas which accounts for more than half of the country's power generation. The demand for natural gas is only set to increase and will be central in meeting future electricity demand. Alongside hydropower and solar PV, use of natural gas will continue to expand. Natural gas generates approximately 60% of Tanzania's electricity and is therefore integral to the country's ambitious growth plans.

The Songo Songo gas project is very well placed to support Tanzania's journey of economic industrialization, both through energy production, as well as fuelling the country's transportation network. It is widely recognized that natural gas will remain an integral component of the energy transition, the route to a low carbon economy for the foreseeable future, and that gas will play a central role in the development of Tanzania's significant infrastructure projects.

To be able to support Tanzania's energy demand, we continue to invest a significant amount of capital into the business, with 2020 capital expenditure of \$27.1 million. A significant portion of our ongoing investment is on the compression project, which has a total forecast of \$38 million, of which \$24.7 million has been incurred to date. The Company remains on track for installation and commissioning to occur in 2022. Our commitment is not only assisting Tanzania in meeting its rising energy demands but also with its transition to a less carbon intensive economy. Although the sale of Compressed Natural Gas ("CNG") for use in vehicles is expected to be relatively small to begin with, the long-term ambition is for CNG to start to displace the use of petrol and diesel, both of which carry a much larger carbon footprint than our gas.

The Company's financial position remains strong, with a net income attributable to shareholders in 2020 increasing by 12% year-on-year to \$27.8 million, contributing to a cash position of \$104.2 million at year-end. The positive results have enabled the Company to return value to shareholders in the form of dividends and share buybacks. The adoption of a sustainable dividend policy is a core business value, however going forward this needs to be balanced with the growth potential we see in our Tanzanian asset. The overall objective of the business is to balance returns with the growth potential (of the Company) for the benefit of both our shareholders and Tanzanian stakeholders.

The importance stakeholders increasingly place on strong Environmental, Social and Governance ("ESG") protocols running through the business remains high, and we are pleased with our ongoing ESG performance. The Company is deeply committed to making a positive social and economic contribution, to working safely and responsibly and having a minimal impact on the environment. Throughout 2020, Orca deepened its strong track record in Tanzania as a good corporate citizen, building on our history of supporting critically important education and health projects, not only on Songo Songo Island, but also across the wider region.

Since 2004, it is estimated the gas from the Songo Songo field has helped to displace expensive liquid fuel imports, generating savings of \$10 billion for Tanzania. The Company is also a major employer in the region, with our team in Tanzania being made up of 99% local staff. We continue to provide staff training and career development programs.

As a Company, we are proud to be involved in supporting the people of Tanzania during the next phase of industrial growth and increasing prosperity. To ensure the future contribution of Songo Songo, we look forward to a constructive dialogue with the Government of Tanzania to extend the Songo Songo license beyond October 2026. This would allow Orca to continue to partner, invest and support in the development of this important gas resource both prior to and after 2026. Following 16 years of gas production we have developed a deep and valuable understanding of the geology of the license and remain committed to its development and optimization for all its stakeholders. We have the right team and financial structure in place to further develop the Songo Songo asset.

Finally, I would like to thank our stakeholders including the Government of Tanzania for their continued support. I also extend heartfelt appreciation to our staff and contractors who have worked tirelessly during a challenging year.

We look forward to keeping the market apprised on developments over the course of 2021.



Jay Lyons
Interim Chief Executive Officer
21 April 2021

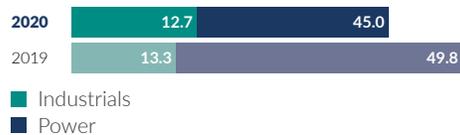
Welcoming Lloyd Herrick

We are delighted to welcome Lloyd Herrick to the Company. He brings more than 40 years' experience to Orca, including 20 years in senior roles at TransGlobe Energy Corporation ("TransGlobe").

Lloyd is highly aligned with Orca's strategy to focus on the optimal development of the Songo Songo gas field in Tanzania. He will play an important advisory and oversight role supporting our operations team and working closely with Orca's management as we continue to capture the value from our flagship asset in Tanzania for the benefit of all stakeholders.

Highlights

Additional gas sales MMcfd



Net income attributable to shareholders \$m



Working capital \$m



TANESCO long-term receivables (fully provided against) \$m

