NEWS RELEASE

ORCA ENERGY GROUP INC. (FORMERLY ORCA EXPLORATION GROUP INC.) ANNOUNCES COMPLETION OF ITS Q2 2020 INTERIM FILINGS

For Immediate Release

TORTOLA, BRITISH VIRGIN ISLANDS – August 13, 2020: Orca Energy Group Inc. ("**Orca**" or "the **Company**" and includes its subsidiaries and affiliates) (TSX-V: ORC.A, ORC.B) today announces it has filed its condensed consolidated interim financial statements and management's discussion and analysis for the three and six month periods ended June 30, 2020 with the Canadian securities regulatory authorities. All amounts are in United States dollars ("**$**") unless otherwise stated.

- Revenue decreased by 18% to $17.3 million for Q2 2020 and by 14% to $35.0 million for the six months ended June 30, 2020 compared to the same prior year periods. The decrease is primarily a result of decreased sales to Tanzanian Electric Supply Company Limited ("**TANESCO**") under the Portfolio Gas Supply Agreement and a smaller current income tax adjustment due to lower revenues. Gas deliveries decreased by 11% for Q2 2020 and by 9% for the six months ended June 30, 2020 compared to the same prior year periods. The decrease in gross sales volume was primarily due to a sustained increase in hydro power generated as a result of higher than normal rainfall for the past six months resulting in decreased sales of natural gas to TANESCO and Songas Limited ("**Songas**") partially offset by an increase in sales to the Tanzanian Petroleum Development Corporation ("**TPDC**") through the National Natural Gas Infrastructure ("**NNGI**").
- Net income attributable to shareholders decreased by 7% to $6.3 million for Q2 2020 but increased 99% to $18.9 million for the six months ended June 30, 2020 compared to the same prior year periods. The decrease for Q2 2020 was primarily a consequence of the decrease in revenue while the decrease in revenue for the six months ended June 30, 2020 was offset by the increase in finance income due to the collection of $14.9 million of TANESCO and $1.0 million of Songas arrears that had been previously provided for.
- Net cash flows from operating activities increased by 51% to $13.5 million for Q2 2020 but decreased by 35% to $14.3 million for the six months ended June 30, 2020 compared to the same prior year periods. The fluctuations are primarily a result of changes in non-cash operating working capital. The increase in Q2 2020 is primarily a consequence of the increase in trade and other payables while the decrease for the six months ended June 30, 2020 was primarily due to an increase in trade and other receivables and payment of Additional Profits Tax of $11.9 million in Q1 2020.
- Adjusted funds flow from operations [1] decreased by 30% to $7.4 million for Q2 2020 and by 24% to $14.9 million for the six months ended June 30, 2020 compared to the same prior year periods. The decreases are primarily related to the decrease in sales volumes and revenue between periods.
- Capital expenditures decreased by 29% to $1.0 million for Q2 2020 and by 40% to $1.5 million for the six months ended June 30, 2020 compared to the same prior year periods. The capital expenditures in 2020 primarily relate to the flowline decoupling construction. The capital expenditures in 2019 primarily relate to the refrigeration project for the Songas plant infrastructure.
- As at June 30, 2020 the Company is in a stable financial position with $85.4 million in working capital (December 31, 2019: $107.0 million), cash and short-term investments of $106.1 million (December 31, 2019: $138.7 million) and long-term debt of $54.2 million (December 31, 2019: $54.1 million). The decrease in working capital, cash and short-term investments was primarily related to the substantial issuer bid ("**SIB**") completed in March 2020.
- As at June 30, 2020 the current receivable from TANESCO was $ nil (December 31, 2019: $ nil). TANESCO's long-term trade receivable as at June 30, 2020 was $32.6 million with a provision of $32.6 million compared to $47.5 million (provision of $47.5 million) as at December 31, 2019. Subsequent to June 30, 2020 the Company has invoiced TANESCO $1.3 million for July 2020 gas deliveries and TANESCO has paid the Company $3.3 million.
- On February 25, 2020 the Company declared a dividend of CDN$0.06 per share on each of its Class A common voting shares ("**Class A Shares**") and Class B subordinate voting shares ("**Class B Shares**") for a total of $1.2 million to the holders of record as of March 31, 2020 paid on April 30, 2020.
- On March 12, 2020 the Company announced the results of the SIB where it took up and paid for 7,692,297 Class B Shares at CDN$6.50 per Class B Share. The aggregate purchase of Class B Shares totaled CDN$50.0 million representing 23.6% of the Company issued and outstanding Class B Shares and 22.4% of the total number of the Company issued and outstanding shares.
- On April 6, 2020 Orca received approval from the TSX Venture Exchange ("**TSXV**") to amend its normal course issuer bid ("**NCIB**") commenced on June 14, 2019 to allow it to purchase additional Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. On June 19, 2020 Orca announced the completion of the NCIB under which Orca repurchased 477,500 Class B Shares at a weighted average price of CDN$5.32 per Class B Share for aggregate consideration of approximately CDN$2.5 million.
- On June 22, 2020 the Company declared a dividend of CDN$0.06 per share on each of its Class A Shares and Class B Shares for a total of $1.3 million to the holders of record as of June 30, 2020 paid on July 15, 2020.

[1] *Operating netback and adjusted funds flow from operations are non-GAAP financial measures. See Non-GAAP Measures.*

- Subsequent to June 30, 2020, the contract for compression supply and installation was signed for a total value of $38 million of which $5.7 million has already been paid pursuant to the letter of intent signed in December 2019 to allow early design work and front end engineering and design verification to take place. Compression is currently planned for installation prior to the end of Q2 2022 and will allow production volumes to be maintained at 135 MMcfd, with the possibility to expand well deliverability to 172 MMcfd by increasing the amount of gas being delivered through the NNGI.

Financial and Operating Highlights for the Three and Six Months Ended June 30, 2020

	Three months			Six months		
(Expressed in $'000 unless indicated otherwise)	2020	2019	Q2/20 vs Q2/19	2020	2019	Ytd/20 vs Ytd/19
OPERATING						
Daily average gas delivered and sold *(MMcfd)*	**50.6**	56.6	(11)%	**53.5**	59.0	(9)%
Industrial	**12.6**	13.1	(4)%	**12.4**	12.4	0%
Power	**38.0**	43.5	(13)%	**41.1**	46.6	(12)%
Average price *($/mcf)*						
Industrial	**7.35**	8.32	(12)%	**7.41**	8.15	(9)%
Power	**3.44**	3.35	3%	**3.45**	3.39	2%
Weighted average	**4.41**	4.50	(2)%	**4.37**	4.39	(0)%
Operating netback *($/mcf)*[1]	**2.74**	2.81	(2)%	**2.56**	2.65	(3)%
FINANCIAL						
Revenue	**17,320**	20,994	(18)%	**35,035**	40,930	(14)%
Net income attributable to shareholders	**6,254**	6,718	(7)%	**18,899**	9,494	99%
per share – basic and diluted *($)*	**0.24**	0.19	26%	**0.64**	0..27	137%
Net cash flows from operating activities	**13,515**	8,978	51%	**14,342**	22,219	(35)%
per share – basic and diluted *($)*	**0.51**	0.25	104%	**0.49**	0.63	(22)%
Adjusted funds flow from operations[1]	**7,379**	10,490	(30)%	**14,948**	19,554	(24)%
per share – basic and diluted *($)*	**0.28**	0.30	(7)%	**0.51**	0.55	(7)%
Capital expenditures	**1,005**	1,413	(29)%	**1,494**	2,505	(40)%

	June 30, 2020	As at December 31, 2019	% Change
Working capital (including cash)	**85,402**	106,972	(20)%
Cash and cash equivalents	**101,113**	93,899	8%
Investments in short-term bonds	**4,963**	44,756	(89)%
Long-term loan	**54,159**	54,057	0%
Outstanding shares *('000)*			
Class A	**1,750**	1,750	0%
Class B	**24,388**	32,557	(25)%
Total shares outstanding	**26,138**	34,307	(24)%
Weighted average Class A and Class B Shares *('000)*	**29,516**	34,931	(16)%

[1] *Adjusted funds flow from operations and operating netback are non-GAAP financial measures which may not be comparable to other companies. Please refer to non-GAAP financial measures below. Certain prior year amounts for adjusted funds flow from operations have been reclassified to conform with the current year presentation.*

Abbreviations

Mcf	thousand standard cubic feet
MMcfd	million standard cubic feet per day

Nigel Friend, Chief Executive Officer, commented:

"In light of the challenging macroeconomic backdrop, we are very pleased with Orca's performance in the first six months of 2020. Although the business was impacted by an increase in hydro power generation, due to the higher than normal rainfall for the past six months, our production and revenues remained strong during the period.

We remain firmly committed to fund and construct the $38 million compression project with our partner, TPDC, as we believe it will be essential to ensure that production continues to meet demand through to the end of the license period. The continued maintenance of a reliable gas supply from our Songo Songo field will be critical to sustaining economic growth in Tanzania, and we are proud of our role in ensuring the country's energy security."

The complete Interim Consolidated Financial Statements and Notes and Management's Discussion & Analysis may be found on the Company's website www.orcaexploration.com or on the Company's profile on SEDAR at www.sedar.com.

Orca Energy Group Inc.

Orca Energy Group Inc. is an international public company engaged in natural gas exploration, development and supply in Tanzania through its subsidiary PanAfrican Energy Tanzania Limited. Orca trades on the TSX Venture Exchange under the trading symbols ORC.B and ORC.A.

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Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Non-GAAP Measures

The Company evaluates its performance using a number of non-GAAP (generally accepted accounting principles) measures. These non-GAAP measures are not standardized and therefore may not be comparable to similar measurements of other entities.

- Adjusted funds flow from operations represents net cash flows from operating activities less interest expense and before changes in non-cash working capital. Management uses this as a performance measure that represents the company's ability to generate sufficient cash flow to fund capital expenditures and/or service debt.

	Three months ended June 30		Six months ended June 30	
$'000	2020	2019	2020	2019
Net cash flows from operating activities	**13,515**	8,978	**14,342**	22,219
Interest expense	**(1,930)**	(1,974)	**(4,156)**	(4,379)
Finance income – collection of TANESCO arrears	**(4,747)**	(3,498)	**(14,860)**	(3,498)
Finance income – collection of disputed Songas receivables	**(1,046)**	–	**(1,046)**	–
Changes in non-cash working capital	**1,587**	6,984	**20,668**	5,212
Adjusted funds flow from operations	**7,379**	10,490	**14,948**	19,554

- Operating netbacks represent the profit margin associated with the production and sale of gas and is calculated as revenues less processing and transportation tariffs, TPDC's revenue share, operating and distribution costs per one thousand standard cubic feet of Additional Gas. This is a key measure as it demonstrates the profit generated from each unit of production.
- Adjusted funds flow from operations per share is calculated on the basis of the adjusted funds flow from operations divided by the weighted average number of shares, similar to the calculation of earnings per share.
- Net cash flows from operating activities per share is calculated as net cash flows from operating activities divided by the weighted average number of shares, similar to the calculation of earnings per share.

FORWARD LOOKING INFORMATION

This press release contains forward-looking statements or information (collectively, "**forward-looking statements**") within the meaning of applicable securities legislation. More particularly, this press release contains, without limitation, forward-looking statements pertaining to the following: the commitment to ensuring undisrupted gas production operations; expectations and assumptions concerning the Company's ability to complete the filing of its annual general meeting information circular on the timeline expected; and the Company's ability to hold the annual general meeting as expected. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies.

These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, and many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company, including, but not limited to, reduced global economic activity as a result of the COVID-19 pandemic, including lower demand for natural gas and a reduction in the price of natural gas; the potential impact of the COVID-19 pandemic on the health of the Company's employees, contractors, suppliers, customers and other partners and the risk that the Company and/or such persons are or may be restricted or prevented (as a result of quarantines, closures or otherwise) from conducting business activities for undetermined periods of time; the impact of actions taken by Governments to reduce the spread of COVID-19, including declaring states of emergency, imposing quarantines, border closures, temporary business closures for companies and industries deemed non-essential, significant travel restrictions and mandated social distancing, and the effect on the Company's operations, access to customers and suppliers, availability of employees and other resources; risk that contract counterparties are unable to perform contractual obligations; the impact of general economic conditions in the areas in which the Company operates; civil unrest; the susceptibility of the areas in which the Company operates to outbreaks of disease; industry conditions; lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange rates and/or interest rates; stock market volatility; competition for, among other things, capital, drilling equipment and skilled personnel; failure to obtain required equipment for drilling; delays in drilling plans; failure to obtain expected results from drilling of wells; changes in laws and regulations including the adoption of new environmental laws and regulations; impact of new local content regulations and changes in how they are interpreted and enforced; imprecision in reserve estimates; obtaining required approvals from regulatory authorities; risks associated with negotiating with foreign governments; and unanticipated changes to legislation and the effect on the Company's operations. In addition, there are risks and uncertainties associated with oil and gas operations. Therefore the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive.

Such forward-looking statements are based on certain assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but not limited to, the impact of the COVID-19 pandemic on the demand for and price of natural gas, volatility in financial markets, disruptions to global supply chains and the Company's business, operations, access to customers and suppliers, availability of employees to carry out day-to-day operations, and other resources; commodity prices will not further deteriorate significantly; availability of skilled labour; conditions in general economic and financial markets; and other matters.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.