Consolidated Income Statements *(unaudited)*

(thousands of US dollars except per share amounts)	NOTE	THREE MONTHS ENDED 31-Mar 2009	THREE MONTHS ENDED 31-Mar 2008
Revenue		**4,443**	5,284
Cost of sales			
Production and distribution expenses		**(305)**	(276)
Depletion expense		**(753)**	(1,406)
		3,385	3,602
Administrative expenses		**(3,045)**	(3,095)
Net financing charges		**(18)**	(237)
Profit before taxation		**322**	270
Taxation	*1*	**(490)**	(413)
(Loss) after taxation		**(168)**	(143)
(Loss) per share			
Basic and diluted *(US$)*		**(0.01)**	(0.00)

See accompanying notes to the interim consolidated financial statements.

Consolidated Balance Sheets *(unaudited)*

(thousands of US dollars)	NOTE	31-Mar 2009	31-Dec 2008
ASSETS			
Current assets			
Cash and cash equivalents		**9,710**	10,586
Trade and other receivables		**8,319**	13,196
		18,029	23,782
Exploration and evaluation assets	2	**687**	648
Property, plant and equipment	3	**61,893**	60,818
		62,580	61,466
		80,609	85,248
LIABILITIES			
Current liabilities			
Trade and other payables		**8,875**	14,055
Non current liabilities			
Deferred income taxes	1	**6,000**	5,510
Deferred additional profits tax		**1,050**	971
		15,925	20,536
SHAREHOLDERS' EQUITY			
Capital stock	4	**66,369**	66,537
Capital reserve		**4,023**	3,715
Accumulated (loss)		**(5,708)**	(5,540)
		64,684	64,712
		80,609	85,248

Contractual obligations and committed capital investment (Note 7)
See accompanying notes to the interim consolidated financial statements.

Consolidated Statements of Cash Flows *(unaudited)*

(thousands of US dollars)	THREE MONTHS ENDED 31-Mar 2009	THREE MONTHS ENDED 31-Mar 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) after taxation	**(168)**	(143)
Adjustment for :		
Depletion and depreciation	**777**	1,422
Stock-based compensation	**296**	654
Deferred income taxes	**490**	413
Deferred additional profits tax	**79**	90
Interest income	**(16)**	(45)
	1,458	2,391
Decrease in trade and other receivables	**4,877**	939
Decrease in trade and other payables	**(4,431)**	(2,494)
Net cash flows from operating activities	**1,904**	836
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation expenditures	**(39)**	(419)
Property, plant and equipment expenditures	**(1,852)**	(1,017)
Interest income	**16**	45
Decrease in trade and other payables	**(749)**	(3,437)
Net cash used in investing activities	**(2,624)**	(4,828)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Normal course issuer bid	**(156)**	(2)
Net cash used in financing activities	**(156)**	(2)
Decrease in cash and cash equivalents	**(876)**	(3,994)
Cash and cash equivalents at the beginning of the period	**10,586**	16,515
Cash and cash equivalents at the end of the period	**9,710**	12,521

See accompanying notes to the interim consolidated financial statements.

Statement of Changes in Shareholders' Equity *(unaudited)*

(thousands of US dollars)	Capital stock	Capital reserve	Accumulated Income/(loss)	Total
Balance as at 1 January 2008	66,538	1,023	3,983	71,544
Stock-based compensation	–	654	–	654
Normal course issuer bid	(1)	(1)	–	(2)
Loss for the period	–	–	(143)	(143)
Balance as at 31 March 2008	**66,537**	**1,676**	**3,840**	**72,053**

(thousands of US dollars)	Capital stock	Capital reserve	Accumulated Income/(loss)	Total
Note	*4*			
Balance as at 1 January 2009	66,537	3,715	(5,540)	64,712
Stock-based compensation	–	296	–	296
Normal course issuer bid	(168)	12	–	(156)
Loss for the period	–	–	(168)	(168)
Balance as at 31 March 2009	**66,369**	**4,023**	**(5,708)**	**64,684**

See accompanying notes to the interim consolidated financial statements.

Notes to the Consolidated Financial Statements *(unaudited)*

Basis of preparation

The interim consolidated financial statements are measured and presented in US dollars as the main operating cash flows are linked to this currency through the commodity price.

The same accounting policies and methods of computation have been followed as the audited consolidated financial statements at 31 December 2008. The interim consolidated financial statements for the three months ended 31 March 2009 should be read in conjunction with the audited consolidated financial statements and related notes for the year ended 31 December 2008.

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Standing Interpretations Committee of the IASB. These principles differ in certain respects from those in Canada as described in note 5.

1 TAXATION

Under the terms of the Production Sharing Agreement with TPDC, the Company is liable to pay income tax at the corporate rate of 30% on profits generated in Tanzania. The amount paid is then recovered in full from TPDC by adjusting their share of profit gas.

The tax charge is as follows:

	THREE MONTHS ENDED	
Figures in US$'000	**31-Mar 2009**	**31-Mar 2008**
Current tax	**-**	-
Deferred tax	**490**	413
	490	413

Tax Rate Reconciliation	THREE MONTHS ENDED	
Figures in US$'000	**31-Mar 2009**	**31-Mar 2008**
Profit before taxation	**322**	270
Provision for income tax calculated at the statutory rate of 30%	**97**	81
Add/(deduct) the tax effect of non-deductible income tax items:		
Administrative and operating expenses	**241**	160
Stock based compensation	**138**	145
Permanent differences	**14**	27
	490	413

As at 31 March 2009 there were temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Accordingly a deferred tax liability has been recognized for the quarter ended 31 March 2009. The deferred income tax liability includes the following temporary differences:

Figures in US$'000	As at 31-Mar 2009	As at 31-Dec 2008
Differences between tax base and carrying value of property, plant and equipment	**7,178**	6,338
Provision for stock option bonuses	**(2)**	(2)
Income tax recoverable	**221**	221
Other liabilities	**(210)**	(196)
Additional profits tax	**(315)**	(291)
Tax losses	**(872)**	(560)
	6,000	5,510

2 EXPLORATION AND EVALUATION ASSETS

Figures in US'000	Tanzania
Costs	
As at 1 January 2009	648
Additions	39
As at 31 March 2009	687
Depletion/Depreciation	
As at 1 January 2009	–
Impairment	–
As at 31 March 2009	–
Net Book Values	
As at 31 March 2009	687
As at 31 December 2008	648

Tanzania

The exploration and evaluation asset relates to initial evaluation of the Songo Songo West prospect which is pending the determination of proven and probable reserves. There were no general administrative costs capitalized in the quarter (Q1 2008: US$ nil).

3 PROPERTY, PLANT AND EQUIPMENT

Figures in US'000	Tanzania	Leasehold improvements	Computer equipment	Vehicles	Fixtures & Fittings	Total
Costs						
As at 1 January 2009	72,732	185	207	122	52	73,298
Additions	1,722	14	38	65	13	1,852
As at 31 March 2009	74,454	199	245	187	65	75,150
Depletion/Depreciation						
As at 1 January 2009	12,072	156	126	85	41	12,480
Charge for period	753	2	13	9	-	777
As at 31 March 2009	12,825	158	139	94	41	13,257
Net Book Values						
As at 31 March 2009	61,629	41	106	93	24	61,893
As at 31 December 2008	60,660	29	81	37	11	60,818

In determining the depletion charge, it is estimated by the independent reserve engineers that future development costs of US$89.1 million (Q1 2008: US$128.4 million) will be required to bring the total proved reserves to production.

4 CAPITAL STOCK

Number of shares (thousands)	Authorized	Issued	Valuation at par value
CLASS A			
As at 31 December 2008 and 31 March 2009	50,000	1,751	983
CLASS B			
As at 31 December 2008	50,000	27,863	65,554
Normal course issuer bid	–	(75)	(168)
As at 31 March 2009	50,000	27,788	65,386
Total Class A and Class B as at 31 March 2009	**100,000**	**29,539**	**66,369**

All of the issued capital stock is fully paid. In February 2008, a total of 75,000 shares were repurchased at Cdn$2.60 under the normal course issuer bid.

Stock options

The stock option plan provides for the granting of stock options to directors, officers and employees. The exercise price of each stock option is determined as the closing market price of the common shares on the day prior to the day of grant. Each stock option granted permits the holder to purchase one common share at the stated exercise price. In accordance with IFRS2, the Company records a charge to the income statement using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price.

The table below details the outstanding share options and the movements for the nine months ended 31 March 2009:

Thousands of options or Cdn$	Options	Exercise Price
Outstanding as at 31 December 2008	2,814	1.00 to 13.55
Forfeited	(17)	12.00
Outstanding as at 31 March 2009	2,797	1.00 to 13.55

The weighted average remaining life and weighted average exercise price of options at 31 March 2009 were as follows:

Exercise Price (Cdn$)	Number Outstanding as at 31 March 2009	Weighted Average Remaining Contractual Life	Number Exercisable as at 31 March 2009	Weighted Average Exercise Price (Cdn$)
1.00	1,662	5.42	1,662	1.00
8.00 - 13.55	1,135	3.11	478	11.36

Stock Appreciation Rights

Thousands of stock appreciation rights or Cdn$	Options	Exercise Price
Outstanding as at 31 December 2008 and 31 March 2009	810	5.30 to 13.55

(i) A total of 705,000 stock appreciation rights have a term of five years and vest in three equal instalments, the first third vesting on the anniversary of the grant date. There is no maximum liability associated with these rights.

(ii) A total of 105,000 capped stock appreciation rights were issued in February 2008 with an exercise price of Cdn$11.00. These stock appreciation rights have a maximum liability of Cdn$3.00 per right.

In accordance with IFRS2, the Company records a charge to the income statement using the Black-Scholes fair valuation option pricing model every reporting period with a resulting liability being recognised in the balance sheet. In the valuation of these stock appreciation rights the following assumptions have been made: the risk free rate of interest equal to 3.5%, stock volatility 121% with a level of forfeitures between 0% and 33%.

As at 31 March 2009, a total liability of US$0.3 million had been recorded in trade and other payables in respect of the outstanding stock appreciation rights.

5 RECONCILIATION TO CANADIAN GAAP

The consolidated financial statements have been prepared in accordance with IFRS, which differ in some respects from Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Any difference in accounting principles as they pertain to the accompanying consolidated financial statements were immaterial except as described below:

a) Taxation

On 31 August 2004, the Company was spun off from a predecessor company pursuant to a scheme of arrangement. Under Canadian GAAP, a deferred tax liability has to be recognized for the taxable temporary differences arising from the initial recognition of an asset or liability under any scenario. IFRS does not permit the setting up of a deferred tax liability for all taxable temporary differences arising from the initial recognition of an asset or liability except in a business combination.

b) Stock-based compensation

There were 810,000 stock appreciation rights outstanding as at 31 March 2009 (see note 4). Under IFRS as these rights are a cash-settled share-based transaction, the fair value of the rights is calculated using a Black-Scholes option pricing model every reporting period. Under Canadian GAAP, the fair value is calculated using the intrinsic value method whereby the rights are valued at the quoted market price less the rights price at each reporting period. Under both IFRS and Canadian GAAP, the fair value is expensed over the service period of the rights.

c) Exploration and evaluation assets

Under IFRS 6 there is a requirement for separate disclosure of costs associated with exploration and evaluation assets. There is no such requirement under Canadian GAAP and the costs are aggregated within property, plant and equipment.

The application of Canadian GAAP would have the following effect on the balance sheet:

	31-Mar 2009		31-Dec 2008	
Figures in US$'000	**IFRS**	**CDN**	**IFRS**	**CDN**
Current assets	**18,029**	**18,029**	23,782	23,782
Exploration and evaluation assets	**687**	**-**	648	-
Property, plant and equipment	**61,893**	**64,110**	60,818	63,010
	80,609	**82,139**	85,248	86,792
Current liabilities	**8,875**	**8,555**	14,055	13,899
Non current liabilities	**7,050**	**8,790**	6,481	8,226
Capital stock	**66,369**	**66,369**	66,537	66,537
Reserves	**(1,685)**	**(1,575)**	(1,825)	(1,870)
	80,609	**82,139**	85,248	86,792
Profit/(loss) before taxation	**322**	**476**	(7,056)	(7,140)

6 RELATED PARTY TRANSACTIONS

One of the non-executive Directors is a partner at a law firm. The Company has made a provision of US$37,500 for legal services provided during the quarter. The transactions with this related party were made at the exchange amount.

7 CONTRACTUAL OBLIGATIONS AND COMMITTED CAPITAL INVESTMENT

Capital Investment

Re-rating of the Songas processing plant

Orca Exploration is committed to paying Songas US$0.5 million on successful completion and operation of the gas processing facilities at 90 MMscfd together with a further US$0.5 million on the first anniversary of the successful completion of the project. The gas processing plant was re-rated from 70 MMscfd to 90 MMscfd by Lloyds Register in January 2009. The re-rating was approved by Songas in Q1 2009.

Wazo Hill cement plant

Orca Exploration signed a five year contract with TPCC, a subsidiary of Heidelberg Cement, for the supply of gas to a new US$100 million kiln at its Wazo Hill plant in Dar es Salaam. In order to honour this contract, Orca Exploration committed to install a pressure reduction station at Wazo Hill, a total of US$1.0 million has been incurred on this during the quarter. It is estimated that US$0.4 million will be required to complete this project.

Compressed natural gas

In Q3 2008, Orca Exploration ordered US$2.5 million of CNG facilities, consisting of a compressor, a vehicle dispenser and two trailer filling facilities to deliver 0.7 MMscfd of CNG to industrial customers in Dar es Salaam. The facilities are expected to be operational during Q2 2009. A total of US$2.5 million had been spent on this project by the end of Q1 2009. It is estimated that an additional US$0.3 million will be required to complete the project.

Funding

Management forecasts that the Company will be able to meet its 2009 US$11.0 million capital expenditure program through the use of existing cash balances and self-generated cash flows. The Company currently has no bank borrowings and there is scope for utilising debt funding once the longer term contracts for the supply of gas to the power sector are in place.

Contractual Obligations

Protected Gas

Under the terms of the original gas agreement for the Songo Songo project ("Gas Agreement"), in the event that there is a shortfall/insufficiency in Protected Gas as a consequence of the sale of Additional Gas, then the Company is liable to pay the difference between the price of Protected Gas (US$0.55/Mmbtu) and the price of an alternative feedstock multiplied by the volumes of Protected Gas up to a maximum of the volume of Additional Gas sold (25.7 Bcf as at 31 March 2009).

The Gas Agreement has been amended by an initialled Amended and Restated Gas Agreement ("ARGA"). The ARGA provides clarification of the Protected Gas volumes and removes all terms dealing with the security of the Protected Gas and the consequences of any insufficiency to a new Insufficiency Agreement ("IA"). The IA specifies terms under which Songas may demand cash security in order to keep them whole in the event of a Protected Gas insufficiency. Once the Insufficiency Agreement is signed, it will govern the basis for determining security. Under the provisional terms of the IA, when it is calculated that funding is required, the Company shall fund an escrow account at a rate of US$2/Mmbtu on all industrial Additional Gas sales out of its and TPDC share of revenue, and TANESCO shall contribute the same amount on Additional Gas sales to the power sector. The funds provide security for Songas in the event of an insufficiency of Protected Gas. The Company is actively monitoring the reservoir and does not anticipate that a liability will occur in this respect.

Back in

TPDC has indicated that they wish to exercise their right to 'back in' to the field development by contributing 20% of the costs of the future wells including SS-10 in return for a 20% increase in the profit share percentage for the production emanating from these wells. The implications and workings of the 'back in' are still to be discussed in detail with TPDC and there may be the need for reserve modifications once these discussions are concluded. For the purpose of the reserves certification, it has been assumed that they will 'back in' for 20% and this is reflected in the Company's net reserve position. However, the financial statements do not take account of any reimbursement for the SS-10 capital expenditure, pending the finalisation of the terms of the 'back in'.

Operating leases

The Company has entered into two five year rental agreements that expire on 30 November 2012 and 30 November 2013 respectively at a cost of approximately US$0.2 million per annum for the use of offices in Dar es Salaam.

CORPORATE INFORMATION

BOARD OF DIRECTORS

W. DAVID LYONS
Non-Executive Chairman
Winchester
United Kingdom

PETER R. CLUTTERBUCK
President & Chief
Executive Officer
Haslemere
United Kingdom

NIGEL A. FRIEND
Executive Vice President
& Chief Financial Officer
London
United Kingdom

PIERRE RAILLARD
Vice President Operations
Dar es Salaam
Tanzania

JOHN PATTERSON
Non-Executive Director
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DAVID ROSS
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BURNET, DUCKWORTH & PALMER LLP
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TRANSFER AGENT

CIBC MELLON TRUST TRUST COMPANY
Toronto, Montreal
Canada