NEWS RELEASE
Orca Energy Group Inc.
Operational Update

For Immediate Release

TORTOLA, BRITISH VIRGIN ISLANDS – July 11, 2022: Orca Energy Group Inc. ("**Orca**" or the "**Company**" and includes its subsidiaries and affiliates) (TSX-V: ORC.A, ORC.B) today announces an operational update.

Jay Lyons, Chief Executive Officer, commented:

"We are very pleased with Orca's strong operational performance year-to-date and the wider operational progress being made on a range of proactive investment opportunities, that will underpin our current production and our increased production capacity in the near to medium term. We remain focused on maintaining a strong liquidity position, while also balancing the attractive growth opportunities at Songo Songo field and returning value to our stakeholders. The second half of 2022 will be an intense period operationally, with the acquisition of 3D seismic over the Songo Songo licence to provide greater clarity on the contingent and prospective resource potential in the first half of 2023. With record additional gas sales, increased market share and accelerating gas demand into 2023, we have initiated a number of projects to potentially accelerate and sustain production potential to align with the burgeoning Tanzanian economy."

OPERATIONAL

- Record conventional natural gas (which will be classified as Additional Gas, as defined in the PSA (as defined herein) ("**gas sales**")) sale volumes averaging ~ 80 million cubic feet per day ("**MMcfd**") year to date 2022, due to the installation of inlet compression at the Songas Limited ("Songas") gas plant which aligned with significantly increased market share of gas demand associated with new gas to power projects and lower than anticipated hydropower generation during the seasonal 'Long Rains' in Q2, 2022.
- The Company averaged gas sales of 85.5 MMcfd in Q2 2022 as compared to gas sales of 50.1 MMcfd in Q2 2021, which increased gas sales were primarily to customers in the power sector. The Company forecasts average gross gas sales of 80- 86 MMcfd during 2022 representing a 10 MMcfd (14% increase) from the Company's prior forecasts of 70-76 MMCfd.
- Current total Songo Songo field production (Additional Gas and Protected Gas) is ~ 125-130 MMcfd with anticipated increased Additional Gas demand in the second half of 2022 ("**H2, 2022**"), largely due to the announced phased startup of the Kinerezi 1 power plant extension, combined with seasonal hydropower declines.
- Orca continues to invest in its Songo Songo operations to keep pace with Tanzania's growth in power generation and industrial expansion. These include:
  - US$42.5 million (2020-2022) first stage inlet compression project at the Songas Limited ("**Songas**") gas plant, which became operational in March 2022. With the addition of inlet compression, it is estimated that total connected peak deliverability through the Songas gas plant and the National Natural Gas Infrastructure ("**NNGI**") gas plant is currently ~ 155 MMcfd.
  - US$31.6 million (2021-22) three well workover program (SS-3, SS-4 and SS-10 wells) completed in April 2022.
  - US$1.0 million (2022) coil tubing program to evaluate the production potential of the SS-4 well is planned for Q3/ Q4, 2022. The SS-4 well is currently unable to flow naturally, due to suspected liquid loading incurred during the workover program.
  - US$20.0+ million (2022) 3D seismic acquisition program to better image the emerging complexities for the Songo Songo main field and future exploration and development of prospective resources. Following technical and commercial evaluation of three seismic acquisition proposals, the Company awarded and signed a contract with African Geophysical Services LLP on July 7, 2022, to acquire ~ 200 square kilometers of 3D marine, transition and land based seismic over the Songo Songo license area. Subject to receipt of final environmental approvals, the Company is targeting completion of the program in H2 2022 to align with the optimum weather window and assure highest quality data acquisition.

    - US$1.0 million "smart pigging" program to identify potential flow line repair/replacements in accordance with the Company's integrity management system. Additional budget approved to replace or repair flow lines that are identified to have corrosions/erosion issues associated with 18 years of continuous production.
    - Sand production mitigation investments targeting potential downtime due to increasing sand production associated with declining reservoir pressures.
- In response to the anticipated future demand of gas sales, the Company has accelerated a number of initiatives (subject to government and partner approvals) which include:
    - Investigating the potential for fast track seismic data processing and interpretation in H1 2023, to align with increased market share of new gas demand in Tanzania and the potential need for additional offshore drilling in the Songo Songo main field prior to October 2026.
    - Commenced evaluation of several options to meet and sustain accelerated gas demand increases from the Songo Songo main field and associated reservoir pressure declines. Evaluations include accelerated infill drilling (2024) in the Songo Songo main field and the potential fast track installation of second stage inlet gas compression at the Songas gas plant. Infill drilling could include a sidetrack of the existing, currently non-producing SS-7 offshore well or replacement well in the southern compartment of the Songo Songo field at an estimated cost of US$40+ million. Second stage inlet gas compression is anticipated to cost in the $40+ million range (similar to recent first stage compression project) and take 2-3 years from final investment decision/approval. It is anticipated that either option would be funded from working capital.

FINANCIAL

- Progress continues with Tanzania Electric Supply Company Limited ("**TANESCO**") to resolve payments for outstanding receivables and take or pay volumes.
    - As at 30 June 2022, the current receivables owed by TANESCO were US$3.5 million (March 31, 2022: US$0.3 million). TANESCO's long-term trade receivable as at June 30, 2022 was US$26.5 million with a provision of US$26.5 million, representing no change from the prior quarter.
    - During Q2, 2022 TANESCO paid the Company US$13.4 million for the 2016/2017 invoice under the take or pay provision of the Portfolio Gas Supply Agreement, being the agreement under which the Company supplies Additional Gas directly to TANESCO.
    - The Company initiated discussions with TANESCO regarding the extension of the Gas Sales Agreement ("GSA") past the current deadline of 2023.
- The Company continues to review its ongoing and future liquidity requirements which include:
    - The Company's ability to maintain the quarterly dividend of C$0.10 per Class A Common Share ("**Class A Share**") and C$0.10 per Class B Subordinate Voting Share ("**Class B Share**").
    - Principal repayments of the long-term-loan from the International Finance Corporation to the Company's subsidiary operating in Tanzania, PanAfrican Energy Tanzania Limited, with US$5.0 million being due in October 2022.
    - Potential future capital programs to sustain and expand gas production from the Songo Songo gas field.

CORPORATE

In accordance with the investment agreement dated December 29, 2017 (the "**Investment Agreement**"), on an annual basis commencing December 31, 2021, Swala Oil & Gas (Tanzania) plc ("**Swala Parent**") is required to, among other things, redeem 20% of the Swala Parent preferred shares (the "**Swala Parent Preferred Shares**") held by the Company (or if the outstanding amount is less than 20% of the original amount of US$20 million, the entire amount) either in cash or by transferring and returning a proportionate share of the Class A common shares of PAE PanAfrican Energy Corporation, a subsidiary of Orca, that were issued to Swala Parent's wholly owned subsidiary, Swala (PAEM) Limited. The Company is currently pursuing enforcement of these redemption rights. For more information, please see the Company's Management's Discussion & Analysis for Q1 2022 and the Investment Agreement, which were filed on SEDAR on May 19, 2022 and January 2, 2017, respectively, and are available on SEDAR at www.sedar.com.

Orca Energy Group Inc.

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

*The principal asset of Orca is its indirect interest in the Production Sharing Agreement ("**PSA**") with the Tanzania Petroleum Development Corporation ("**TPDC**") and the Government of Tanzania in the United Republic of Tanzania. This PSA covers the production and marketing of certain conventional natural gas from the Songo Songo licence offshore Tanzania. The PSA defines the gas produced from the Songo Songo gas field as "Protected Gas" and "Additional Gas". The Protected Gas is owned by TPDC and is sold under a 20-year gas agreement (until July 31, 2024) to Songas and Tanzania Portland Cement PLC. Songas is the owner of the infrastructure that enables the gas to be processed and delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island. Additional Gas is all gas that is produced from the Songo Songo gas field in excess of Protected Gas.

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Forward Looking Information

This news release contains forward-looking statements or information (collectively, **"forward-looking statements"**) within the meaning of applicable securities legislation. All statements, other than statements of historical fact included in this news release, which address activities, events or developments that Orca expects or anticipates to occur in the future, are forward-looking statements. Forward-looking statements often contain terms such as may, will, should, anticipate, expect, continue, estimate, believe, project, forecast, plan, intend, target, outlook, focus, could and similar words suggesting future outcomes or statements regarding an outlook. More particularly, this news release contains, without limitation, forward-looking statements pertaining to the following: the Company's ability to maintain and increase production capacity in the near or medium term; the Company's ability to accelerate and sustain production potential; The Company's forecasted average gross gas sales; the demand for natural gas in Tanzania; the growth of the Tanzanian economy including growth in power generation and industrial expansion; the Company's market share of increased natural gas demand; the timing of the phased startup of the Kinerezi 1 power plant extension and the effect this has on the demand for the Company's Additional Gas; the deliverability of conventional natural gas through the Songas gas plant and NNGI; the Company's forecast for average gross conventional gas sales in 2022; production; the data acquired from the 3D seismic program and the benefit obtained therefrom; the Company's expectations regarding timing and expenditures required to commence the 3D seismic program; the Company's ability to obtain the necessary environmental approvals to commence the 3D seismic program; the Company's expectations regarding the cost of the "smart pigging" program; the Company's ability to obtain governmental and partner approvals for its various initiatives; the Company's expectations regarding timing and expenditures required to complete the infill drilling of the SS-7 offshore well and second stage inlet gas compression; the Company's ability to fund its capital expenditure from working capital; the outcome of the Company's negotiations with TANESCO regarding outstanding receivables and take or pay volumes as well as the extension of the GSA; Orca's expectations regarding maintaining its quarterly dividend; the Company's ability to cause Swala Parent to redeem the Swala Parent Preferred Shares; and Swala Parent redeems the Swala Parent Preferred Shares held by the Company. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, access to resources and infrastructure, 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: failure to receive payments from TANESCO; risks related to the implementation of potential financing solutions to resolve the TANESCO arrears; risk of a lack of access to Songas processing and transportation facilities; risk that the Company may be unable to complete additional field development to support the Songo Songo production profile through the life of the license; risk that the Company may be unable to develop additional supply or increase production values; risks associated with the Company's ability to complete sales of Additional Gas; potential negative effect on the Company's rights under the PSA and other agreements relating to its business in Tanzania as a result of the Petroleum Act, 2015 (the "**Act**") and other recently enacted legislation, as well as the risk that such legislation will create additional costs and time connected with the Company's business in Tanzania; risks regarding the uncertainty around evolution of Tanzanian legislation; 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; changes in laws and regulations including the adoption of new environmental laws and regulations, impact of local content regulations and variances in how they are interpreted and enforced; increased competition; the Company's average gross gas sales in 2022 are lower than forecasted; the lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility; competition for, among other things, capital, oil and gas field services and skilled personnel; failure to obtain required equipment for field development; delays in development plans; effect of changes to the PSA on the Company as a result of the implementation of new government policies for the oil and gas industry; changes in laws; imprecision in reserve estimates; the production and growth potential of the Company's assets; obtaining required approvals of regulatory authorities; failure to complete the 3D seismic program, the "smart pigging" program, the infill drilling of the SS-7 offshore well and/or the second stage inlet gas compression on the timelines or at the costs anticipated; risk that the results of the 3D seismic program are not as lucrative or instructive as anticipated; inability to obtain necessary environmental, governmental or partners approvals to complete the Company's planned initiatives; inability to come to an agreement with TANESCO regarding outstanding receivables, take or pay obligations or the extension of the GSA; the Company is unsuccessful in causing Swala Parent to redeem the Swala Parent Preferred Shares held by the Company; risks that costs are higher than expected; failure to meet debt commitments; failure to pay future dividends; failure to meet forecasted average gross gas sales; risks associated with negotiating with foreign governments; inability to satisfy debt conditions of financing; failure to successfully negotiate agreements; risk that the Company will not be able to fulfil its contractual obligations; reduced global economic activity as a result of COVID-19, including lower demand for natural gas and a reduction in the price of natural gas; the potential impact of COVID-19 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; and 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. 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.

Future shareholder returns, including but not limited to the payment of dividends or other distributions to shareholders, if any, and the level thereof is uncertain. Any decision to pay further distributions on the Class A Shares and Class B Shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith) will be subject to the discretion of the Board of Directors of the Company and may depend on a variety of factors, including, without limitation the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, satisfaction of the solvency tests imposed on the Company under applicable corporate law, contractual restrictions and compliance with applicable laws. The actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board of Directors. There can be no assurance that the Company will pay any distributions in the future.

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 ability of the Company to complete additional developments and increase its production capacity; the actual costs and timeframes to complete the 3D seismic program, the "smart pigging" program, the infill drilling of the SS-7 offshore well and/or the second stage inlet gas compression are in line with estimates; the Company will successfully cause Swala Parent to redeem the Swala Parent Preferred Shares held by the Company; the impact of COVID-19 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; that the Company will have sufficient working capital, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company will successfully negotiate agreements and extensions; receipt of required regulatory and partner approvals; the ability of the Company to increase production as required to meet demand; infrastructure capacity; commodity prices will not deteriorate significantly; the ability of the Company to obtain equipment and services in a timely manner to carry out exploration, development and exploitation activities; future capital expenditures; availability of skilled labor; timing and amount of capital expenditures; uninterrupted access to infrastructure; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; the effect of new environmental and climate-change related regulations will not negatively impact the Company; the Company is able to maintain strong commercial relationships with the Government of Tanzania and other state and parastatal organizations; the current and future administration in Tanzania continues to honor the terms of the PSA and the Company's other principal agreements; the new power generation facilities are commissioned on the expected timelines; the Company's average gross gas sales in 2022 are in line with forecasts; 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.