PRESS RELEASE

ORCA ENERGY GROUP INC.
ANNOUNCES COMPLETION OF Q1 2023 INTERIM FILINGS

For Immediate Release

TORTOLA, BRITISH VIRGIN ISLANDS – May 17, 2023: Orca Energy Group Inc. ("**Orca**" or the "**Company**" and includes its subsidiaries and affiliates) (TSX-V: ORC.A, ORC.B) today announces that it has filed its condensed consolidated interim financial statements and management's discussion and analysis for the three month periods ended March 31, 2023 ("**Q1 2023**") with the Canadian securities regulatory authorities. All amounts are in United States dollars ("**$**") unless otherwise stated.

Jay Lyons, Chief Executive Officer, commented:

"Following a year of considerable production and revenue growth, I am pleased to report that the Company delivered a strong performance in Q1 2023. Due to increased sales in the power sector during the period, gas deliveries were 29% higher year-on-year, with revenues up 11% compared to Q1 2022.

We continue with the preparation of the 3D seismic acquisition and processing program on the Songo Songo gas field. This is an important workstream for Orca, as it will further increase our understanding of the asset, de-risk future exploration, optimize development plans and ensure sustainable gas supplies for the increasing gas demand we continue to experience. The seismic project timelines continue to extend, and we are working closely with our Tanzanian based Omani backed contractor to address deficiencies in equipment in a timely fashion. I look forward to updating the market on further developments over the coming months."

Highlights

- Revenue for Q1 2023 increased by 11% compared to the same prior year period. The increase is primarily a result of increased sales to the power sector and was partially offset by the increase in Tanzanian Petroleum Development Corporation's (**"TPDC"**) share of revenue as an outcome of decreased capital expenditures and lower recovery of costs incurred on the exploration, development and operations of projects under the PSA (defined below). Gas deliveries for the quarter increased by 29% compared to the same prior year period, primarily due to increased sales of natural gas to the power sector.
- Gross conventional natural gas production was in line with forecasts during Q1 2023 and in April 2023 averaged 119.8 MMcfd (total), of which 86.9 MMcfd was Additional Gas (defined below), which is historically consistent with the seasonal rains and increased hydro-power.
- We anticipate our gross additional gas sales to average between 90 and 100 MMcfd during 2023, with a midpoint of 95 MMcfd.
- Net income attributable to shareholders decreased by 53% for Q1 2023 compared to the same prior year period, primarily as a result of the increased depletion expense compared to Q1 2022 counteracting the increase in revenue.
- Net cash flows from operating activities for Q1 2023 increased by 83% compared to the same prior year period, primarily as a result of positive changes in non-cash working capital.
- Capital expenditures decreased by 88% for Q1 2023 compared to the same prior year period. The capital expenditures in Q1 2023 primarily related to the 3D seismic acquisition program. The capital expenditures in Q1 2022 primarily related to the well workover program.
- The Company is currently carrying out a 3D seismic acquisition and processing program, budgeted at $24.6 million in order to further evaluate the current reserves and contingent resources as well as the potential of prospective resources. In 2022, the Company awarded and signed a contract with African Geophysical Services LLP to acquire approximately 181 square kilometres of 3D shallow marine, transition zone and land based seismic over the Songo Songo license area. We anticipate that acquisition of data will be completed in Q3 2023. The processing of the data will be carried out by DUG Ltd with fast track processing expected to produce initial results during Q4 2023.
- With the emergence of longer term high levels of gas demand, our short-term 2023 forecast capital expenditure remains at approximately $38 million. We continue to work with the Government of Tanzania ("**GoT**") on an alternative development plan for the longer term field development.
- In 2022 the Company completed smart pigging of the SS-3, SS-4 SS-5, SS-7 and SS-9 flowlines. Low cost repairs of sections of flowlines have been conducted and wells returned to operations. Further work will be conducted throughout 2023 to replace several other less critically affected sections.
- The Company exited the period in a strong financial position with $68.4 million in working capital[1] (December 31, 2022: $61.6 million), cash and cash equivalents of $99.5 million (December 31, 2022: $96.3 million) and long-term debt of $39.8 million (December 31, 2022: $39.8 million). The increase in working capital was primarily related to the release of $13.1 million representing the current portion of additional profits tax (**"APT"**) in Q1 2023. Subsequent to March 31, 2023 the Company made a payment of $5.0 million, representing the second semi-annual repayment of its long-term debt.
- As at March 31, 2023 the current receivable from the Tanzanian Electric Supply Company Limited ("**TANESCO**") was $ nil (December 31, 2022: $3.7 million). TANESCO's long-term trade receivable as at March 31, 2023 and December 31, 2022 was $22.0 million with a provision of $22.0 million. Subsequent to March 31, 2023 the Company has invoiced TANESCO $2.2 million for April 2023 gas deliveries. Subsequent to March 31, 2023 TANESCO paid the Company $6.5 million against the 2020 take or pay invoice.
- On February 24, 2023, the Company declared dividends of CDN$0.10 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 $1.5 million to the holders of record as of March 31, 2023 paid on April 14, 2023.

- On May 17, 2023, the Company declared dividends of CDN$0.10 per share on each of its Class A Shares and Class B Shares for a total of $1.5 million to the holders of record as of June 30, 2023 payable on July 14, 2023.
- On August 8, 2022, the Company issued a redemption notice to Swala Oil & Gas (Tanzania) plc (**"Swala TZ"**), requesting that Swala TZ redeem 20% of the outstanding Swala TZ convertible preference shares (**"Preference Shares"**) by August 23, 2022, which were issued to the Company in accordance with the investment agreement dated December 29, 2017 (the **"Investment Agreement"**), between the Company, the Company's subsidiary PAE PanAfrican Energy Corporation (**"PAEM"**) and Swala's TZ subsidiary, Swala (PAEM) Limited (**"Swala UK"**). Swala TZ responded to the Company's redemption notice and is disputing its obligation to redeem the Preference Shares. On January 31, 2023, the Company issued a further redemption notice to Swala TZ, requesting that Swala TZ redeem a further 20% of the outstanding Preference Shares by February 15, 2023. As at May 17, 2023, the redemption notice requests of the Company remain outstanding.
- On April 3, 2023, Swala TZ announced that a meeting of its creditors held on March 31, 2023, resolved that Swala TZ be placed into liquidation. Also, on March 31, 2023, Apex Corporate Trustees (UK) Limited appointed representatives of Grant Thornton UK LLP as administrators of Swala UK. The Company is evaluating its rights and options in response to Swala TZ being put into liquidation and Swala UK being put into administration.
- On August 5, 2022, the Fair Competition Commission of the United Republic of Tanzania (**"FCC"**) issued Provisional Findings with respect an investigation the FCC initiated against Orca, PAEM, PanAfrican Energy Tanzania Limited (**"PAET"**) and Swala UK and Swala TZ in response to a letter Swala TZ sent the FCC on March 31, 2022. In the Provisional Findings, the FCC claimed that Orca's sale of investment shares held in PAEM to Swala UK pursuant to the Investment Agreement amounted to a notifiable merger whose non-notification infringed the provisions of the Fair Competition Act, 2003 and the Fair Competition Rules, 2018. In September 2022, the Company responded to the FCC's Provisional Findings submitting that the transactions did not amount to a prohibited merger and that, if the transactions were notifiable, it was Swala UK who had the obligation to notify the authorities of the merger and not Orca, PAEM and PAET. On November 11, 2022, the FCC issued another letter to Orca, PAEM and PAET requesting a settlement plan to be submitted to the FCC. The Company is optimistic that there is no merit to the allegations of the FCC against the Company.

[1] See Non-GAAP Financial Measures and Ratios.

Financial and Operating Highlights for the Three Months Ended March 31, 2023

(Expressed in $'000 unless indicated otherwise)	Three Months ended March 31 2023	2022	% Change Q1/23 vs Q1/22
OPERATING			
Daily average gas delivered and sold (MMcfd)	**94.8**	73.6	29%
Industrial	**13.4**	13.9	(4)%
Power	**81.4**	59.7	36%
Average price ($/mcf)			
Industrial	**8.37**	8.70	(4)%
Power	**3.64**	3.52	3%
Weighted average	**4.31**	4.50	(4)%
Operating netback ($/mcf)[1]	**2.35**	3.29	(29)%
FINANCIAL			
Revenue	**30,407**	27,452	11%
Net income attributable to shareholders	**3,507**	7,391	(53)%
per share – basic and diluted ($)	**0.18**	0.37	(51)%
Net cash flows from operating activities	**7,472**	4,077	83%
per share – basic and diluted ($)[1]	**0.38**	0.20	90%
Capital expenditures[1]	**1,705**	14,263	(88)%
Weighted average Class A and Class B Shares ('000)[1]	**19,855**	19,944	0%

	As at March 31, 2023	December 31, 2022	% Change
Working capital (including cash)[1]	**68,356**	61,553	11%
Cash and cash equivalents	**99,517**	96,321	3%
Long-term loan	**39,832**	39,762	0%
Outstanding shares ('000)			
Class A	**1,750**	1,750	0%
Class B	**18,092**	18,126	0%
Total shares outstanding	**19,842**	19,876	0%

[1] See Non-GAAP Financial Measures and Ratios.

The complete Condensed Consolidated Interim Financial Statements and Notes and Management's Discussion & Analysis for the three months ended March 31, 2023 may be found on the Company's website at www.orcaenergygroup.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 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.

The principal asset of Orca is its indirect interest in the Production Sharing Agreement ("**PSA**") with 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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Abbreviations

mcf	thousand cubic feet
MMcf	million standard cubic feet
MMcfd	million standard cubic feet per day

Non-GAAP Financial Measures and Ratios

In this press release, the Company has disclosed the following non-GAAP financial measures, non-GAAP ratios and supplementary financial measures: capital expenditures, operating netback, operating netback per mcf, working capital, net cash flows from operating activities per share and weighted average Class A and Class B Shares.

These non-GAAP financial measures and ratios disclosed in this press release do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. These non-GAAP financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Company's financial performance defined or determined in accordance with IFRS. These non-GAAP financial measures and ratios are calculated on a consistent basis from period to period.

Non-GAAP Financial Measures

Capital expenditures

Capital expenditures is a useful measure as it provides an indication of our investment activities. The most directly comparable financial measure is net cash used in investing activities. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended March 31	
$'000	2023	2022
Pipelines, well workovers and infrastructure	1,694	14,014
Other capital expenditures	11	249
Capital expenditures	1,705	14,263
Change in non-cash working capital	(208)	(7,087)
Net cash used by investing activities	1,497	7,176

Operating netback

Operating netback is calculated as revenue less processing and transportation tariffs, TPDC's revenue share, and operating and distribution costs. The operating netback summarizes all costs that are associated with bringing the gas from the Songo Songo gas field to the market and is a measure of profitability. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended March 31	
$'000	2023	2022
Revenue	30,407	27,452
Production, distribution and transportation expenses	(5,135)	(3,534)
Net Production Revenue	25,272	23,918
Less current income tax adjustment (recorded in revenue)	(5,237)	(2,159)
Operating netback	20,035	21,759
Sales volumes MMcf	8,532	6,625
Netback $/mcf	2.35	3.29

Non-GAAP Ratios

Operating netback per mcf

Operating netback per mcf represents the profit margin associated with the production and sale of Additional Gas and is calculated by taking the operating netback and dividing it by the volume of Additional Gas delivered and sold. This is a key measure as it demonstrates the profit generated from each unit of production.

Supplementary Financial Measures

Working capital

Working capital is defined as current assets less current liabilities, as reported in the Company's Consolidated Statements of Financial Position. It is an important measure as it indicates the Company's ability to meet its financial obligations as they fall due.

Net cash flows from operating activities 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. Net cash flow from operations is an important measure as it indicates the cash generated from the operations that is available to fund ongoing capital commitments.

Weighted average Class A and Class B Shares

In calculating the weighted average number of shares outstanding during any period the Company takes the opening balance multiplied by the number of days until the balance changes. It then takes the new balance and multiplies that by the number of days until the next change, or until the period end. The resulting multiples of shares and days are then aggregated and the total is divided by the total number of days in the period.

Forward-Looking Information

This press 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 press 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 press release contains, without limitation, forward-looking statements pertaining to the following: anticipated gross Additional Gas sales for 2023 including midpoint sales; the Company's expectations regarding the timing and costs associated with the completion of the 3D seismic acquisition and processing program, including equipment availability; impacts and benefits of the 3D seismic acquisition and processing program on the Company's assets, future exploration, development plans and gas supplies; the availability of suitable weather windows to conduct the 3D seismic acquisition program; the timing and cost associated with the full flowline repairs required on the applicable wells; the Company's expectations regarding supply and demand of natural gas; the Company's capital expenditure forecast; the Company's expectation that further work will be conducted on flowlines of applicable wells; effects of Swala TZ's liquidation and Swala UK's administration on Swala TZ's redemption obligations and the Company's non-controlling interests and the Company's options in connection therewith; the Company's assessment of the merits of the FCC claim; and terms of the Company's gas agreement. 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: the Company's gross Additional Gas sales are lower than anticipated; failure to complete the 3D seismic acquisition and processing program on the timeline or at the cost anticipated; lack of impacts and benefits of the 3D seismic acquisition and processing program on Company's assets, future exploration, development plans and gas supplies; not having an appropriate weather window in which to conduct the 3D seismic program; future work on flowline of applicable wells may not be conducted as planned; uncertainty surrounding Swala TZ's liquidation and Swala UK's administration on Swala TZ's and its effect on the Company's investments and options; changes to the Company's forecast of capital expenditure for 2023; fluctuations in the supply and demand of natural gas; the development of a longer term field development may not proceed as anticipated and delays in development plans; 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 of reduced current and potential production capacity of the Songo Songo gas field; negative effect on the Company's rights under the PSA and other agreements relating to its business in Tanzania as a result of 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; incorrect assessment by the Company of the merits of the FCC claim; risk of unanticipated effects regarding changes to the Company's tax liabilities and its operations as a result of amendments made to applicable legislations and the implementation of further legislation and the Company's interpretation of the same; 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 the interpretation and enforcement of such regulations; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange or interest rates; the lack of availability of US dollars; occurrence of circumstance or events which significantly impact the Company's cash flow and liquidity and the Company's ability cover its long-term and short term obligations or fund planned capital expenditures; 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; 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; incorrect forecasts in production and growth potential of the Company's assets; failure to obtain required approvals of regulatory authorities; risks associated with negotiating with foreign governments; failure to successfully negotiate agreements; risk that the Company will not be able to fulfill its contractual obligations; risk that trade and other receivables may not be paid by the Company's customers when due; risk of future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; inability to satisfy debt conditions of financing; changes to the Company's debt and interest payments and capital expenditure forecasts; the risk that the Company's Tanzanian operations will not provide near term revenue earnings; reduced global economic activity as a result of the continuing impacts of COVID-19, including lower demand for natural gas and a reduction in the price of natural gas; and such additional risks listed under "Business Risks" in the Company's Management Discussion & Analysis for the year ended December 31, 2022. 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, contractual restrictions and compliance with applicable laws. 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 Company's anticipated production for 2023 are in line with the forecasts; the Company's gross Additional Gas sales, including midpoint sales, are in line with forecasts; the Company's 2023 capital expenditure forecast are in line with expectations; the ability of the Company to complete additional developments and increase its production capacity; long-term field development will be carried out as planned; forecasts of the current and potential production capacity of the Songo Songo gas field; the timeline and costs to complete the Company's 3D seismic acquisition and processing program are in line with estimates; sufficiency of equipment to carry out the 3D seismic acquisition program; attainment of expected impacts and benefits of the 3D seismic acquisition and processing program on Company's assets, future exploration, development plans and gas supplies; the anticipated supply and demand of natural gas are in line with the Company's expectations; remedies and options available to the Company in respect of Swala TZ's liquidation and Swala UK's administration; further work will be conducted on flowlines of applicable wells as planned; successful development of additional supply or increase production volumes; correct assessment of the merits of the FCC claim by the Company; the correct interpretation and prediction of the effects regarding changes to the Company's tax liabilities and its operations as a result of amendments made to applicable legislations and the implementation of further legislation; that there will continue to be no restrictions on the movement of cash from Mauritius, Jersey or Tanzania; absence of circumstances or events that significant impact the Company's cash flow and liquidity; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and debt and interest obligations as needed; the Company's ability to obtain revenue earnings from its operations; 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 successfully negotiate agreements; receipt of required regulatory 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 labour; 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; that the Company's appeal of various tax assessments will be successful; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; the effect of any new environmental and climate-change related regulations will not negatively impact the Company; the Company's ability to maintain strong commercial relationships with the GoT 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; and other matters.

The forward-looking statements contained in this press 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.