PRESS RELEASE

ORCA ENERGY GROUP INC.
ANNOUNCES COMPLETION OF Q3 2023 INTERIM FILINGS

For Immediate Release

TORTOLA, BRITISH VIRGIN ISLANDS – November 15, 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 ("**MD&A**") for the three and nine month periods ended September 30, 2023 ("**Q3 2023**") with the Canadian securities regulatory authorities. All amounts are in United States dollars ("**$**") unless otherwise stated. Any terms not defined herein have the meanings given to such terms in the Q3 2023 MD&A.

Jay Lyons, Chief Executive Officer, commented:

"During the first three quarters of 2023, Orca has seen a slight decrease in production of 0.5% year on year, however we remain confident in achieving our revised guidance range of 85–90 MMcfd for 2023. Our additional gas average production guidance for 2024 continues to be set within the range of 80–90 MMcfd.

We continue to look forward to engaging with the Government of Tanzania and TPDC to advance the matter of license extension, which we believe will be of great benefit to Tanzania and a key enabler for sustainable and reliable power supply.

Orca exited the period in a strong financial position with $64.3 million in working capital, cash and cash equivalents of $101.7 million, and long-term debt of $34.9 million.

We value the ongoing support of our stakeholders and look forward to providing further updates in due course."

Highlights

- Revenue decreased by 10% for Q3 2023 and by 0.5% for the nine months ended September 30, 2023 over the comparable prior year periods. The decrease for Q3 2023 is primarily a result of lower sales to the power sector. The decrease for the nine months ended September 30, 2023 is primarily a result of higher TPDC share of revenue due to decreased capital expenditures and lower Cost Gas revenue.
- Gross conventional natural gas production was lower than forecast for the quarter and averaged 124.8 MMcfd for Q3 2023, of which 82.9 MMcfd was Additional Gas. Gas deliveries decreased by 10% for Q3 2023 and increased by 4% for the nine months ended September 30, 2023 compared to the same prior year periods. The decrease for Q3 2023 was primarily due to declining production from the currently producing wells and reservoir compartments in the Songo Songo field. The increase for the nine months ended September 30, 2023 was primarily due to increased gas sales to the power sector.
- Despite declining production, increased gas demand is now seen as part of a long term requirement of the MoE, TPDC and TANESCO for gas supply to support growing power demand, following the commissioning in late 2022 of new gas fired generation capacity and increased power distribution through the national grid. As a result of less consistent rainfall in Tanzania in recent years causing lower average output of hydropower, this new gas fired capacity is being used on a more continuous base load basis than had been expected.
- We currently forecast average Additional Gas sales for 2023 to be within the revised range of 85–90 MMcfd, compared to full year sales for 2022 of 86.8 MMcfd. Average production guidance (Additional Gas) for 2024 is forecast to be in the range of 80–90 MMcfd for the full year, based on current contracted volumes and the end of the Protected Gas regime on July 31, 2024.
- Discussions have commenced with Songas and TPCPLC to agree requirements and negotiate new commercial terms for the sale of gas from August 1, 2024, replacing volumes currently supplied as Protected Gas (PG) under the gas agreement between the Government of Tanzania, TPDC, Songas and the Company (the "Gas Agreement").
- Net income attributable to shareholders decreased by 98% for Q3 2023 and by 71% for the nine months ended September 30, 2023 compared to the same prior year periods, primarily as a result of the increased depletion expense and net foreign exchange loss in Q3 2023 and for the nine months ended September 30, 2023, as well as higher reversal of loss allowance in the comparable periods as a result of collection of TANESCO arrears in Q3 2022 and for the nine months ended September 30, 2022.
- Net cash flows from operating activities decreased by 23% for Q3 2023 and by 26% for the nine months ended September 30, 2023 compared to the same prior year periods. This was primarily a result of the reversal of loss allowance following collection of TANESCO arrears of $5.6 million for Q3 2022 and for the nine months ended September 30, 2022.
- Capital expenditures increased by 140% for Q3 2023 and decreased by 68% for the nine months ended September 30, 2023 compared to the same prior year periods. The capital expenditures in Q1, Q2 and Q3 2023 primarily related to the 3D seismic acquisition program. The capital expenditures in Q1, Q2 and Q3 2022 primarily related to the well workover program.

- The third party contractor responsible for the 3D seismic acquisition program suspended its operations in Q3 2023. Subsequently, following the recall of acquisition equipment by the contractor's suppliers, PanAfrican Energy Tanzania Limited ("PAET") issued a breach of contract notice to the contractor. The contractor has failed to remedy the breach under its agreement with PAET. The Company therefore terminated the contract on October 25, 2023.
- The Company has commenced detailed planning work to carry out a number of projects in Q4 2023 and 2024. Subject to equipment availability and necessary approvals, an intervention in the offshore well SS-7 is planned to take place in Q1 2024. The total expected cost of the project is $8.5 million which is subject to confirmation on receipt of final bids from suppliers. If successful, SS-7 is expected to initially deliver 20-25 MMcfd from the non-producing southern compartment. The Company is also planning to install a new common inlet manifold on the Songas processing plant at an estimated cost of $5.1 million during 2024 to improve the flow efficiency of wells to both the Songas and the National Gas Infrastructure ("NNGI") plants.
- Optimization studies have identified opportunities to improve production efficiencies at the Songas plant. A work program to deliver the initial benefits of this is now being planned for implementation during Q4 2023 and is estimated to cost $0.1 million. Production improvement of 5-10 MMcfd is forecasted to be achievable from this work. Furthermore, a production logging programme is being planned for Q1 2024 at an estimated cost of $1.0 million. This programme is currently targeting the SS-3, SS-5, SS-7 and SS-10 wells, where SS-4 may also be included at a later stage, and is expected to provide additional information to enable improved accuracy of forecasting future reservoir performance.
- Funding of capital projects will be from working capital. All capital allocation decisions will be based upon prudent economic evaluations and returns given the timeline of the existing license through to October 2026.
- The Company exited the period in a strong financial position with $64.3 million in working capital (December 31, 2022: $61.6 million), cash and cash equivalents of $101.7 million (December 31, 2022: $96.3 million) and long-term debt of $34.9 million (December 31, 2022: $39.8 million). Subsequent to September 30, 2023 the Company made a payment of $5.0 million, representing the third semi-annual repayments of the long-term debt.
- As at September 30, 2023 the current receivable from TANESCO was $0.1 million (December 31, 2022: $3.7 million). During Q3 2023 TANESCO paid the Company $3.4 million against the 2021 take or pay invoice. TANESCO have now settled all outstanding principal take or pay invoices (related interest balances remain outstanding). The TANESCO long-term receivable as at September 30, 2023 and as at December 31, 2022 was $22.0 million with a provision of $22.0 million. Subsequent to September 30, 2023 the Company has invoiced TANESCO $5.6 million for October 2023 gas deliveries and TANESCO has paid the Company $3.3 million to date.
- 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 paid on July 14, 2023.
- On August 16, 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 September 29, 2023 paid on October 13, 2023.
- On November 1, 2023 the Company announced a normal course issuer bid ("2023 NCIB") commencing on November 6, 2023, to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. As at November 15, 2023 the Company has repurchased a total of 11,400 Class B Shares at a weighted average price of CDN$4.70 pursuant to the 2023 NCIB.
- During Q2 2023, the Company formally requested TPDC to initiate the process of extending the development license in accordance with the terms of the PSA. The Company continues to wait on a response from TPDC and is actively engaging with the GoT and TPDC to progress this matter and will maintain gas sale contract discipline going forward by operating in line with our gas supply agreements.
- On July 21, 2023, the Company has repurchased the 7.9% shares in the Company's subsidiary, PAE PanAfrican Energy Corporation ("PAEM"), previously held by Swala (PAEM) Limited ("Swala UK") for $7.5 million and the non-controlling interest was eliminated in Q3 2023.
- On August 5, 2022, the Fair Competition Commission of the United Republic of Tanzania ("FCC") issued Provisional Findings with respect to an investigation the FCC initiated against Orca, PAEM, PAET and Swala UK and Swala Oil & Gas (Tanzania) plc ("Swala TZ") in response to a letter Swala TZ sent the FCC on March 31, 2022. In the Provisional Findings, the FCC claims 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. In Q3 2023, the Company, PAEM and PAET entered into settlement negotiations with the FCC to settle allegations made under the Provisional Findings.

Financial and Operating Highlights for the Three and Nine Months Ended September 30, 2023

(Expressed in $'000 unless indicated otherwise)	Three months ended September 30 2023	2022	% Change Q3/23 vs Q3/22	Nine months ended September 30% 2023	2022	Change Ytd/23 vs Ytd/22
OPERATING						
Daily average gas delivered and sold *(MMcfd)*	**82.9**	92.1	(10)%	**87.3**	83.9	4%
Industrial	**14.2**	12.8	11%	**13.9**	13.6	2%
Power	**68.7**	79.3	(13)%	**73.4**	70.3	4%
Average price *($/mcf)*						
Industrial	**8.93**	8.79	2%	**8.65**	8.64	0%
Power	**3.71**	3.60	3%	**3.67**	3.58	3%
Weighted average	**4.60**	4.33	6%	**4.46**	4.40	1%
Operating netback *($/mcf)*[1]	**2.38**	2.41	(1)%	**2.42**	2.69	(10)%
FINANCIAL						
Revenue	**27,374**	30,537	(10)%	**85,787**	86,212	(0)%
Net income attributable to shareholders	**256**	11,443	(98)%	**7,452**	25,401	(71)%
per share – basic and diluted *($)*	**0.01**	0.57	(98)%	**0.38**	1.27	(70)%
Net cash flows from operating activities	**14,995**	19,544	(23)%	**38,627**	52,222	(26)%
per share – basic and diluted *($)*	**0.76**	0.98	(22)%	**1.95**	2.62	(26)%
Capital expenditures[1]	**2,928**	1,222	140%	**6,038**	18,791	(68)%
Weighted average Class A and Class B shares[1] *('000)*	**19,842**	19,918	(0)%	**19,847**	19,933	(0)%

	September 30, 2023	As at December 31, 2022	% Change
Working capital (including cash)[1]	**64,276**	61,553	4%
Cash and cash equivalents	**101,738**	96,321	6%
Long-term loan	**34,919**	39,762	(12)%
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 and nine months ended September 30, 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 September 30		Nine Months ended September 30	
$'000	2023	2022	2023	2022
Pipelines, well workovers and infrastructure	**2,918**	1,214	**5,917**	18,521
Other capital expenditures	**10**	8	**121**	270
Capital expenditures	**2,928**	1,222	**6,038**	18,791
Change in non-cash working capital	**294**	4,653	**547**	2,858
Net cash used by investing activities	**3,222**	5,875	**6,585**	21,649

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 September 30		Nine Months ended September 30	
$'000	2023	2022	2023	2022
Revenue	**27,374**	30,537	**85,787**	86,212
Production, distribution and transportation expenses	**(5,132)**	(4,835)	**(14,621)**	(13,212)
Net Production Revenue	**22,242**	25,702	**71,166**	73,000
Less current income tax adjustment (recorded in revenue)	**(4,118)**	(5,334)	**(13,631)**	(11,322)
Operating netback	**18,124**	20,368	**57,535**	61,678
Sales volumes MMcf	**7,624**	8,478	**23,821**	22,891
Netback $/mcf	**2.38**	2.41	**2.42**	2.69

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: the Company's expectations regarding the demand for gas supply to satisfy power demand; assumptions pertaining to the use of gas fired capacity on a continuous basis; anticipated average gas sales, including Additional Gas sales for 2023 and average production guidance (Additional Gas) for 2024; ongoing negotiation of new commercial terms and discussion of requirements under the Gas Agreement with Songas and TPCPLC; planned intervention in offshore well SS-7 and anticipated increased gas delivery; planned installation of a new common well inlet manifold and its anticipated effects; implementation of a new work program at the Songas plant and forecasted production improvement as a result; planned production logging program at various named and expected wells and its anticipated effects; the Company's expectation that all capital allocation decisions will be based upon prudent economic evaluations and returns; extension of the development license by TPDC and the Company's expectation to continue to actively engage with the GoT to progress the license extension; maintenance of gas sale contract discipline by the Company in accordance with its gas supply agreements; entrance into settlement discussions with the FCC with respect to its alleged claims; and forecasts regarding future development capital spending and the anticipated source of funding. 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: fluctuations in demand for natural gas and power supply in Tanzania; use of gas fired capacity different than anticipated; the Company's average gas sales, including sale of Additional Gas and average production guidance (Additional Gas) are lower than anticipated; uncertainties involving the negotiation of new commercials terms under the Gas Agreement with Songas and TPCPLC and necessary requirements; risk that the timing of the completion and anticipated benefits from the Company's various development programs in 2023 and 2024 are different than expected; that not all capital allocation decisions will be based upon prudent economic evaluations and returns; inability to extend the development license and inability to maintain gas sale contract discipline; failure to reach settlement with the FCC; changes to forecasts regarding future development capital spending and source of capital spending; risk of a lack of access to Songas processing and transportation facilities; risks associated with the Company's ability to complete sales of Additional Gas; 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; 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, prolonged foreign exchange reserves deficiency in Tanzania; the Company's inability to convert Tanzanian shillings into US dollars as and when required; interest rates risk; stock market volatility; volatility in financial markets; disruptions to global supply chains and the Company's business and operations; 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; imprecision in reserve estimates; incorrect forecasts in production and growth potential of the Company's assets; inability 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; inability to satisfy debt conditions of financing; changes to the Company's debt and interest payments; the risk that the Company's Tanzanian operations will not provide near term revenue earnings; and such additional risks listed under "Business Risks" in the Company's MD&A 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: increased demand for gas supply; use of gas fired capacity on a continuous basis as expected; the Company's average Additional Gas sales and average production guidance (Additional Gas) are in line with forecasts; successful negotiation of the Gas Agreement; successful implementation of various development programs at the budgeted expenditures; all capital allocation decisions will be based upon prudent economic evaluations and returns; successful extension of the development license and maintenance of gas sale contract discipline on a go forward basis pursuant to the Company's gas supply agreements; successful resolution and settlement of FCC claims; the Company's ability to obtain revenue earnings from its 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; availability of skilled labour; timing and amount of capital expenditures and source of funding are in line with forecasts; 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.