PRESS RELEASE

ORCA ENERGY GROUP INC.
ANNOUNCES COMPLETION OF Q1 2024 INTERIM FILINGS

For Immediate Release

TORTOLA, BRITISH VIRGIN ISLANDS – May 15, 2024: 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, 2024 ("**Q1 2024**") with the Canadian securities regulatory authorities. All amounts are in United States dollars ("**$**") unless otherwise stated.

Jay Lyons, Chief Executive Officer, commented:

"Despite the early onset of the wet season reducing demand from power customers this quarter and the impact of the devaluation of the Tanzanian shilling, I am pleased with Orca's performance on the business workstreams that are within the Company's control. Operationally, mobilization has commenced for the production logging program, targeting SS-3, SS-5, and SS-10, alongside with the planning of the well intervention for SS-7, subject to the availability of US dollars in Tanzania, contract agreements on the extension of the PGSA and contracting new gas sales from August 1, 2024. The success of these programs, coupled with other low-cost efficiency projects that are underway, are expected to maintain the Company's production levels, ensuring gas contracts are met.

As noted in our recent communications, this time remains a critical juncture for Orca, as we continue to strive towards agreeing to a framework and timeline for a license extension on the Songo Songo field. Orca has proven itself as a committed investor in Tanzania, and the extension of the license would allow the Company to plan for and execute a longer-term development solution, which enables Tanzania's anticipated increased gas demands to be met for the foreseeable future, for the benefit of all stakeholders."

Highlights

- Revenue for Q1 2024 decreased by 18% compared to the same prior year period, primarily as a result of lower sales to the power sector.
- Total gross conventional natural gas production, including fuel gas, averaged 113.1 MMcfd for Q1 2024, of which 74.3 MMcfd was Additional Gas. Gas deliveries decreased by 22% for Q1 2024 compared to the same prior year period. After 20 years of continuous production, natural gas deliverability from current producing wells and reservoir compartments in the Songo Songo field is declining. As a result of meeting significantly higher than forecasted demand in 2022 and early 2023, the concomitant reservoir pressure decline and the early onset of the wet season in 2024 (leading to increased availability of hydro power), liftings by power customers have been significantly lower in Q1 2024.
- We currently forecast average Additional Gas sales for 2024 to be in the range of 80-90 MMcfd for the full year, based on current contracted volumes continuing and the end of the Protected Gas regime on July 31, 2024.
- Discussions are ongoing with Songas Limited (**"Songas"**) and Tanzania Portland Cement PLC (**"TPCPLC"**) to negotiate new gas sales contracts from August 1, 2024 to sell the volumes which are currently supplied as Protected Gas under the Gas Agreement (as defined herein). The obligation to supply Protected Gas ends on July 31, 2024.
- Discussions are also ongoing with the Tanzania Electricity Supply Company Limited (**"TANESCO"**) to extend the Portfolio Gas Supply Agreement (**"PGSA"**) between PanAfrican Energy Tanzania Limited (**"PAET"**), the Tanzania Petroleum Development Corporation (**"TPDC"**) and TANESCO. TANESCO has confirmed its intent to extend the PGSA to October 2026, however the timing of formal execution of the PGSA extension is not known at this stage.
- Net income attributable to shareholders decreased by 72% for Q1 2024 compared to the same prior year period, primarily as a result of the decreased revenue and higher net foreign exchange loss due to the devaluation of the Tanzanian shilling and exchange conversions.
- Net cash flows from operating activities decreased by 183% for Q1 2024 compared to the same prior year period, primarily as a result of negative changes in non-cash working capital, particularly increase in trade and other receivables.
- Capital expenditures decreased by 14% for Q1 2024 compared to the same prior year period. The capital expenditures in Q1 2024 primarily related to the costs of the planned SS-7 well workover program. The capital expenditures in Q1 2023 primarily related to the 3D seismic acquisition program.
- Mobilization has commenced for the production logging program planned in conjunction with the SS-7 intervention. Operations will commence early June 2024, at an estimated cost of $1.1 million. This work program will provide detailed reservoir information, in addition to annual pressure surveys, to improve the accuracy of forecasting future reservoir performance. The key targeted wells under this program are wells SS-3, SS-5 and SS-10.
- An intervention in the offshore well SS-7 is planned to take place in 2024, subject to the continued ability to convert Tanzanian shillings to US dollars in Tanzania, and further subject to extension of the PGSA and contracting of new gas sales from August 1, 2024. Mobilization orders to Mombasa, Kenya have been issued to all suppliers and service providers. Following mobilization to Songo Songo Island, well site operations are expected to commence in Q3 2024, with a forecast return to production for the well in early Q4 2024. The total expected project cost has increased to $13.9 million from $8.5 million. The work program is designed to shut off water production which caused the well to die and be shut in from 2019. The cause of the water production is interpreted to be a failed cement bond outside the production liner which created a flow path for water into the well. If successful, the SS-7 well is expected to increase field deliverability by 20-25 MMcfd from the currently non-producing southern reservoir compartment.

- The Company continues to carry out front-end engineering on the new common inlet manifold, which is designed to optimise gas flow between the Songas gas plant and the NNGI plant, both of which are supplied with gas from the Songo Songo gas field. This project is subject to final investment decision and stakeholder approvals, at an estimated cost of $5-6 million. If sanctioned to proceed, construction and installation is expected to occur in Q4 2024 - Q1 2025.
- The Company successfully installed positive chokes on all wells, which increased field deliverability by 3-4 MMcfd. The Company continues to carry out studies to identify opportunities to improve the efficiency of operations at the Songas plant.
- Funding of capital projects will be from working capital. All capital allocation decisions will be based upon access to US dollars and prudent economic evaluation to achieve the necessary return given the short time remaining on the PSA, which expires in October 2026.
- 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 Government Negotiating Committee held a preliminary meeting with the Company in March 2024 to discuss timing around negotiations. We await confirmation of these timings for negotiations. The Company continues to seek dialogue with TPDC and the Ministry of Energy to expedite license extension discussions and will maintain gas sales contract discipline going forward by operating in line with our gas supply agreements.
- The Company exited the period with $73.0 million in working capital[1] (December 31, 2023: $67.3 million), cash and cash equivalents of $93.9 million (December 31, 2023: $101.6 million) and long-term debt of $30.0 million (December 31, 2023: $30.0 million).
- As at March 31, 2024, the current receivable from TANESCO was $10.0 million (December 31, 2022: $5.9 million). The TANESCO long-term receivable as at March 31, 2024 and as at December 31, 2023 was $22.0 million with a provision of $22.0 million. Subsequent to March 31, 2024 the Company has invoiced TANESCO $3.8 million for April 2024 gas deliveries and TANESCO has paid the Company $9.1 million to date.
- In Q4 2023, the Company terminated the contract with the contractor responsible for the 3D seismic acquisition program on the basis that the contractor suspended its operations. On March 20, 2024 PAET received a summons from the Tanzanian High Court (Commercial Division) to file a written statement of defense against a claim made by the contractor for losses arising from PAET's termination of the contract on October 25, 2023. The contractor seeks to claim $30.0 million for losses incurred plus legal costs, interest and general damages. The Company in consultation with its legal advisors believes that there are limited merits to the claim. In early May, the Company lodged its own counterclaim for specific damages of $5.5 million and general damages of $25.8 million.

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

Financial and Operating Highlights for the Three Months Ended March 31, 2024

(Expressed in $'000 unless indicated otherwise)	Three Months ended March 31 2024	2023	% Change Q1/24 vs Q1/23
OPERATING			
Daily average gas delivered and sold *(MMcfd)*	**74.3**	94.8	(22)%
Industrial	**14.0**	13.4	4%
Power	**60.3**	81.4	(26)%
Average price *($/mcf)*			
Industrial	**8.94**	8.37	7%
Power	**3.87**	3.64	6%
Weighted average	**4.82**	4.31	12%
Operating netback *($/mcf)*[1]	**2.79**	2.35	19%
FINANCIAL			
Revenue	**24,937**	30,407	(18)%
Net income attributable to shareholders	**969**	3,507	(72)%
per share – basic and diluted *($)*	**0.05**	0.18	(72)%
Net cash flows (used in)/from operating activities	**(6,170)**	7,472	(183)%
per share – basic and diluted *($)*[1]	**(0.31)**	0.38	(183)%
Capital expenditures[1]	**1,470**	1,705	(14)%
Weighted average Class A and Class B shares *('000)*	**19,799**	19,855	0%

	As at March 31, 2024	December 31, 2023	% Change
Working capital (including cash)[1]	**72,993**	67,323	8%
Cash and cash equivalents	**93,936**	101,566	(8)%
Long-term loan	**30,021**	29,961	0%
Outstanding shares *('000)*			
Class A	**1,750**	1,750	0%
Class B	**18,049**	18,051	0%
Total shares outstanding	**19,799**	19,801	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, 2024 may be found on the Company's website at www.orcaenergygroup.com or on the Company's profile on SEDAR+ at www.sedarplus.ca.

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) (the "**Gas Agreement**") 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.

For further information please contact:

Jay Lyons
Chief Executive Officer
+44 (0)20 8434 2754
ir@orcaenergygroup.com

Lisa Mitchell
Chief Financial Officer
+44 (0)20 8434 2754
ir@orcaenergygroup.com

For media enquiries please contact:

Mark Antelme
Jimmy Lea
+44 (0)20 8434 2754
orca@celicourt.uk

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 International Financial Reporting Standards ("**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	2024	2023
Pipelines, well workovers and infrastructure	**1,169**	1,694
Other capital expenditures	**301**	11
Capital expenditures	**1,470**	1,705
Change in non-cash working capital	**(85)**	(208)

Net cash used by investing activities	**1,385**	1,497

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	2024	2023
Revenue	**24,937**	30,407
Production, distribution and transportation expenses	**(4,310)**	(5,135)
Net Production Revenue	**20,627**	25,272
Less current income tax adjustment (recorded in revenue)	**(1,726)**	(5,237)
Operating netback	**18,901**	20,035
Sales volumes MMcf	**6,764**	8,532
Netback $/mcf	**2.79**	2.35

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 Condensed Consolidated Interim Statements of Financial Position (Unaudited). 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; anticipated average gas sales, including Additional Gas sales for 2024; ongoing negotiation of new commercial terms and discussion of requirements under the Gas Agreement with Songas and TPCPLC; ongoing discussion with TANESCO regarding the extension of the PGSA; assessment by the Company of the merits of the claims made by the seismic contractor and the counterclaim filed by the Company; the Company's liabilities pursuant to the claims brought forth by the seismic contract and recoverability of damages claimed by the Company; the planned capital projects including the installation of a new common well inlet manifold, implementation of production logging programs at various wells and intervention in the offshore well SS-7 and the anticipated timing, costs and effects of such projects; continued studies aimed at improving efficiencies of operations at the Songas plant; the Company's expectation that all capital allocation decisions will be based upon prudent economic evaluations and returns; extension of the development license and the Company's expectation to continue to actively engage with the GoT to progress the license extension; and the maintenance of gas sale contract discipline by the Company in accordance with its gas supply agreements. 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 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 Company may incur losses and legal expenses as a result of the claims brought forth by the seismic contractor; uncertainties regarding quantum of damages payable by the seismic contractor and/or the Companyrisk that the budgeted expenditure, timing of the completion and anticipated benefits from the Company's various planned development programs and studies in 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; various uncertainties involved in the extension of the PGSA; 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; risk of future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; 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; incurrence of losses from debtors in 2024; prolonged foreign exchange reserves deficiency in Tanzania; inability to convert Tanzanian shillings into US dollars as and when required; 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 or pandemics; 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; 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, 2023. 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 average Additional Gas sales are in line with forecasts; successful negotiation of the Gas Agreement; successful extension of the PGSA; successful implementation of various development and study programs at the budgeted expenditures, including the planned intervention in the SS-7 well, production logging program, installation of the common inlet manifold and optimization studies at the Songas plant; that 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; that there will continue to be no restrictions on the movement of cash from Mauritius, Jersey or Tanzania; 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; absence of circumstances or events that significant impact the Company's cash flow and liquidity; the Company will continue to be able to convert Tanzanian shillings into US dollars; continued work by the Company with the GoT on alternative development plan for longer term field development as anticipated; accurate assessment by the Company of the merits of claims brought forward by the seismic contractor and the Company's counterclaim; that the amount of damages recoverable by the Company will be in line with expectations; 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.