



Orca Energy Group Inc. Announces Update on Negotiations with the United Republic of Tanzania and Tanzania Petroleum Development Corporation and Extension of the Gas Supply Agreement with Tanzania Electricity Supply Company Limited

Neither TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

TORTOLA, British Virgin Islands, Aug. 01, 2024 -- Orca Energy Group Inc. ("**Orca**" or the "**Company**") and includes its subsidiaries and affiliates) (TSX-V: ORC.A, ORC.B) announces a further update to its announcement of July 29, 2024.

Following extensive discussions 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, Orca confirms a second amendment to the PGSA has been entered into by TANESCO, PAET, and TPDC (the "**Amendment**"). The Amendment extends the terms of the PGSA to October 10, 2026.

The Amendment is effective August 1, 2024 and the applicable Maximum Daily Quantity ("**MDQ**") is expected to be 26.1 MMcfd, with no change to pricing.

As of August 1, 2024, PAET will have total contracted volumes of approximately 68 MMcfd of which 0.3 MMcfd is given to the village electrification scheme.

Update on Protected Gas Demands

Further to our press release of July 29, 2024, PAET and Songas Limited ("**Songas**") received letters on July 26, 2024 (the "**TPDC Letters**") from TPDC in which TPDC indicated: (i) that it will continue to treat any natural gas produced from certain specified blocks within the Songo Songo gas field (the "**Discovery Blocks**") after July 31, 2024 as PG (as defined below); and (ii) TPDC has stated its intention to extend the transfer and assignment to Songas of the right to explore for and develop PG. PAET has responded to the TPDC Letters confirming that it will not consent to such an amendment. At this time, PAET has not received a response from TPDC to such response letter.

As detailed in the Company's press release of July 29, 2024, PG ceased on July 31, 2024. As such PAET will be entitled to payment at a commercial rate for all volumes of gas taken by Songas starting on August 1, 2024. If such gas is taken by Songas, there is a risk that PAET will not receive payment or payment may form part of a contract dispute.

PAET and Tanzania Portland Cement PLC ("**TPCPLC**") have agreed (but not executed) the terms of a new gas sales agreement ("**New GSA**") from August 1, 2024 to sell the volumes as AG, which, prior to August 1, 2024, were supplied as PG. The New GSA cannot be executed without approval of TPDC. TPDC has rejected the entering into of the New GSA. On July 25, 2024, PAET escalated the matter to the Minister of Energy under article 4.3(b) of the PSA (as defined below). The Ministry of Energy should attempt to respond to PAET within 30 days from the day of receipt of the application.

Financial Summary

On a look forward basis, the revenue generated from this agreement is expected to be in line with historical revenue contributions under the PGSA which was 30% of total revenue in 2022 and 33% of total revenue in 2023. See the table below which illustrates the production and revenue contributions of the PGSA for the time periods indicated.

Revenues cease for volumes supplied to Songas as Complex AG under the respective agreements. These volumes contributed to approximately 9.5% of total daily gross volumes over 2022/2023 and H1 2024 and 8% of gross revenue from sales for the same period.

In the event the issue with TPDC over PG is not resolved in the near-term, the Board will be forced to significantly reduce costs and ensure capital expenditure projects are in line with signed gas sales contracts and economic returns.

Further updates on the matter will be made in due course.

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, PAET. 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 between the Government of Tanzania, TPDC, and PAET dated October 11, 2001 (the “**PSA**”). The PSA covers the production and marketing of certain conventional natural gas from the Songo Songo license offshore Tanzania. The PSA defines the gas produced from the Songo Songo gas field as “Protected Gas” (“**PG**”) and “Additional Gas” (“**AG**”). 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. AG is all gas that is produced from the Field in excess of PG.

For further information please contact:

Jay Lyons

ir@orcaenergygroup.com

Lisa Mitchell

ir@orcaenergygroup.com

For media enquiries:

Celicourt (PR)

Jimmy Lea

Mark Antelme

Orca@celicourt.uk

+44 (0)20 7770 6424

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 expectation around the MMcfd deliverable under the Amendment; the Company’s expectation that PAET will receive payment in respect of PG supplied after July 31, 2024; the concern that if the PG is not resolved, the Board will be required to reduce costs and ensure capital expenditure projects on the field are in line with contracts and economic returns; the expectation that the Amendment to the PGSA will generate 34% of the Company’s revenues for 2024; the expectations regarding future revenues of the Company; expectations as to when the Ministry of Energy will respond and outcomes; and expectations that TPDC will respond to PAET’s response letter. 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, results of negotiation, results from arbitration, amount of damages or costs incurred by the Company relating to negotiations and/or arbitration, 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: uncertainties involving the negotiation of new commercial terms under the GA and PSA and necessary requirements; various uncertainties involved in the extension of the Songo Songo license and execution of extensions to material contracts which expired on July 31, 2024; uncertainty regarding the response from the Ministry of Energy; negative effect on the Company’s rights under the PSA and other agreements relating to its business in Tanzania; changes in laws and regulations; impact of local content regulations and variances in the interpretation and enforcement of such regulations; uncertainty regarding results through negotiations and/or exercise of legally available remedies; failure to successfully negotiate agreements, including new commercial terms under the GA and PSA; risks of non-payment by recipients of natural gas supplied by the Company; changes in national and local government legislation, taxation, controls, or regulations and/or changes in the administration of laws, policies, and practices, expropriation or nationalization of property and political or economic developments in Tanzania; lack of certainty with respect to foreign legal systems, corruption, and other factors that are inconsistent with the rule of law; risk of loss due to acts of war, terrorism, sabotage and civil disturbances; timing of receipt of, or failure to comply with, necessary permits and approvals; and potential damage to the Company’s reputation due to the actual or perceived occurrence of any number of events, including negative publicity with respect to the Company’s dealings with the Government of Tanzania, TPDC and TANESCO, whether true or not. 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.

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 relationship with TPDC and the

Government of Tanzania; the current status of negotiations in respect of the GA and PSA; accurate assessment by the Company of the merits of its rights and obligations in relation to TPDC and the Government of Tanzania and other stakeholders in the Songo Songo gas field; receipt of required regulatory approvals; the Company's ability to maintain strong commercial relationships with the Government of Tanzania and other state and parastatal organizations and other stakeholders in the Songo Songo gas field; 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 of this news release 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.

For reference: Table below demonstrating materiality of PGSA with TANESCO

| | 2022 | 2023 | H1 2024 |
|---|-------------|-------------|----------------|
| Gross Daily AG Sales Volumes (MMcfd) | 86.8 | 85.6 | 68.5 |
| TANESCO (MMcfd) | 30.4 | 33.2 | 27.1 |
| % of Total | 35% | 39% | 40% |
| Gross Revenue from Sales (\$000) | 138,825 | 141,072 | 60,979 |
| TANESCO (\$000) | 41,730 | 47,096 | 20,185 |
| % of Total | 30% | 33% | 33% |