

## PRESS RELEASE

### ORCA ENERGY GROUP INC. Orca Energy Group Inc. Announces \$1.2 billion of Claims Against the United Republic of Tanzania and Tanzania Petroleum Development Corporation

#### For Immediate Release

**TORTOLA, BRITISH VIRGIN ISLANDS** – August 7, 2024: Orca Energy Group Inc. ("**Orca**" or the "**Company**" and includes its subsidiaries and affiliates) (TSX-V: ORC.A, ORC.B) announces that its 100% wholly-owned subsidiaries, PanAfrican Energy (Tanzania) ("**PAET**") and Pan African Energy Corporation (Mauritius) ("**PAEM**"), have issued a notice of dispute in respect of an investment treaty claim under the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the Government of the United Republic of Tanzania ("**Government of Tanzania**") (the "**BIT**") against the Government of Tanzania for breach of the BIT, alongside notifying a contractual dispute against the Government of Tanzania and Tanzanian Petroleum Development Corporation ("**TPDC**"), a petroleum corporation owned and controlled by the Government of Tanzania, for breaches of: (i) the Production Sharing Agreement between the Government of Tanzania, TPDC, and PAET (the "**PSA**"), and (ii) the Gas Agreement between the Government of Tanzania, TPDC, Songas Limited ("**Songas**") and PAET (the "**GA**"), for an amount in excess of \$1.2 billion. All amounts set forth herein are in United States dollars ("**\$**") unless otherwise stated.

PAET has had an active presence in the United Republic of Tanzania ("**Tanzania**") for over 20 years, with its operations commencing in Tanzania on October 11, 2001. Over that time period, the Company's operations have met all legal and regulatory requirements, complied with best practices relating to oil field management and created over 100 jobs in local communities. The Company has invested over \$311 million in Tanzania, which is estimated to have saved over \$8 billion dollars of value to consumers in fuel replacement, contributed over \$725 million annually to Tanzania's gross domestic product, and contributed over \$900 million in cashflows to the Government of Tanzania. Additionally, the Company has invested more than \$6.6 million in Corporate Social Responsibility projects focused on health, education programs and facilities in Kilwa District and the wider Lindi Region. The Company has also invested widely in physical infrastructure and training, including investing almost \$2 million to fund training for TPDC and Government of Tanzania staff to enhance their knowledge and skills in the oil and gas sector.

On October 11, 2001, Tanzania granted the Songo Songo Development License (the "**License**") for the Songo Songo Field (the "**Field**") to TPDC, its state-owned and controlled petroleum company, to develop the Field for an initial term of twenty-five years, ending on October 10, 2026. The Government of Tanzania recognised that it needed to obtain foreign investment and technical assistance to develop the Field, and accordingly, the Government of Tanzania entered into a number of agreements with PAET, which included the PSA and GA.

On April 14, 2023, PAET formally requested that TPDC apply to the Minister of Energy of Tanzania for an extension of the License as set out in the PSA. As of the date hereof TPDC has not done so, providing no credible justification for its inaction. It has made clear that its failure to apply for an extension relates to its baseless/legally flawed position on the continuation of Protected Gas ("**PG**"). TPDC has also repeatedly made unsubstantiated allegations about purported breaches by PAET of the License terms, which PAET has robustly rebutted. These rebuttals have gone effectively unanswered, which is amongst the reasons the Company considers that it has no further option but to launch these legal actions, to safeguard shareholders.

TPDC assigned to Songas the exclusive right to explore for and develop Protected Gas ("**PG**") (as such term is defined in the PSA and GA) from certain specified blocks within the Field (the "**Discovery Blocks**"). PG was to be used primarily for the production of electricity from a power complex located at Ubungo near Dar es Salaam, which would be sold to the Tanzanian electricity utility, Tanzania Electric Supply Company Limited ("**TANESCO**"), a wholly-owned company of the Government of Tanzania, under a Power Purchase Agreement (the "**PPA**"). Under the terms of the GA, any entitlement to PG ceases on the ending of the initial term of the PPA, being July 31, 2024.

On April 15, 2024, contrary to the terms of the GA and PSA and in contravention of PAET's legitimate expectations, the Permanent Secretary of the Minister of Energy of Tanzania wrote to TPDC, copying PAET and Songas, directing TPDC to "*ensure that Protected Gas continue to be produced to the end of the Development Licence on 10<sup>th</sup> October 2026*". Consistent with that instruction, TPDC has taken the position that PG should continue notwithstanding the initial term of the PPA having ended on July 31, 2024, and despite the parties' contractual agreement that PG would end on that date.

On July 8, 2024, PAET wrote to TPDC providing the commercial terms on which it would supply Additional Gas ("**AG**") (as such term is defined in the PSA and GA) to Songas, which was previously supplied as PG under the GA until July 31, 2024. On July 12, 2024, TPDC purported to reject those terms under clause 4.3(a) of the PSA. Similarly, on July 23, 2024, TPDC rejected the commercial terms of a new gas sales agreement ("**GSA**") between PAET and Tanzania Portland Cement PLC ("**TPCPLC**"), pursuant to which PAET would supply AG to TPCPLC, which was previously supplied as PG under the GA until July 31, 2024. The sole basis that TPDC gave for its rejections was its assertion that PG continued after July 31, 2024. PAET has appealed these decisions to the Ministry of Energy. However, given the position taken to date by the Government of Tanzania, PAET anticipates that the Ministry of Energy will also improperly reject the sale of gas by PAET on commercial terms.

On August 5, 2024, this was confirmed by a letter received by PAET from the Ministry of Energy, in which the Ministry of Energy demanded that PAET propose suitable wording for an "*interim arrangement*" to extend the provision of PG. The letter further states that if PAET fails to do so, the other parties will seek "*alternative means*" to operate the Field. PAET has interpreted this letter as a clear threat that if PAET does not tolerate TPDC and the Government of Tanzania's violation of its rights, the Government of Tanzania will expropriate PAET's rights in relation to the Field.

PAET continues to act in the best interests of its Tanzanian stakeholders and make natural gas available to Songas for power, so that the country can continue to benefit from a reliable power supply. The Company has consistently demonstrated its commitment to supporting the Tanzanian economy, following 20 years of continued investment in the country. However, as detailed in recent announcements, and as set out in the GA, the supply of PG ceased on July 31, 2024, with all gas now being produced from the Field, being designated by as AG. PAET's belief is that it is entitled to compensation at commercial rates for any such gas supplied as AG.

On August 7, 2024, PAET and PAEM issued a notice of dispute to the Government of Tanzania and TPDC for violations of the Mauritius-Tanzania BIT by the Government of Tanzania and the violations of the PSA and GA by TPDC and the Government of Tanzania (the "**Notice of Dispute**"). Although PAET and PAEM are not currently in the position to fully quantify the losses incurred as a result of such breaches, the Notice of Dispute approximates the amount of damages to be in excess of \$1.2 billion. Under the Notice of Dispute PAET and PAEM seek further negotiations with the Government of Tanzania and TPDC, provided that if a resolution is not reached: (i) within six months from the date of the Notice of Dispute in respect of the Mauritius-Tanzania BIT; and (ii) within 45 days of the Notice of Dispute in respect of the PSA and GA, PAEM and PAET, respectively, will commence arbitral proceedings in accordance with the Mauritius-Tanzania BIT, PSA and GA.

### **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 PSA with TPDC and the Government of Tanzania. This PSA covers the production and marketing of certain conventional natural gas from the Field. 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 TPCPLC. Protected Gas production ceased following July 31, 2024. Songas is the owner of the infrastructure that enables the gas to be processed and delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island. Additional Gas is all gas that is produced from the Songo Songo gas field in excess of Protected Gas.

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### **Forward-Looking Information**

This 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: extension of the License and the Company's expectations regarding the position of the Government of Tanzania in extending the License; ongoing negotiation of new commercial terms under the GA and PSA and discussion of requirements under the Mauritius-Tanzania BIT; the belief that unsuccessful negotiations with respect to the GA and PSA will result in arbitration; the Company's estimates in respect of the amount of damages; the Company's expectation as to how TPDC will continue to treat any natural gas produced from the Discovery Blocks after July 31, 2024; the Company's plans to file an investment treaty claim and a contractual arbitration claim; and Orca's beliefs regarding the Ministry of Energy's anticipated actions in respect of the sale of gas to Songas. 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; risk that the Company may incur losses and legal expenses as a result of the claims brought forth in respect of the Mauritius-Tanzania BIT, GA and PSA negotiations; uncertainties regarding whether the

Company will proceed with arbitration relating to the Mauritius-Tanzania BIT, GA and PSA and results therefrom; various uncertainties involved in the extension of the License; 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 the amount of damages that could be payable to the Company; uncertainty regarding results through negotiations and/or arbitration; failure to successfully negotiate agreements, including new commercial terms under the GA and PSA; risks that the Company will incur expenses continuing to supply Protected Gas, despite terms of the GA and PSA ceasing to apply in respect of Protected Gas; risk of non-payment in respect of the supply of Protected Gas; 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 claims brought against TPDC and the Government of Tanzania; that the amount of damages recoverable by the Company will be in line with expectations; that the Company will successfully negotiate agreements; 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; 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.