PRESS RELEASE

ORCA ENERGY GROUP INC.
ANNOUNCES COMPLETION OF Q1 2025 INTERIM FILINGS

For Immediate Release

TORTOLA, BRITISH VIRGIN ISLANDS – May 14, 2025: 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 (unaudited) financial statements and management's discussion and analysis for the three month period ended March 31, 2025 ("**Q1 2025**") with the Canadian securities regulatory authorities. All amounts are in United States dollars ("**$**") unless otherwise stated.

Jay Lyons, Chief Executive Officer, commented:

"Operationally, I am pleased with how Orca has performed in the first quarter of 2025. Despite the marginal reduction in gas deliveries, largely due to factors outside of the Company's control, production from the Songo Songo gas field remains robust and in line with our expectations. In light of the challenging commercial environment and the lack of clarity regarding a license extension being secured, capital expenditure on the field has been significantly reduced year-on-year, and this will remain the case going forward.

Orca remains focused on safeguarding shareholder value with a view to maintaining the capital returns policy, subject to an ongoing review of the commercial environment. We will keep all our stakeholders appraised of developments over the coming months."

Highlights

- Revenue for Q1 2025 increased by 2% compared to the same prior year period, primarily as a result of a higher current income tax adjustment.
- To date the Songas Power Plant remains shutdown.
- Gas delivered and sold decreased by 3% for Q1 2025 compared to the same prior year period. In 2024, the Julius Nyerere Hydropower Project ("**JNHPP**") commenced commercial operations, with progressive commissioning of each of its 9 turbines allowing a potential peak output of over 2,115 MW. Although the JNHPP's power generation is currently constrained pending ongoing development of the electricity distribution network, the increased hydro power generation it has delivered, combined with the Songas Power Plant shutdown, have been the primary factors in reduced gas liftings for the power sector.
- On April 14, 2023, PanAfrican Energy Tanzania Limited ("**PAET**") formally requested Tanzanian Petroleum Development Corporation ("**TPDC**") apply for an extension of the Songo Songo Development License (the "**License**"). TPDC is contractually required to make this application promptly upon a request by the Company. In November 2024, TPDC submitted the application for the extension of the License to the Ministry of Energy ("**MoE**"), however, being uneconomic, the Company informed TPDC that it did not agree with the terms as submitted. Having declined to address PAET's concerns itself, TPDC refused to rescind and resubmit the application and has advised PAET to raise any issues directly to the MoE. The Company's Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues, and to date a response has not been received to such letter. There are currently no certainties on the timing, nature and extent of any extension of the License. Until an extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company's operating activities subsequent to October 2026, when the License is set to expire.
- On April 15, 2024, contrary to the terms of the gas agreement ("**Gas Agreement**") and Production Sharing Agreement (the "**PSA**") between PAET, TPDC and the Government of Tanzania ("**GoT**"), and in violation of Pan African Energy Corporation (Mauritius) ("**PAEM**") and PAET's expectations, the Permanent Secretary of MoE wrote to TPDC, copying PAET and Songas Limited ("**Songas**"), directing TPDC to "ensure that Protected Gas continues to be produced to the end of the Development Licence on 10th October 2026". Consistent with that instruction, TPDC took the position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas ceased after July 31, 2024.
- In February 2025, PAET, TPDC and Tanzania Portland Cement PLC ("**TPCPLC**") agreed to the terms of the Supplementary Gas Agreement ("**SGA**") to sell volumes after July 31, 2024 as Additional Gas, which, prior to August 1, 2024, were supplied as Protected Gas. In Q1 2025, TPCPLC fully paid the Company $10.4 million of the receivable previously outstanding as at December 31, 2024.
- On August 7, 2024, PAET and PAEM issued a notice of dispute ("**Notice of Dispute**") in respect of an investment treaty claim against the GoT for breach of the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the GoT ("**BIT**"), and a contractual dispute against GoT and TPDC, for breaches of the: (i) PSA, and (ii) the Gas Agreement. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. The matters have been further referred to the relevant entity's chief executive officers and working groups in accordance with the dispute resolution process. Discussions continued with meetings held in January and March 2025 without resolution. The Company's Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues, to date we haven't had a response to the letter.
- In February 2025, the Company received a judgment (the "**Judgment**") from the Tanzanian High Court (Commercial Division) (the "**Court**") for a claim brought by a contractor against PAET. The claim was brought by the contractor for losses arising from PAET's termination of a contract relating to the Company's 3D seismic acquisition program. The contract was signed in 2022 and work was due to be completed by the end of 2022; however, work only commenced in 2023 and was never completed. Pursuant to the Judgment, the Court ordered specific and general damages in the aggregate of $23.1 million, plus legal costs and interest at a rate of 7% per annum be paid by PAET to the

contractor. PAET respectfully disagrees with the Judgment and has initiated the appeal process. PAET was required to post security for the full amount of the Judgment until the appeal is resolved. The Company has recognised the resulting liability in 2024 based on the Judgment applied. The Company has initiated the appeal process, and if successful in that process, a reversal would be recognized in earnings at that time.

- Net income attributable to shareholders decreased by 89% for Q1 2025 compared to the same prior year period, primarily as a result of higher depletion and general and administrative expenses.
- Net cash flows from operating activities[1] increased to $20.3 million in Q1 2025 compared to net cash flows used in operating activities of $6.2 million for the same prior year period, primarily a result of the higher payment of the 2023 current liability associated with additional profits tax in Q1 2024 and the TPCPLC settlement of the 2024 year end receivable as well as other changes in non-cash working capital.
- Capital expenditures decreased by 63% for Q1 2025 compared to the same prior year period. The capital expenditures in Q1 2025 primarily related to the costs of flowlines replacements on SS-5 and SS-9 wells, deferred from 2024 at the request of the GoT. The capital expenditures in Q1 2024 primarily related to the costs of the planned SS-7 well workover program.
- The Company exited the period with $26.8 million in working capital[1] (December 31, 2024: $21.9 million) and cash and cash equivalents of $70.2 million (December 31, 2024: $90.1 million). Cash held in hard currencies (USD, Euro, GBP, CDN) was $64.8 million, as at March 31, 2025 (December 31, 2024: $87.1 million).
- In February 2025, the Company fully prepaid the $60 million investment (the "**Loan**") made by International Finance Corporation ("**IFC**") in PAET, pursuant to a loan agreement dated October 29, 2015 between the IFC, PAET and the Company (the "**Loan Agreement**"). To effect the foregoing prepayment, the Company paid to IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. As of the date hereof, the annual variable participating interest granted by PAET to IFC under the terms of the Loan Agreement remains outstanding.
- As at March 31, 2025, the current receivable from the TANESCO was $12.5 million (December 31, 2024: $12.7 million). The TANESCO long-term receivable as at March 31, 2025 and as at December 31, 2024 was $22.0 million and has been fully provided for. Subsequent to March 31, 2025, the Company has invoiced TANESCO $5.4 million for April 2025 gas deliveries and TANESCO has paid the Company $5.7 million to date.
- On April 15, 2025 PAET signed a settlement agreement with TPDC and TANESCO ("**Settlement Agreement**"), for TANESCO to pay PAET and TPDC $52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field. The Settlement Agreement requires TANESCO to pay the Tanzanian Shilling equivalent of $52.0 million, comprised of the $33.7 million principal amount and $18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO pays the settlement amount when required and in full while remaining current on amounts owed. TANESCO must pay the settlement amount to PAET via weekly instalments and meet monthly total payment amounts, commencing in April 2025 and ending in October 2025. Payments on account of the settlement amount will be allocated between PAET and TPDC in accordance with the PSA. Pursuant to the PSA, and assuming payment in full of the settlement amount, the Company expects to retain approximately $29.4 million of the settlement amount with TPDC retaining the balance. To date, TANESCO has paid $10.0 million under the Settlement Agreement.

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

Financial and Operating Highlights for the Three Months Ended March 31, 2025

(Expressed in $'000 unless indicated otherwise)	Three Months ended March 31 2025	Three Months ended March 31 2024	% Change Q1/25 vs Q1/24
OPERATING			
Daily average gas delivered and sold *(MMcfd)*	**72.0**	74.3	(3)%
Industrial	**19.1**	14.0	36%
Power	**52.9**	60.3	(12)%
Average price *($/mcf)*			
Industrial	**7.98**	8.94	(11)%
Power	**3.92**	3.87	1%
Weighted average	**4.99**	4.82	4%
Operating netback *($/mcf)*[1]	**2.87**	2.79	3%
FINANCIAL			
Revenue	**25,391**	24,937	2%
Net income attributable to shareholders	**102**	969	(89)%
per share – basic and diluted *($)*	**0.01**	0.05	(80)%
Net cash flows from / (used in) operating activities	**20,264**	(6,170)	n/m
per share – basic and diluted *($)*[1]	**1.03**	(0.31)	n/m
Capital expenditures[1]	**548**	1,470	(63)%
Weighted average Class A and Class B shares *('000)*	**19,766**	19,799	0%

	March 31, 2025	As at December 31, 2024	% Change
Working capital (including cash) [1]	**26,796**	21,904	22%
Cash and cash equivalents	**70,183**	90,076	(22)%
Outstanding shares *('000)*			
Class A	**1,750**	1,750	0%
Class B	**18,015**	18,022	0%
Total shares outstanding	**19,765**	19,772	0%

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

The complete Condensed Consolidated Interim (Unaudited) Financial Statements and Notes and Management's Discussion & Analysis for the three months ended March 31, 2025 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, 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 PSA with TPDC and the GoT in the United Republic of Tanzania. This PSA covers the production and marketing of certain conventional natural gas from the License offshore Tanzania. The PSA defines the gas produced from the Songo Songo gas field as “Protected Gas” and “Additional Gas”. The Gas Agreement deals further with the parties’ entitlement to Protected Gas and Additional Gas. Under the Gas Agreement, until July 31, 2024, Protected Gas was owned by TPDC and was sold to Songas TPCPLC. After July 31, 2024, Protected Gas ceased and all production from the Songo Songo gas field constitutes Additional Gas which PAET and TPDC are entitled to sell on commercial terms until the PSA expires in October 2026. Songas is the owner of the infrastructure that enables the gas to be treated and delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island.

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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 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:

$'000	Three Months ended March 31	
	2025	2024
Pipelines, well workovers and infrastructure	**548**	1,169
Other capital expenditures	**–**	301
Capital expenditures	**548**	1,470
Change in non-cash working capital	**7,102**	(85)
Net cash used by investing activities	**7,650**	1,385

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:

$'000	Three Months ended March 31	
	2025	2024
Revenue	**25,391**	24,937
Production, distribution and transportation expenses	**(4,203)**	(4,310)
Net Production Revenue	**21,188**	20,627
Less current income tax adjustment (recorded in revenue)	**(2,538)**	(1,726)
Operating netback	**18,650**	18,901
Sales volumes MMcf	**6,487**	6,764
Netback $/mcf	**2.87**	2.79

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 Statements

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 natural gas and power supply; assessment by the Company of the merits of the appeal made by the Company pursuant to the Judgment; costs, outcomes and timing in respect to the outcome of the appeal of the Judgement; merit, outcomes, position and timing in respect of the Notice of Dispute; expectations in relation to the Notice of Dispute; extension of the License and the Company's expectation to continue to actively engage with the GoT to progress the License extension; the ability of the Company to continue its operating activities subsequent to October 2026, when the License is set to expire; continued accrual of participating interest in respect of the Loan until the specified date; the receipt of the payment of arrears from TANESCO; and the payment by TANESCO of amounts owing under the Settlement Agreement; and the amount that PAET is expected to retain in relation to the Settlement Agreement. Actual results may differ materially from those anticipated in the forward-looking statements. 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: uncertainties involving the Notice of Dispute and the Judgment; various uncertainties involved in the extension of the License; risk that meetings related to the Notice of Dispute are not held on the anticipated timing; risk the PSA will not be replaced; risk of decreased demand for production volumes from the Songo Songo gas field; risk the Songas Power Plant will shut down indefinitely; negative effect on the Company's rights under the PSA and other agreements relating to its business in Tanzania; fluctuations in demand for natural gas and power supply in Tanzania; the Company's average gas sales including the sale of Additional Gas are different than anticipated; risk that the Company may incur losses and legal expenses as a result of the Notice of Dispute and/or appeal of the Judgment; uncertainties regarding quantum of damages payable to the Company in respect of the Notice of Dispute; uncertainties regarding quantum of damages payable by the Company in respect of the appeal of the Judgment; risk that the budgeted expenditures, timing of the completion and anticipated benefits from the Company's various development programs and studies in 2025 are different than expected; risk of damage to the Company's infrastructure assets; failure to extend the License on favorable terms or at all; inability to continue the Company's operating activities beyond the expiry of the License; inability to maintain gas sale contract discipline; the accrual of participating interest is different than expected; failure to receive payment of arrears from TANESCO; if any payment is eventually required in respect of the Judgment, that it will not be cost recoverable under the PSA; risk that TANESCO will not pay such amounts owing under the Settlement Agreement; changes to forecasts regarding future development capital spending and source of capital spending; 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 2025; prolonged foreign exchange reserves deficiency in Tanzania; inability to convert Tanzanian shillings into US dollars or other hard currencies as and when required; discontinuation of work by the Company with the GoT on an alternative development plan for longer term field development; failure to obtain necessary regulatory approvals; risks regarding the uncertainty around evolution of Tanzanian legislation; risk of unanticipated effects regarding changes to the Company's tax liabilities and the implementation of further legislation and the Company's interpretation of the same; 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; 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 relating to the Company's relationship with the GoT; the impact of general economic conditions in the areas in which the Company operates; civil unrest; risk of pandemic; 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; uncertainty regarding results through negotiations and/or exercise of legally available remedies; failure to successfully negotiate agreements; risks of non-payment by recipients of natural gas supplied by the Company; 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 GoT, TPDC and TANESCO, whether true or not; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility; competition for, among other things, capital, oil and gas field services and skilled personnel; failure to obtain required equipment or replacement parts 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; inaccuracy 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 fulfil its contractual obligations; risk that trade and other receivables may not be paid by the Company's customers when due; the risk that the Company's Tanzanian operations will not provide near term revenue earnings; and such additional risks listed under "Business Risks" in our management discussion and analysis for the three months ended March 31, 2025, and our management discussion and analysis for the year ended December 31, 2024. As a result of the foregoing, 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: increased demand for gas supply; successful negotiation and execution of new gas sales contracts under the Gas Agreement; successful negotiation of the License extension on terms favorable to the Company; successful implementation of various development and study programs at the budgeted expenditures; accurate assessment by the Company of the merits of its claim under the Notice of Dispute and the appeal of the Judgment; that all capital allocation decisions will be based upon prudent economic evaluations and returns; successful maintenance of gas sale contract discipline on a go-forward basis pursuant to the Company's gas supply agreements; that the Company will receive payment of arrears from TANESCO; the Company's relationship with TPDC and the GoT; the current status of actions involved in the Notice of Dispute; accurate assessment by the Company of the merits of its rights and obligations in relation to TPDC and the GoT 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 GoT 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; 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 participation interest obligations as needed; the Company does not incur any losses from debtors in 2025; 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; long term field development will be carried out as planned; continued work by the Company with the GoT on alternative development plan for longer term field development as anticipated; timing and amount of capital expenditures and source of funding are in line with forecasts; the Company's ability to obtain necessary regulatory approvals; the anticipated supply and demand of natural gas are in line with the Company's expectations; accurate assessment by the Company of the merits of appeal brought forward by the Company pursuant to the Judgment; that the amount of damages recoverable by the Company under the Notice of Dispute will be in line with expectations; the Company's interpretation and prediction of the effects regarding changes to the Company's tax liabilities and the implementation of further legislation is accurate in all material respects; 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; availability of skilled labour; 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; 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.