Orca Exploration Group Inc.
PO Box 3152
Road Town
Tortola
British Virgin
Islands

TSX-V: ORC.A, ORC.B

FOR IMMEDIATE RELEASE
27 April 2012

Orca announces its results for the year ended 31 December 2011 and a 22% increase in proven and probable reserves

TORTOLA, British Virgin Islands. Orca Exploration Group Inc ("Orca Exploration" or the "Company") announces its results for the year ended 31 December 2011.

Highlights

- Increased proven reserves by 27% to 469 Bcf (2010:369 Bcf) and proven and probable reserves by 22% to 548 Bcf (2010: 451 Bcf)
- Increased sales of Additional Gas by 30% to 17.5 Bcf or 47.8 MMcfd (2010: 13.4 Bcf or 36.9 MMcfd). This resulted in operating revenue of US$46.4 million.
- Increased funds from operations before working capital changes by 9% to US$22.7 million (2010: US$20.8 million) despite brought forward costs being fully recovered in the year.
- Increased working capital by 7% to US$56.0 million (2010: US$52.4 million).
- Agreed with the Government of Tanzania to increase deliverability from the Songo Songo field to 200 MMcfd in parallel with their investment in gas processing and pipeline infrastructure.
- Planned the drilling of two development wells in Tanzania in 2012 (SS-11 and SS-12). SS-11 was spud in February 2012 using the Sakson rig PR5 and SS-12 may be drilled once this has been completed.
- Held discussions with KCA Deutag to utilise their Ben Avon jack up rig for the drilling of the 551 Bcf (mean un-risked resource) exploration prospect, Songo Songo West, in Q4 2012. The rig is expected to be mobilised to Mozambique by another operator in Q3 2012.
- Signed a Re-rating Agreement with Songas and the electricity utility, TANESCO, that enabled the gas processing capacity to be increased from 90 MMcfd to 110 MMcfd. As a consequence, the overall infrastructure capacity increased to 102 MMcfd (limited by the pipeline diameter).
- Signed a Portfolio Gas Sales Agreement (PGSA) with TANESCO for the supply of a maximum of 37 MMcfd through to approximately 2023.
- Since June 2011, 217 MWs of new gas fired generation has been commissioned in Tanzania. There is now 406 MWs of gas fired generation that is dependent on the Company's gas. Sales volumes are expected to increase in 2012 subject to the infrastructure limitations.
- Commenced the evaluation of the viability of selling liquid natural gas in Tanzania.
- Continued to plan for the drilling of the La Tosca well in the Longastrino exploration block in the Po Valley, northern Italy (operated by Northern Petroleum Plc). Under the terms of the farm in agreement, Orca will earn between 70% and 75% of the block in return for financing the drilling and the testing of the well up to predefined caps. The well is expected to be spud in Q3 2012.

.
Financial and Operating Highlights

YEAR ENDED/ AS AT 31 DECEMBER	**2011**	2010	Change
Financial (US$000 except where otherwise stated)			

Revenue	**45,893**	38,808	18%
Profit before taxation	**15,320**	16,512	(7%)
Operating netback *(US$/mcf)*	**2.05**	2.29	(10%)
Cash and cash equivalents	**34,680**	45,519	(24%)
Working capital	**56,006**	52,364	7%
Shareholders' equity	**106,659**	98,183	9%
Earnings per share - basic *(US$)*	**0.23**	0.33	(30%)
Earnings per share - diluted *(US$)*	**0.22**	0.31	(29%)
Funds flow from operating activities	**22,658**	20,836	9%
Funds per share from operating activities - basic *(US$)*	**0.65**	0.68	(4%)
Funds per share from operating activities - diluted *(US$)*	**0.63**	0.65	(3%)
Net cash flows from operating activities	**4,577**	15,534	(71%)
Net cash flows per share from operating activities - basic *(US$)*	**0.13**	0.50	(74%)
Net cash flows per share from operating activities - diluted *(US$)*	**0.13**	0.49	(74%)
Outstanding Shares ('000)			
Class A shares	**1,751**	1,751	0%
Class B shares	**32,849**	32,939	0%
Options	**3,057**	2,557	20%
Operating			
Additional Gas sold *(MMcf)* - industrial	**2,742**	2,504	10%
Additional Gas sold *(MMcf)* - power	**14,722**	10,940	35%
Additional Gas sold *(MMcfd)* - industrial	**7.5**	6.9	9%
Additional Gas sold *(MMcfd)* - power	**40.3**	30.0	34%
Average price per mcf *(US$)* - industrial	**10.05**	8.76	15%
Average price per mcf *(US$)* - power	**2.77**	2.60	7%
Additional Gas Gross Recoverable Reserves to end of licence (bcf)[(1)]			
Proved	**469**	369	27%
Probable	**79**	82	(4%)
Proved plus probable	**548**	451	22%
Proved plus probable plus possible	**844**	822	3%
Present Value, discounted at 10% (US$ million)[(1)]			
Proved	**328**	236	39%
Proved plus probable	**351**	278	26%

Note:
(1) Based on report prepared by Orca Exploration's independent reserve evaluator McDaniel and Associates Consultants Ltd. dated effective December 31, 2011, which was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook.

Chairman & CEO Letter to the Shareholders

In 2011 Orca celebrated an important milestone -- the 10th anniversary of the Company's role in bringing the Songo Songo gas field into production. Today Orca holds a unique position in the most prolific gas basin in East Africa. It is the operator of Tanzania's first natural gas development and the largest supplier of natural gas helping to address Tanzania's urgent power needs.

Together with the Tanzania Petroleum Development Corporation (TPDC), Songas Limited, the Ministry of Energy and others, Orca is playing a significant role in developing and producing the Songo Songo reserves. The Songo Songo project is one of the most successful gas-to-energy projects in Africa and Orca is proud to be playing its part in it. Looking to the immediate future the Company is fully committed to the successful execution of its US$130 million Songo Songo exploration and development programme.

To bring more gas for power generation as quickly as possible, Orca is working closely with the Government of Tanzania and other stakeholders to increase Songo Songo gas field production. In November 2011, Orca and the Government of Tanzania agreed an accelerated work programme to increase production from the Songo Songo gas field from 100 MMcfd to 200 MMcfd. The following month Orca took delivery of the Sakson PR5 drilling rig on Songo Songo Island. The Sakson rig is currently drilling the SS-11 development well which was spud in early February 2012 and, subject to funding, may drill a second development well (SS-12) once the first well is completed.

INCREASED REVENUES

Revenue grew by 18% to US$45.9 million in 2011 (2010: US$38.8 million). The 2011 revenue increase was limited by the fact that brought forward costs had been fully recovered in the first half of 2011. This reduced the percentage of net revenue allocated between the Government and the Company from 75% in 2010 to 52% in 2011. Orca's total cost recovery share will rise in 2012 as a result of funds invested by Orca in the current drilling programme.

Funds from operations before working capital changes increased by 9% to US$22.7 million and the level of working capital grew from US$52.4 million to US$56.0 million. The Company finished the year with cash of US$34.7 million and no debt. The revenue growth was fuelled by Additional Gas sales of 47.8 MMcfd in 2011 which were made possible by an infrastructure system re-rating. In June 2011 infrastructure capacity was increased from 90 MMcfd to 102 MMcfd. Additional Gas sales are expected to remain strong through 2012. With the introduction of the new 105 MW Jacobsen power plant at Dar es Salaam in April 2012, there is now significantly more gas demand downstream than can be supplied through the existing infrastructure system.

FOCUSED ON INCREASING PRODUCTION

Orca's 2011 operations focus has been on maintaining the highest level of gas production possible within the current infrastructure limits. In June 2011 those limits were raised following the signing of a Re-rating Agreement with Songas Limited and the electricity utility, TANESCO. The Agreement enabled the Songo Songo gas processing capacity to be increased from 90 MMcfd to 110 MMcfd. However gas processing and pipeline capacity remains a restriction. To address this need the Government of Tanzania announced in September 2011 that it was in the final stages of negotiating a 20-year term financing arrangement with the Chinese Exim Bank for the construction of a new gas processing plant on Songo Songo Island and an oversized onshore pipeline to accommodate future growth in gas production. This is expected to initially increase the Songo Songo infrastructure capacity to 200 MMcfd. Subsequent incremental investments in gas processing capacity and the construction of a new offshore pipeline to Songo Songo could increase gas deliverability. The target for project completion is currently the end of 2013.

A GROWING RESERVE BASE

Orca has an excellent gas reservoir in the Songo Songo field that continues to perform above expectations. As at 31 December 2011, the independent reserve evaluator McDaniel and Associates Consultants Ltd. ("McDaniel") assessed that the Additional Gas gross proven (1P) and proven and probable (2P) Songo Songo reserves available to Orca to the end of the licence period are 469 Bcf (2010: 369 Bcf) and 548 Bcf (2010: 451 Bcf) respectively. These significant increases were recorded despite Additional Gas production of 17.5 Bcf during the year.

A VIGOROUS EXPLORATION AND DEVELOPMENT AGENDA

Development plans put in place in 2011 will be a major focus of the Company in 2012. The goal is to increase deliverability from the main field to 200 MMcfd in parallel with the infrastructure expansions being planned in country.

To do this Orca is currently drilling the new SS-11 well. A second development well, SS-12, may be drilled using the same rig.

Currently, the Company can produce approximately 113 MMcfd from the Songo Songo field though this is currently restricted by the capacity of the infrastructure to a maximum of 102 MMcfd. However, SS-9 (currently producing in the region of 30 MMcfd), will have to be taken out of production at the end of May 2012. The Company will perform a corrosion log and pressure test the annulus/casing to assess whether SS-9 can continue in production after the end of May 2012. In the event that SS-9 is taken off production there may be a period where the Company can only deliver approximately 80 MMcfd until SS-11 is connected to the gas processing plant later in 2012.

Orca is moving ahead vigorously with plans for the drilling of the Songo Songo West exploration prospect. The Company is in discussion with KCA Deutag to secure the Ben Avon jack-up rig to drill the well. The Ben Avon rig is being mobilised to Mozambique in Q3 2012 for a one well program and Orca is looking to mobilise the rig to Tanzania to drill Songo Songo West. The location is highly prospective and McDaniel have evaluated this prospect and assessed it to contain un-risked mean resources of 551 Bcf..

The exploration and development programme is dependent on adequate funds being available. This is discussed below.

SUSTAINED GAS MARKET GROWTH

Sales of Additional Gas to the power sector increased by 34% during 2011 to 40.3 MMcfd (2010: 30.0 MMcfd), mainly as a result of the increase in the capacity of the gas infrastructure that enabled latent power demand to be met. The total gas fired generation in Tanzania, consuming Additional Gas, is currently 406 MWs having increased since June 2011 with the re-commissioning of the Symbion 112 MW plant and the recent start up of the 105 MW Jacobsen plant. At maximum capacity the power sector can utilise 90 MMcfd of Additional Gas.

During 2011 Orca maintained service to existing customers but did not expand industrial sales. The priority was to ensure that gas was available to meet power sector needs at a time of crippling electricity shortages. This will continue until the gas infrastructure capacity is increased.

When new allocations of Additional Gas can be made available for market expansion there is a significant untapped market to be developed. A number of the existing customers wish to establish a reliable electricity supply through the development of their own small scale generation capacity. There are also a number of other industries and hotels that are anxious to sign gas purchase contracts. The Company will be ready to expand the low pressure pipeline system and the capacity of the compressed natural gas (CNG) infrastructure to meet this demand when it can deliver more gas to Dar es Salaam.

In addition, Orca is assessing the economic and logistical viability of using a small scale liquid natural gas (LNG) plant to provide gas to the mines around Lake Victoria. These are high margin opportunities that are particularly attractive.

ITALIAN ONSHORE EXPLORATION

In Italy we are moving forward with a land-based exploration programme. The drilling of the La Tosca farm-in well is scheduled to spud in Q3 2012. Northern Petroleum, as operator, will drill the well in the Longastrino Block in the Po Valley region of northern Italy. Under the terms of the farm-in agreement, Orca will pay 100% of the costs of the La Tosca 1 well up to 4.3 million and 70% thereafter for the drilling phase, together with back-in costs of 0.6 million to earn a 70% interest in the block.

If the well is tested and completed, Orca will earn an additional 5% (taking it to 75%) by paying 100% of the testing costs up to 1.3 million and 75% thereafter. There are a number of other prospects on the Longastrino block that will be evaluated following the finalisation of the drilling of the La Tosca well.

Offshore Italy Orca's participation in a low risk, high potential appraisal well in the Adriatic remains on hold. However, it is assessed that this could be lifted during 2012. Orca has a farm-in agreement with Petroceltic International Plc to participate is the drilling of the well once the Italian Ministry of Environment issues a decree of environmental compatibility for the drilling programme. The area has significant oil exploration upside and as part of the farm-in Orca would earn the right to participate in 11 adjacent exploration blocks in the Central Adriatic. Orca is not liable to any costs associated with the drilling of Elsa-2 until a rig contract is signed.

EXPANSION FINANCING

The pace and extent of the Company's 2012 work programme will be dependent on the availability of sufficient capital. The planned 2012 programme includes the drilling of two development wells (SS-11 and SS-12 on Songo Songo Island) and two exploration wells (Songo Songo West and La Tosca in Italy).

The drilling of SS-12 is dependent on the immediate receipt of outstanding overdue payments of approximately US$20 million from TANESCO, the securing of a US$10 million overdraft facility and satisfactory progress by the Tanzanian Government on the infrastructure expansion.

The drilling of Songo Songo West will, in addition, be dependent on the completion of a debt facility that is currently under discussion. This financing will be dependent on the satisfactory outcome of discussions with the Government Negotiation Team ('GNT') that was set up in February 2012 to address a number of issues raised by the Parliamentary Committee for Energy and Minerals in respect of the Company's Production Sharing Agreement. This includes, but is not limited to, TPDC back in rights, profit sharing arrangements, the unbundling of the downstream assets, cost recovery and Orca's management of the upstream operations. Orca will discuss these matters in good faith with the GNT which may lead to material changes in the economic terms of the PSA. However the Company reserves its rights to defend its position should no satisfactory agreement be reached.

The Board may decide to defer the drilling of SS-12 and/or Songo Songo West if there has not been satisfactory resolution of any of the conditions outlined above.

MANAGEMENT CHANGES

Beer van Straten has been named Chief Operating Officer replacing Dale Rollin who resigned in March 2012. Mr van Straten is responsible for the Company's field operations including the large scale development and exploration drilling programme in Tanzania. He is a senior oil and gas industry executive with over 20 years high level exploration, production and commercial experience in the North Sea, Middle East and Africa. Mr van Straten has been associated with ORCA since June 2010 when he was elected to Orca's Board of Directors. Prior to his work with ORCA he managed an aggressive five rig programme in Egypt that doubled Dana Gas' reserves and raised production by 50%.

PIVOTAL YEAR

2012 is a pivotal year for Orca. The Company is moving forward vigorously to increase gas production from Songo Songo Island and is working closely with the Government of Tanzania and other Songo Songo stakeholders to meet this need.

Orca has already taken the first steps in the US$130 million expansion program it announced last November. The drilling of the first development well is nearing completion on Songo Songo Island and negotiations are proceeding to have a jack-up rig available for the drilling of Songo Songo West later this year. The drilling of Orca's farm-in well in Italy will begin in Q3 2012.

The Company is negotiating with the GNT in good faith. We are concerned about the allegations that have been made with respect to the sharing of Songo Songo revenues and are approaching the review in a spirit of transparency and full cooperation.

Orca is proud of the role it is playing in Tanzania to develop the country's natural gas resources and make them available for the power and industrial sectors to the ultimate benefit of all Tanzanians. We are also proud of the role the Company is playing in creating quality employment and giving back to communities through corporate educational and health initiatives.

We are working hard to expand Orca's reserve base, increase value for all stakeholders and build greater sustainable value. There is significant upside potential. With the continued support of our loyal shareholders, the strength of our Board, the experience of our management team and the skills of our dedicated employees, we look forward to a year of growth.

Consolidated Statement of Comprehensive Income

ORCA EXPLORATION GROUP INC.

YEARS ENDED 31 DECEMBER ***(thousands of US dollars except per share amounts)***	**2011**	2010
Revenue	**45,893**	38,808
Cost of sales		
Production and distribution expenses	**(6,088)**	(4,879)
Depletion expense	**(8,092)**	(4,839)
	31,713	29,090
General and administrative expenses	**(15,440)**	(11,716)
Finance income	**85**	40
Finance costs	**(1,038)**	(902)
Profit before taxation	**15,320**	16,512
Taxation	**(7,334)**	(6,501)
Profit after taxation and comprehensive income for the year	**7,986**	10,011

Earnings per share

Basic	**0.23**	0.33
Diluted	**0.22**	0.31

Consolidated Statement of Financial Position

ORCA EXPLORATION GROUP INC

AS AT 31 DECEMBER (*thousands of US dollars)*)	**2011**	2010
ASSETS		
Current assets		
Cash and cash equivalents	**34,680**	45,519
Trade and other receivables	**40,348**	13,583
Taxation receivable	**5,880**	4,009
Prepayments	**302**	409
	81,210	63,520
Non-current assets		
Exploration and evaluation assets	**2,921**	942
Property, plant and equipment	**67,713**	59,946
	70,634	60,888
Total assets	**151,844**	124,408
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	**22,801**	9,156
Taxation payable	**2,403**	2,000
	25,204	11,156
Non-current liabilities		
Deferred income taxes	**15,194**	12,809
Deferred additional profits tax	**4,787**	2,260
	19,981	15,069
Total liabilities	**45,185**	26,225
Equity		
Capital stock	**84,610**	85,100
Contributed surplus	**6,268**	5,288
Accumulated income	**15,781**	7,795
	106,659	98,183
Total equity and liabilities	**151,844**	124,408

Consolidated Statement of Cash Flows

ORCA EXPLORATION GROUP INC

YEARS ENDED 31 DECEMBER *(thousands of US dollars)*	**2011**	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	**7,986**	10,011
Adjustment for:		
Depletion and depreciation	**8,389**	5,046
Gain on disposal of vehicle	**(5)**	-
Stock-based compensation	**851**	664
Deferred income taxes	**2,385**	3,741
Deferred additional profits tax	**2,527**	800
Interest income	**(5)**	(40)
Unrealised loss on foreign exchange	**530**	614
	22,658	20,836
Increase in trade and other receivables	**(27,171)**	(6,166)
Increase in taxation receivable	**(1,871)**	(3,295)
Decrease in prepayments	**107**	56
Increase in trade and other payables	**10,451**	2,103
Increase in taxation payable	**403**	2,000
Net cash flows from operating activities	**4,577**	15,534
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation expenditures	**(1,979)**	(182)
Property, plant and equipment expenditures	**(16,156)**	(3,199)
Interest received	**5**	40
Proceeds from sale of vehicle	**5**	-
Increase in trade and other payables	**3,541**	418
Net cash used in investing activities	**(14,584)**	(2,923)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Normal course issuer bid	**(681)**	-
Shares issued	**-**	18,471
Proceeds from exercise of options	**-**	234
Net cash flow (used in)/from financing activities	**(681)**	18,705
(Decrease)/increase in cash and cash equivalents	**(10,688)**	31,316
Cash and cash equivalents at the beginning of the year	**45,519**	14,543
Effect of change in foreign exchange	**(151)**	(340)
Cash and cash equivalents at the end of the year	**34,680**	45,519

Statement of Changes in Shareholders' Equity

ORCA EXPLORATION GROUP INC

(thousands of US dollars)	Capital stock	Contributed surplus	Accumulated Income/ (loss)	Total
Balance as at 1 January 2010	**66,267**	**4,809**	**(2,216)**	**68,860**
Shares issued	18,471	-	-	18,471
Stock options exercised	362	(128)	-	234
Stock-based compensation	-	607	-	607
Total comprehensive income for the year	-	-	10,011	10,011
Balance as at 31 December 2010	**85,100**	**5,288**	**7,795**	**98,183**
Stock-based compensation	-	1,171	-	1,171
Normal course issuer bid	(490)	(191)	-	(681)
Total comprehensive income for the year	-	-	7,986	7,986
Balance as at 31 December 2011	**84,610**	**6,268**	**15,781**	**106,659**

Orca Exploration is an international public company engaged in natural gas exploration, development and supply in Tanzania and oil appraisal and gas exploration in Italy. Orca Exploration trades on the TSXV under the trading symbols ORC.B and ORC.A.

For further information please contact:

W. David Lyons, Chairman and CEO
+44-7717-100-200
wdlyons@orcaexploration.com

Nigel A. Friend, CFO
+255 (0)22 2138737
nfriend@orcaexploration.com

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

This document contains forward-looking statements. More particularly, this document contains statements concerning, but not limited to, Orca Exploration's drilling plans, expected increases to sales volumes, Orca Exploration's future plans for its projects, expected increases to Songo Songo processing capacity, timing of completion of projects, terms of production sharing agreement and Orca Exploration's exploration and development plans. In addition, please note that statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Orca Exploration's control, including, but not limited to, the impact of general economic conditions in the areas in which Orca Exploration operates, civil unrest, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, 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, drilling equipment and skilled personnel, and obtaining required approvals of regulatory authorities. In addition there are risks and uncertainties associated with oil and gas operations, therefore Orca Exploration's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking estimates and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking estimates will transpire or occur, or if any of them do so, what benefits, including the amounts of proceeds, that Orca Exploration will derive therefrom. Such forward-looking are based on certain assumptions made by Orca Exploration in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors Orca believes are appropriate in the circumstances, including, but are not limited to, the ability of Orca Exploration to add production at a consistent rate; commodity prices will not deteriorate significantly; the ability of Orca Exploration to obtain equipment in a timely manner to carry out exploration, *development and exploitation activities; and future capital expenditures. The forward-looking statements contained in this press release are made as of the date hereof and Orca Exploration 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.*