Orca Exploration Group Inc.
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FOR IMMEDIATE RELEASE

30 April 2007

Orca Exploration (formerly EastCoast Energy Corporation) announces its results for the year ended 31 December 2006

TORTOLA, British Virgin Islands. Orca Exploration Group Inc ("Orca Exploration" or the "Company") announces its results for the year ended 31 December 2006.

FINANCIAL AND OPERATING HIGHLIGHTS

Year ended 31 December	2006	2005	Change
Financial (US$'000 except where otherwise stated)			
Revenue	13,828	5,759	140%
Profit before taxation	4,261	953	347%
Operating netback (US$/mcf)	2.45	2.11	16%
Cash and cash equivalents	20,678	3,198	547%
Working capital	20,430	2,211	824%
Shareholders' equity	37,889	16,662	127%
Profit per share – diluted (US$)	0.10	0.02	400%
Funds from operations before working capital changes	6,030	2,268	166%
Funds per share from operations before working capital changes – diluted (US$)	0.24	0.09	167%
Operating			
Additional Gas sold - industrial (mmscf)	1,466	777	89%
Additional Gas sold – power (mmscf)	3,371	1,672	102%
Average price per mcf - industrial (US$)	8.22	7.07	16%
Average price per mcf – power (US$)	1.90	1.66	14%
Gross Recoverable Reserves to end of licence (bcf)			
Proved	266	241	10%
Probable	149	79	89%
Proved plus probable	415	320	30%
Present Value, discounted at 10% (US$ million)			
Proved	109.0	67.7	61%
Proved plus probable	158.7	83.8	89%

President & CEO's Letter to Shareholders

2006 was another good year for Orca Exploration Group Inc (formerly EastCoast Energy Corporation). The Company continued development of the Songo Songo gas field in Tanzania with positive results. Reserves have increased, a substantial development programme is underway, sales are ahead of forecast and markets continue to grow as significant gas-fired generation is installed at Dar es Salaam over the next 12 months.

The Company has also developed a strengthened exploration capability through the recruitment of key individuals with substantial international oil and gas experience especially in West Africa. Building on this, the Company has indicated its intention to identify and acquire oil opportunities by the end of 2007 as well as continuing to develop its existing business in Tanzania.

During 2006 Orca Exploration delivered substantial performance results in all key areas.

- Increased profit before tax by 347% to US$4.3 million (2005: US$1.0 million) and funds flow from operations before working capital changes by 166% to US$6.0 million.

- Produced 18.0 bcf from the Songo Songo field (2005: 14.7 bcf), increasing the volume produced since the commencement of commercial operations in 2004 to 37.3 bcf. Over 2006 Orca Exploration did not record any downtime that impacted gas supply to major customers.

- Increased the certified gross proved (1P) and proved and probable (2P) recoverable Additional Gas reserves by 10% to 266 bcf and 30% to 415 bcf respectively.

- Expanded the Company's industrial gas distribution network to 28 kilometers by constructing 3 kilometers of new pipeline.

- Commenced gas sales to six new industrial customers and increased annual sales to the industrial sector by 89% to an average of 4.0 mmscf/d.

- Signed a two-year contract to sell Additional Gas to the 48 MWs of emergency power generation operated by Aggreko plc at Dar es Salaam. In 2006 sales to the power sector increased 102% to an average of 9.2 mmscf/d.

- Initiated remedial downhole work on SS-9 to increase Songo Songo production by 30 mmscf/d. This was successfully completed in Q1 2007.

- Negotiated a contract for the drilling of a new Songo Songo development well (SS-10) to further increase production capability in 2007.

- Raised Cdn$21.5 million gross through a fully subscribed one-for-seven rights offering of 3.3 million Class B shares.

Market Development

The power and industrial markets continue to develop in line with expectations with a 102% and 89% increase in volumes respectively. During 2006 average gas sales increased 98% to 13.3 mmscf/d. By Q4 2006 Additional Gas sales had increased to 17.4 mmscf/d (industrial sector 4.3 mmscf/d, power sector 13.1 mmscf/d) as a result of the installation of some emergency power plants. Industrial and power demand is expected to increase further as new gas fired generation is installed.

During 2006 the lower than average rainfalls experienced for the last three years severely impeded TANESCO's ability to operate its 561 MWs of installed hydro generation capacity at normal levels. This restriction, combined with an increase in overall demand for electricity, led to a significant shortfall in power generation and the need to load shed for up to 14 hours a day. The Government of Tanzania and TANESCO moved swiftly to rectify the problem and entered into two contracts with Aggreko plc ("Aggreko") and Dowans Tanzania Limited ("Dowans") for the supply of 140 MWs of temporary gas-fired generation. Aggreko fulfilled its obligations in October 2006 with the startup of 40 MWs of generation (48 MWs installed). Dowans was contracted to supply the remaining 100 MWs. A 20 MW temporary generator was installed in January 2007 and a further 60 MWs is currently being assembled and should be operational during Q3 2007. A final 40 MWs is being shipped to Tanzania and is expected to be installed during Q4 2007. This will increase the total installed emergency generation to 168 MWs, of which the suppliers are obligated to supply 140 MWs.

This emergency generation is now forecast to be operational until at least the end of 2008. In addition, a Wärtsilä 100 MW unit is still on target to be operational by the end of Q3 2007 and a new 45 MW plant at Tegeta in Dar es Salaam is forecast to be operational by mid-2008. If the Dowans emergency units remain in country after the end of 2008, the conversion of the 100 MW IPTL plant (that currently uses heavy fuel oil) may be delayed. As a result of the acceleration of the installation of the emergency units the Company may be supplying Additional Gas to up to 310 MWs of power generation (including 42 MWs of existing generation at the Ubungo Power Plant) by the end of 2007. At a peak, these units would require approximately 68 mmscf/d (or 41 mmscf/d at a 60% utilisation rate).

The Company is negotiating a long term portfolio contract with the electricity utility, TANESCO, for the supply of gas to these units. TANESCO is in the process of determining their volume requirements given the improved hydrology in the country. A contract is forecast to be in place in the next three months.

Whilst Tanzania will have significant gas fired generation in country by December 2007, above average rainfall in January 2007 (thought to be attributable to El Nino) significantly changed the outlook for the 561 MWs of Tanzania's installed hydro generation. The Mtera dam which supplies water to the 80 MW Mtera and the 204 MW Kidatu hydro stations, rose from a non operational level of 687 meters above sea level to its maximum capacity of 698 meters. As a result, it is anticipated that these hydro units will have sufficient water to run at high utilisation rates during 2007 and 2008. The remaining 277 MWs of hydro generation is "run of river" and will only be available for four to five months of a year based on average rainfalls. Accordingly, the Company is forecasting that sales to the power sector will average approximately 15 - 20 mmscf/d during 2007.

Whilst the power sector provides a solid base load of gas sales, the Company is embarking on an aggressive programme to increase sales to the industrial sector. The Company now has 13 industrial customers in 15 locations. A 16-kilometer expansion of the existing 28-kilometer distribution system is planned for 2007 at a cost of US$4.5 million. It is forecast that this will increase industrial sales to 7.5 mmscf/d by the end of 2007.

In addition, the Company, in conjunction with TPDC, is planning to commence the sale of Compressed Natural Gas ("CNG") by Q1 2008. The intention is to transport CNG to industrial customers and markets that are not located near the existing distribution pipeline. This could be an exciting new market that has the potential to develop to over 10 mmscf/d in the coming years.

The Company is also looking at constructing high pressure pipelines to other industrial towns in Tanzania including Tanga and Morogoro. Whilst the infrastructure costs will be high and will take at least two years to develop, the netbacks will be better than sales to the power sector at current oil prices.

The Company is also reviewing the possibility of applying for an electricity generation licence and selling power directly to industrial customers. This will be progressed during 2007.

Infrastructure

Planning was initiated in 2006 to expand the infrastructure to meet this forecast increase in demand. The Company commissioned Petrofac Engineering Limited to undertake a capacity re-rating and debottlenecking review of the existing Songo Songo gas processing plant to determine how to meet immediate and future projected demands. As a result of this work, Songas Limited ("Songas") appointed Bureau Veritas to re-rate the gas plant capacity. Whilst work is ongoing and this is still to be agreed with the insurers, the indications are that the gas processing plant could be run at 85 mmscf/d for a short period of time compared with its present nameplate capacity of 70 mmscf/d.

The Company also entered into negotiations with Songas and TANESCO for the installation of a third and fourth gas processing train. This could increase the capacity of the gas processing facilities to 140 mmscf/d. A Memorandum of Understanding ('MOU') identifying the key issues that needed to be addressed to enable the expansion to take place was signed with Songas and TANESCO in December 2006. Under the terms of the MOU, the Company will continue to pay 17.5% of the achieved sales price of gas and part of this will be allocated to Songas to compensate for their investment in the trains. This is still the subject of an application by Songas to the Electricity, Water, Utilities Regulatory

Authority ('EWURA') and is also subject to the agreements on gas terms and prices with TANESCO to justify the expansion.

The capacity of the 232-kilometer pipeline system to Dar es Salaam is estimated at 105 mmscf/d and is limited by the 12" 25-kilometer offshore line. Additional compression or a new offshore pipeline may be required during 2008/2009 to meet peak loads. Work will be undertaken in 2007 to assess the most cost effective means of achieving the forecast peak rates.

Reserves Increase

The Songo Songo reservoir continues to perform above expectations. During the year, further pressure testing has generated positive results. The independent reserves engineers, McDaniel & Associates Consultants Ltd, have reviewed all the data and have assessed that the gross proven and probable reserves ("2P") for the total field on a life-of-licence basis increased by 14% to 648 bcf (2005: 569 bcf). The proportion in which the Company has a financial interest, under the Songo Songo PSA ("Additional Gas"), increased by 30% to 415 bcf (2005: 320 bcf).

A majority of the 2P reserves can be delivered from the existing well stock. However, to deliver all the reserves will require significant capital expenditure over the next five years. This includes the drilling of a well in the northern portion of the field ("Songo Songo North") which will require a jack up rig or the drilling of a deviated well using a land rig from an artificial island.

To meet immediate forecast deliverability requirements, the Company signed a drilling contract with Caroil SA in February 2007 and commenced the drilling operations in April 2007. The well is being drilled with a land rig on Songo Songo Island and will deviate 1 kilometer offshore into the main reservoir. It should be completed by mid June 2007 and is forecast to add deliverability of 50 mmscf/d.

In addition, the Company successfully completed the removal of over 5,000 feet of wireline and two pressure gauges that were left in the hole in 1997 and which were severely impacting the deliverability of the SS9 well. The deliverability has subsequently increased from 20 mmscf/d to a maximum of 50 mmscf/d. The cost of the remedial work was US$1.9 million.

Exploration

Reserves and deliverability need to be ahead of demand so that commitments to power and infrastructure developments can be planned with greater certainty.

The Company continues to review ways of increasing the reserve base. The drilling of the Songo Songo West prospect approximately 2 kilometers west of the existing Songo Songo field is an excellent target and the Company intends to drill at least one well on this location as soon as practicable. The well could be drilled using a jack up rig or a land rig from the same artificial island that may be used to drill Songo Songo North. Work is currently being undertaken to assess the feasibility of this approach as well as identifying a suitable jack up rig.

The Company relinquished seven Adjoining Blocks neighbouring the Songo Songo field during the year as the only identified lead was considered small and expensive to drill and therefore less attractive than the Songo Songo West prospect.

New ventures

The Company recruited several key individuals in 2006 including James Smith who was integral to the growth of PanOcean Energy Corporation. The Company is now evaluating several oil opportunities in sub Saharan Africa with a view to acquiring exploration and/or development assets by the end of 2007.

2007 Targets

Over 2007, the Company will continue to focus on growth, with an increasing emphasis on new project development.

- Negotiate and sign a number of long term contracts to supply gas for use in the 120 MWs of gas fired plants owned and operated by Dowans, the 100 MW Wärtsilä plant, the 45 MW Wärtsilä plant at Tegeta and the 42 MW plant that is operational at the Ubungo Power Plant.

- Expand sales to the industrial markets to 6-7 mmscf/d by Q4 2007 through the construction of an additional 16 kilometers of the Company's low pressure distribution system.

- Prepare for the commencement of CNG sales to industrial and retail customers who are not located along existing pipeline infrastructure and assess feasibility for the supply of electricity direct to industrial customers.

- Finalise drilling plans for the Songo Songo West exploration well and the Songo Songo North appraisal well.

- Increase the 2007 deliverability of the Songo Songo gas field from 130 mmscf/d at 31 December 2006 to approximately 210 mmscf/d as a result of the remedial work on SS-9 and the drilling of a new development well, SS-10.

- Farm-in, licence or acquire high potential oil properties with significant exploration potential.

Over the past two and one half years, the Company has exceeded its targets. This achievement has been made possible by all those who have stood with us and helped us to achieve the results that this Annual Report presents. We have relied on the investment of our shareholders; the skill, dedication and innovative spirit of our employees; the wise counsel of our Board of Directors; the commitment of our partners; the support of our customers and in particular the opportunities provided to us by the Government of Tanzania.

Our commitment to growth is based on clear goals, the necessary resources and a determination to succeed. There is much to be done as we continue to grow through 2007.

Peter R. Clutterbuck
President & CEO

30 April 2007

CONSOLIDATED INCOME STATEMENTS

Years ended 31 December *(thousands of US dollars except per share amounts)*	**Note**	**2006**	2005
Revenue	2	**13,828**	5,759
Cost of sales			
Production and distribution expenses		**(793)**	(495)
Depletion expense	7	**(2,027)**	(818)
Gross profit		**11,008**	4,446
Other income		**61**	64
Administrative expenses		**(6,724)**	(3,555)
Foreign exchange losses		**(84)**	(2)
Profit before taxation		**4,261**	953
Taxation	4	**(1,684)**	(565)
Profit after taxation		**2,577**	388
Profit per share	11		
Basic (US$)		**0.11**	0.02
Diluted (US$)		**0.10**	0.02

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at 31 December **(*thousands of US dollars*)**	**Note**	**2006**	2005
ASSETS			
Current assets			
Cash and cash equivalents	5	**20,678**	3,198
Trade and other receivables	6	**4,275**	2,862
		24,953	6,060
Natural gas properties and other equipment	7	**18,951**	15,037
		43,904	21,097
LIABILITIES			
Current liabilities			
Trade and other payables	8	**4,523**	3,849
Non current liabilities			
Deferred tax	4	**1,229**	506
Additional profits tax		**263**	80
SHAREHOLDERS' EQUITY			
Capital stock	10	**34,469**	16,237
Capital reserve		**1,182**	764
Accumulated profit/(loss)		**2,238**	(339)
		37,889	16,662
		43,904	21,097

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 31 December *(thousands of US dollars)*	**2006**	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after taxation	**2,577**	388
Adjustments for:		
Depletion and depreciation	**2,129**	911
Stock-based compensation	**418**	383
Deferred taxation	**723**	506
Additional profits tax	**183**	80
	6,030	2,268
Increase in trade and other receivables	**(1,413)**	(2,421)
Increase in trade and other payables	**540**	1,956
Net cash flows from operating activities	**5,157**	1,803
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of natural gas properties and other equipment	**(6,043)**	(5,648)
Increase in trade and other payables	**134**	628
Net cash flows used in investing activities	**(5,909)**	(5,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from rights issue	**18,087**	4,365
Proceeds from exercise of options	**145**	10
Net cash flows from financing activities	**18,232**	4,375
Increase in cash and cash equivalents	**17,480**	1,158
Cash and cash equivalents at the beginning of the year	**3,198**	2,040
Cash and cash equivalents at the end of the year	**20,678**	3,198

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands of US dollars)	**Capital stock**	**Capital reserve**	**Accumulated profit (loss)**	**Total**
Note	10			
Balance as at 31 December 2004	11,862	381	(727)	**11,516**
Rights issue net of share issue costs	4,365	-	-	**4,365**
Options exercised	10	-	-	**10**
Profit for the year	-	-	388	**388**
Stock-based compensation	-	383	-	**383**
Balance as at 31 December 2005	16,237	764	(339)	**16,662**
Rights issue	18,087	-	-	**18,087**
Options exercised	145	-	-	**145**
Profit for the year	-	-	2,577	**2,577**
Stock-based compensation	-	418	-	**418**
Balance as at 31 December 2006	**34,469**	**1,182**	**2,238**	**37,889**

See accompanying notes to the consolidated financial statements.

Forward Looking Statements

This disclosure contains certain forward-looking estimates that involve substantial known and unknown risks and uncertainties, certain of which are beyond Orca Exploration's control, including 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 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.

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