FORWARD LOOKING STATEMENTS

THIS MDA OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS AND NOTES THERETO FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND THE AUDITED FINANCIAL STATEMENTS AND NOTES THERETO FOR YEAR ENDED 31 DECEMBER 2007. THIS MDA IS BASED ON THE INFORMATION AVAILABLE ON 28 AUGUST 2008. IT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT INVOLVE SUBSTANTIAL KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES, CERTAIN OF WHICH ARE BEYOND ORCA EXPLORATION GROUP INC'S ("ORCA EXPLORATION" OR "THE COMPANY") CONTROL, INCLUDING THE IMPACT OF GENERAL ECONOMIC CONDITIONS IN THE AREAS IN WHICH THE COMPANY 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 GAS OPERATIONS. THEREFORE, ORCA EXPLORATION'S ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENT COULD DIFFER MATERIALLY FROM THOSE EXPRESSED, 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.

NON-GAAP MEASURES

THE COMPANY EVALUATES ITS PERFORMANCE BASED ON PROFIT AND FUNDS FLOW. FUNDS FLOW FROM OPERATING ACTIVITIES IS A NON-GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) TERM THAT REPRESENTS PROFIT BEFORE DEPLETION, DEPRECIATION, STOCK-BASED COMPENSATION, DEFERRED INCOME TAXES, DEFERRED ADDITIONAL PROFITS TAX, INTEREST INCOME AND IMPAIRMENTS. THE INCLUSION OF CHANGES IN NON-CASH WORKING CAPITAL RESULTS IN NET CASH FLOWS FROM OPERATING ACTIVITIES ON THE STATEMENT OF CASH FLOWS. IT IS A KEY MEASURE AS IT DEMONSTRATES THE COMPANY'S ABILITY TO GENERATE CASH NECESSARY TO ACHIEVE GROWTH THROUGH CAPITAL INVESTMENTS. ORCA EXPLORATION ALSO ASSESSES ITS PERFORMANCE UTILIZING OPERATING NETBACKS. OPERATING NETBACKS REPRESENT THE PROFIT MARGIN ASSOCIATED WITH THE PRODUCTION AND SALE OF ADDITIONAL GAS AND IS CALCULATED AS REVENUES LESS RINGMAIN TARIFF, GOVERNMENT PARASTATAL'S REVENUE SHARE, OPERATING AND DISTRIBUTION COSTS FOR ONE THOUSAND STANDARD CUBIC FEET OF ADDITIONAL GAS. THIS IS A KEY MEASURE AS IT DEMONSTRATES THE PROFIT GENERATED FROM EACH UNIT OF PRODUCTION, AND IS WIDELY USED BY THE INVESTMENT COMMUNITY. THESE NON-GAAP MEASURES ARE NOT STANDARDISED AND THEREFORE MAY NOT BE COMPARABLE TO SIMILAR MEASUREMENTS OF OTHER ENTITIES.

ADDITIONAL INFORMATION REGARDING ORCA EXPLORATION GROUP INC IS AVAILABLE UNDER THE COMPANY'S PROFILE ON SEDAR AT www.sedar.com.

Background

Orca Exploration's principal operating asset is its interest in a Production Sharing Agreement ("PSA") with the Tanzania Petroleum Development Corporation ("TPDC") in Tanzania. This PSA covers the production and marketing of certain gas from the Songo Songo gas field.

The gas in the Songo Songo field is divided between Protected Gas and Additional Gas. The Protected Gas is owned by TPDC and is sold under a 20-year gas agreement to Songas Limited ("Songas"). Songas is the owner of the infrastructure that enables the gas to be delivered to Dar es Salaam, namely a gas processing plant on Songo Songo Island, 232 kilometers of pipeline to Dar es Salaam and a 16 kilometer spur to the Wazo Hill Cement Plant.

Songas utilises the Protected Gas (maximum 45.1 Mmscf/d) as feedstock for its gas turbine electricity generators at Ubungo, for onward sale to the Wazo Hill cement plant and for electrification of some villages along the pipeline route. Orca Exploration receives no revenue for the Protected Gas delivered to Songas and operates the field and gas processing plant on a 'no gain no loss' basis.

Orca Exploration has the right to produce and market all gas in the Songo Songo field in excess of the Protected Gas requirements ("Additional Gas").

PRINCIPAL TERMS OF THE PSA AND RELATED AGREEMENTS

The principal terms of the Songo Songo PSA and related agreements are as follows:

Obligations and restrictions

(a) The Company has the right to conduct petroleum operations, market and sell all Additional Gas produced and share the net revenue with TPDC for a term of 25 years expiring in October 2026.

(b) The PSA covers the two licences in which the Songo Songo field is located ("Discovery Blocks").

The Proven Section is essentially the area covered by the Songo Songo field within the Discovery Blocks.

(c) No sales of Additional Gas may be made from the Discovery Blocks if in Orca Exploration's reasonable judgment such sales would jeopardise the supply of Protected Gas. Any Additional Gas contracts entered into are subject to interruption. Songas has the right to request that the Company and TPDC obtain security reasonably acceptable to Songas prior to making any sales of Additional Gas from the Discovery Block to secure the Company's and TPDC's obligations in respect of Insufficiency (see (e) below).

Songas has written to Orca Exploration confirming that, subject to certain conditions, security will not be required for the supply of Additional Gas to the Ubungo power plant, for the supply of up to 15 Mmscf/d for a period of five years for additional power generation and up to 10 Mmscf/d for the industrial sector. As the current emergency power generation operating in the country could take demand above 15 Mmscf/d for power generation, Songas has confirmed that the Company may sell 17 Mmscf/d for power generation over the next year without the need for security.

The Company is looking to agree a security mechanism with Songas that provides clear guidance as to how Songas will operate their rights to security. It is anticipated that, under certain circumstances, the Company and TPDC will have to allocate a proportion of the Additional Gas revenues to an escrow account, in the event of a forecast Protected Gas insufficiency.

(d) By 31 July 2009, the Government of Tanzania ("GoT") can request Orca Exploration to sell 100 bcf of Additional Gas for the generation of electricity over a period of 20 years from the start of its commercial use, subject to a maximum of 6 Bcf per annum or 20 Mmscf/d ("Reserved Gas"). In the event that the GoT does not nominate by 31 July 2009, or consumption of the Reserved Gas has not commenced within three years of the nomination date, then the reservation shall terminate. Where Reserved Gas is utilised, TPDC and the Company will receive a price that is no greater than 75 % of the market price of the lowest cost alternative fuel delivered at the facility to receive Reserved Gas or the price of the lowest cost alternative fuel at Ubungo.

(e) "Insufficiency" occurs if there is insufficient gas from the Discovery Blocks to supply the Protected Gas requirements or is so expensive to develop that its cost exceeds the market price of alternative fuels at Ubungo.

Where there have been third party sales of Additional Gas by Orca Exploration and TPDC from the Discovery Blocks prior to the occurrence of the Insufficiency, Orca Exploration and TPDC shall be jointly liable for the Insufficiency and shall satisfy its related liability by either replacing the Indemnified Volume (as defined in (f) below) at the Protected Gas price with natural gas from other sources; or by paying money damages equal to the difference between: (a) the market price for a quantity of alternative fuel that is appropriate for the five gas turbine electricity generators at Ubungo without significant modification together with the costs of any modification; and (b) the sum of the price for such volume of Protected Gas (at US$0.55/Mmbtu) and the amount of transportation revenues previously credited by Songas to the electricity utility, TANESCO, for the gas volumes.

(f) The "Indemnified Volume" means the lesser of the total volume of Additional Gas sales supplied from the Discovery Blocks prior to an Insufficiency and the Insufficiency Volume. "Insufficiency Volume" means the volume of natural gas determined by multiplying the average of the annual Protected Gas volumes for the three years prior to the Insufficiency (where the fifth turbine has been installed, but has not been operational for three years an imputed amount of annual gas consumption for the fifth turbine is incorporated) by 110 % and multiplied by the number of remaining years (initial term of 20 years) of the power purchase agreement entered into between Songas and TANESCO in relation to the five gas turbine electricity generators at Ubungo from the date of the Insufficiency.

An Insufficiency Agreement has been negotiated with Songas Limited and TANESCO that reduces these potential liabilities. The Insufficiency Agreement is expected to be signed at the same time as the long term power contracts.

Access and development of infrastructure

(g) The Company is able to utilise the Songas infrastructure including the gas processing plant and main pipeline to Dar es Salaam. Access to the pipeline and gas processing plant is open and can be utilised by any third party who wishes to process or transport gas.

Songas is not required to incur capital costs with respect to additional processing and transportation facilities unless the construction and operation of the facilities are, in the reasonable opinion of Songas, financially viable. If Songas is unable to finance such facilities, Songas shall permit the seller of the gas to construct the facilities at its expense, provided that, the facilities are designed, engineered and constructed in accordance with good pipeline and oilfield practices.

Revenue sharing terms and taxation

(h) 75% of the gross revenues less processing and pipeline tariffs and direct sales taxes in any year ("Net Revenues") can be used to recover past costs incurred. Costs recovered out of Net Revenues are termed "Cost Gas".

The Company pays and recovers all costs of exploring, developing and operating the Additional Gas with two exceptions: (i) TPDC may recover reasonable market and market research costs as defined under the PSA; and (ii) TPDC has the right to elect to participate in the drilling of at least one well for Additional Gas in the Discovery Blocks for which there is a development program as detailed in the Additional Gas plans as submitted to the Ministry of Energy and Minerals ("Additional Gas Plan") subject to TPDC being able to elect to participate in a development program only once and TPDC having to pay a proportion of the costs of such development program by committing to pay between 5% and 20% of the total costs ("Specified Proportion"). If TPDC does not notify the Company within 90 days of notice from the Company that the Ministry of Energy and Minerals ("MEM") has approved the Additional Gas Plan, then TPDC is deemed not to have elected. If TPDC elects to participate, then it will be entitled to a rateable proportion of the Cost Gas and their profit share percentage increases by the Specified Proportion for that development program.

TPDC has indicated that they wish to exercise their right to 'back in' to the field development by contributing 20% of the costs of the future wells including SS-10 in return for a 20% increase in the profit share percentage for the production emanating from these wells. The implications and workings of the 'back in' are still to be discussed in detail with TPDC. For the purpose of the reserves certification, it has been assumed that they will 'back in' for 20% and this is reflected in the Company's net reserve position. However, the financial statements have not taken account of any reimbursement for the SS-10 capital expenditure, pending the finalisation of the terms of the 'back in'.

(i) The price payable to Songas for the general processing and transportation of the gas is 17.5% of the price of gas delivered to a third party less any direct taxes payable by the customer that are included in the gas price less any tariffs paid for non-Songas owned distribution facilities ("Songas Outlet Price").

In September 2001, the GoT made a formal request to the World Bank for funds to increase the diameter of the onshore pipeline from 12 inches to 16 inches at a projected incremental cost of US$3.5 million. The World Bank agreed to finance this increase and accordingly the pipeline capacity was increased from circa 65 Mmscf/d to 105 Mmscf/d. The tariff that is payable to GoT for this incremental capacity has yet to be formally agreed, but the Company expects it to be 17.5% of the Songas Outlet Price.

Songas has submitted a tariff application to the regulator, EWURA, to cover the financing and operating costs of the third and fourth train which is forecast to increase the gas processing capacity to 140 Mmscf/d. The Songas application assumes that the industrial customers continue to pay 17.5% of the Songas Outlet Price, but that sales to the power sector will initially attract a higher percentage tariff. The Company is negotiating the long term gas price to the power sector based on the price of gas at the Wellhead. As a consequence, the Company is not impacted by the changes to the tariff paid to Songas in respect of sales to the power sector.

(j) The cost of maintaining the wells and flowlines is split between the Protected Gas and Additional Gas users in proportion to the volume of their respective sales. The cost of operating the gas processing plant and the pipeline to Dar es Salaam is covered through the payment of the pipeline tariff.

(k) Profits on sales from the Proven Section ("Profit Gas") are shared between TPDC and the Company, the proportion of which is dependent on the average daily volumes of Additional Gas sold or cumulative production.

The Company receives a higher share of the net revenues after cost recovery, the higher the cumulative production or the average daily sales, whichever is higher. The profit share is a minimum of 25 % and a maximum of 55 %.

AVERAGE DAILY SALES OF ADDITIONAL GAS	CUMULATIVE SALES OF ADDITIONAL GAS	TPDC'S SHARE OF PROFIT GAS	COMPANY'S SHARE OF PROFIT GAS
Mmscf/d	*Bcf*	*%*	*%*
0 - 20	0 – 125	75	25
> 20 < = 30	> 125 < = 250	70	30
> 30 < = 40	> 250 < = 375	65	35
> 40 < = 50	> 375 < = 500	60	40
> 50	> 500	45	55

For Additional Gas produced outside of the Proven Section, the Company's profit share increases to 55 %.

Where TPDC elects to participate in a development program, their profit share percentage increases by the Specified Proportion (for that development program) with a corresponding decrease in the Company's percentage share of Profit Gas.

The Company is liable to income tax. Where income tax is payable, there is a corresponding deduction in the amount of the Profit Gas payable to TPDC.

(l) Additional Profits Tax is payable where the Company has recovered its costs plus a specified return out of Cost Gas revenues and Profit Gas revenues. As a result: (i) no Additional Profits Tax is payable until the Company recovers all its costs out of Additional Gas revenues plus an annual return of 25 % plus the percentage change in the United States Industrial Goods Producer Price Index ("PPI"); and (ii) the maximum Additional Profits Tax rate is 55 % of the Company's profit share when costs have been recovered with an annual return of 35 % plus PPI return. The PSA is, therefore, structured to encourage the Company to develop the market and the gas fields in the knowledge that the profit share can increase with larger daily gas sales and that the costs will be recovered with a 25 % plus PPI annual return before Additional Profits Tax becomes payable. Additional Profits Tax can have a significant negative impact on the project economics if only limited capital expenditure is incurred.

Operatorship

(m) The Company is appointed to develop, produce and process Protected Gas and operate and maintain the gas production facilities and processing plant, including the staffing, procurement, capital improvements, contract maintenance, maintain books and records, prepare reports, maintain permits, handle waste, liaise with GoT and take all necessary safe, health and environmental precautions all in accordance with good oilfield practices. In return, the Company is paid or reimbursed by Songas so that the Company neither benefits nor suffers a loss as a result of its performance.

(n) In the event of loss arising from Songas' failure to perform and the loss is not fully compensated by Songas, Orca Exploration, CDC or insurance coverage, then Orca Exploration is liable to a performance and operation guarantee of US$2.5 million when (i) the loss is caused by the gross negligence or wilful misconduct of the Company, its subsidiaries or employees, and (ii) Songas has insufficient funds to cure the loss and operate the project.

Results for the quarter ended 30th June 2008

OPERATING VOLUMES

The sales volumes for the quarter were 1,292 Mmscf or 14.2 Mmscf/d. This represents an overall increase of 15 % over Q2 2007 and a 44 % decline over Q1 2008. The Company sales volumes were split between the industrial and power sectors as follows:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Gross sales volume *(Mmscf)*:					
Industrial sector	**336**	322	397	**658**	698
Power sector	**956**	1,983	745	**2,939**	2,101
Total volumes	**1,292**	2,305	1,142	**3,597**	2,799
Gross daily sales volume *(Mmscf/d)*:					
Industrial sector	**3.7**	3.5	4.4	**3.6**	3.9
Power sector	**10.5**	21.8	8.2	**16.2**	11.6
Total daily sales volume *(Mmscf/d)*	**14.2**	25.3	12.6	**19.8**	15.5

Industrial sector

Industrial sales volumes of 336 Mmscf (3.7 Mmscf/d) were recorded in Q2 2008. This represents an increase of 4 % over the 322 Mmscf (3.5 Mmscf/d) recorded in Q1 2008, as a result of increased consumption from the textile industries. The 15 % fall in the sales volume from Q2 2007 is primarily the result of sales to the textile customers being lower due to increased competition in the world textile markets. One new industrial customer was connected to the local Dar es Salaam gas distribution network in June 2008 bringing the total number of industrial customers to 18 (Q2 2007: 13).

Power sector

Power sector sales volumes increased by 28 % from 745 Mmscf (8.2 Mmscf/d) in Q2 2007 to 956 Mmscf (10.5 Mmscf/d) in Q2 2008. The increase in sales volumes over Q2 2007 is largely the result of the Additional Gas consumed by the Aggreko emergency power generator, which was under utilized in Q2 2007 and the consumption of Additional Gas by the new emergency power generator ("Dowans A") operated by Dowans Tanzania Limited, which was installed in October 2007.

The level of gas consumed by the power sector in Q2 2008 fell by 52 % to 956 Mmscf from 1,983 Mmscf in Q1 2008. The decline is a direct consequence of the above average heavy rains experienced throughout the whole quarter, resulting in a greater hydro generation utilization rates. The sales of gas to the Ubungo power plant fell by 50 % compared to Q1 2008. There were also no sales during the quarter to the Ubungo 100 MW generator operated by Wartsila due to a maintenance programme being undertaken. A total of 96 Mmscf had been consumed in Q1 2008 by this power plant.

COMMODITY PRICES

The commodity prices achieved in the different sectors during the quarter are shown in the table below:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
US$/mcf	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Average sales price					
Industrial sector	**12.97**	11.55	8.61	**12.27**	8.22
Power sector	**2.93**	2.05	2.17	**2.33**	2.18
Weighted average price	**5.54**	3.37	4.41	**4.15**	3.69

Industrial sector

The price of gas for the industrial sector is at a discount to the price of Heavy Fuel Oil ("HFO") in Dar es Salaam. This resulted in average industrial gas price in Q2 2008 of US$12.97/mcf (Q2 2007: US$8.61/mcf), compared to US$11.55/mcf in Q1 2008. The gas price achieved for the industrial sector fluctuates with world oil prices and the discount agreed with the customers. The monthly range of Additional Gas price sold to industrial customers in Dar es Salaam Q2 2008 was US$12.42/mcf to US$13.81/mcf.

Power sector

The previous Interim Agreement for the sale of Additional Gas to the Ubungo power plant provided for different gas prices, depending on the average availability of the six turbines, from a minimum of US$0.62/mcf to the maximum of US$2.14/mcf. During the quarter, the gas price for sales to the Ubungo power plant was renegotiated and the price adjustment was implemented retroactively to cover the sales from the start of March 2008. The increase in the revenue related to March 2008 has been included in the results for Q2 2008 increasing the average sales price achieved to US$2.67/mcf. The average sales price achieved for Q2 2008 sales volumes in isolation was US$2.17/mcf (Q2 2007: US$2.14/mcf) compared to US$1.57/mcf in Q1 2008.

The price of Additional Gas to the Aggreko emergency power plant increased in January 2008 by the consumer price index to US$2.29/mcf from US$2.22/mcf in accordance with the contract.

The mix of sales between the Ubungo power plant and emergency units resulted in an average sales price of US$2.32/mcf for the gas volumes sold in the quarter, with an average of US$2.93/mcf after taking into account the March 2008 price adjustment. During Q2 2008, the Company initialled the long term contracts for the supply of a forecast 200 Bcf to 250 Bcf of Additional Gas to the power sector. The wellhead price is fixed at approximately US$1.95/mcf and will increased at an expected 2% per annum until July 2012 at which point there will be a step change to US$2.83/mcf. These prices will then increase at 2% per annum. These prices are net of the gas processing, transportation, marketing and distribution costs that are subject to annual approval by the energy regulator, EWURA. Based on existing tariff rates, the initial all-in Additional Gas price to the power sector is expected to be in the range of US$2.36/mcf to US$2.46/mcf. The final price will be determined once final charges are known.

OPERATING REVENUE

Under the terms of the PSA with TPDC, Orca Exploration is responsible for invoicing, collecting and allocating the revenue from Additional Gas sales.

Orca Exploration is able to recover all costs incurred on the exploration, development and operations of the project out of 75% of the Net Revenues ("Cost Gas"). Any costs not recovered in any period are carried forward to be recovered out of future revenues.

Q2 2008 was the first quarter since Q2 2007 that Additional Gas sales volumes have not been in excess of 20 Mmscf/d, resulting in a decrease in the Company's share of revenue after cost recovery ("Profit Gas") from 30% to 25%.

Orca Exploration had recoverable costs throughout the quarter and accordingly was allocated 81.25% (Q1 2008 82.5%) of the Net Revenues (Q2 2007: 81.25%) as follows:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
Figures in US$'000	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Gross sales revenue	**7,159**	7,769	5,035	**14,928**	10,324
Gross tariff for processing plant and pipeline infrastructure	**(1,140)**	(1,270)	(793)	**(2,410)**	(1,610)
Gross revenue after tariff	**6,019**	6,499	4,242	**12,518**	8,714
Analysed as to:					
Company Cost Gas	**4,512**	4,892	3,184	**9,404**	6,537
Company Profit Gas	**379**	482	263	**861**	542
Company operating revenue	**4,891**	5,374	3,447	**10,265**	7,079
TPDC Profit Gas	**1,128**	1,125	795	**2,253**	1,635
	6,019	6,499	4,242	**12,518**	8,714

The Company's total revenue reported for the quarter amounted to US$4,826,000 after adjusting the Company's operating revenue of US$4,891,000 by:

i) US$ nil for current income tax. The Company is liable for income tax in Tanzania, but the income tax is recoverable out of TPDC's Profit Gas when the tax is payable. To account for this, revenue is adjusted for the current income tax.

ii) US$ 65,000 for the deferred effect of Additional Profits Tax. This charge is deducted from revenue as a royalty.

Revenue per the income statement may be reconciled to the operating revenue as follows:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
Figures in US$'000	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Industrial sector	**4,359**	3,713	3,420	**8,072**	5,735
Power sector	**2,800**	4,056	1,615	**6,856**	4,589
Gross sales revenue	**7,159**	7,769	5,035	**14,928**	10,324
Processing and transportation tariff	**(1,140)**	(1,270)	(793)	**(2,410)**	(1,610)
TPDC share of revenue	**(1,128)**	(1,125)	(795)	**(2,253)**	(1,635)
Company operating revenue	**4,891**	5,374	3,447	**10,265**	7,079
Additional Profits Tax	**(65)**	(90)	(56)	**(155)**	(114)
Current income tax adjustment	**–**	–	(370)	**–**	(113)
Revenue	**4,826**	5,284	3,021	**10,110**	6,852

TRANSPORTATION TARIFF

Under the terms of the project agreements, the current tariff paid for transporting the gas is calculated as 17.5 % of the price of gas at the Songas main pipeline in Dar es Salaam ("Songas Outlet Price") for the first 70 Mmscf/d of pipeline capacity.

In calculating the Songas Outlet Price for the industrial customers, an amount ("Ringmain tariff") of US$1.84/mcf (Q2 2007: US$1.12/mcf) and US$1.52/mcf in Q1 2008 has been deducted from the achieved industrial sales price of US$12.97/mcf (Q2 2007: US$8.61/mcf) and US$11.55/mcf in Q1 2008 to reflect the gas price that would be achievable at the Songas main pipeline. The Ringmain tariff represents the amount that would be required to compensate a third party distributor of the gas for constructing the connections from the Songas main pipeline to the industrial customers. No deduction has been made for sales to the power sector since the gas is not transported through the Company's own infrastructure.

To enable the Company to supply 30-45 Mmscf/d of Additional Gas to the power sector under the initialed long term power contracts, Songas is planning to install a third and fourth gas processing train on Songo Songo Island conditional on a satisfactory economic return as approved by the energy regulator, the EWURA. As a consequence of the EWURA requesting in early August that Songas resubmit their application principally on the grounds that the costs of the engineering and procurement contract needed to be firm, these trains are not expected to be operational until mid 2010. Orca has proposed a temporary solution to increase the capacity of the gas processing plants through a re-rating of the existing facilities and the introduction of a bypass. If, Songas approve the proposal the gas processing capacity could be increased by 20 – 35 Mmscf/d.

The regulatory process is likely to lead to a new tariff regime being introduced that will be subject to annual amendments. The Company will pass on any increase or decrease in the EWURA approved charges to TANESCO/Songas in respect of sales to the power sector. This protocol insulates Orca from any increases in the gas processing and pipeline infrastructure costs.

PRODUCTION AND DISTRIBUTION EXPENSES

The direct costs of maintaining the Ringmain distribution pipeline and pressure reduction station (security, insurance and personnel) is forecast to be approximately US$0.6 million per annum in its current form.

The well maintenance costs are allocated between Protected and Additional Gas based on the proportion of their respective sales during the quarter. The total costs for the maintenance for the quarter was US$342,000 (Q2 2007: US$222,000) and US$87,000 (Q2 2007: US$77,000) was allocated for the Additional Gas.

Other field and operating costs include an apportionment of the annual PSA licence costs and some costs associated with the evaluation of the reserves. These costs are summarised in the table below:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
Figures in US$'000	**30-JUN 2008**	31-MAR 2008	30-JUN 2007	**30-JUN 2008**	30-JUN 2007
Ring-main distribution pipeline	**167**	155	94	**322**	210
Share of well maintenance	**87**	42	77	**129**	142
Other field and operating costs	**203**	79	90	**282**	173
Production and distribution expenses	**457**	276	261	**733**	525
Depletion	**776**	1,406	630	**2,182**	1,545

OPERATING NETBACKS

The netback per mcf before general and administrative costs, overheads, tax and Additional Profits Tax may be analysed as follows:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
(Amounts in US$/mcf)	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Gas price - industrial	**12.97**	11.55	8.61	**12.27**	8.22
Gas price - power	**2.93**	2.05	2.17	**2.33**	2.18
Weighted average price for gas	**5.54**	3.37	4.41	**4.15**	3.69
Tariff (after allowance for the Ring-main tariff)	**(0.88)**	(0.55)	(0.69)	**(0.67)**	(0.58)
TPDC Profit Gas	**(0.87)**	(0.49)	(0.70)	**(0.63)**	(0.58)
Net selling price	**3.79**	2.33	3.02	**2.85**	2.53
Well maintenance and other operating costs	**(0.22)**	(0.05)	(0.15)	**(0.11)**	(0.11)
Ring-main distribution pipeline	**(0.13)**	(0.07)	(0.08)	**(0.09)**	(0.07)
Operating netback	**3.44**	2.21	2.79	**2.65**	2.35

Operating netback for the quarter was US$3.44/mcf (Q2 2007: US$2.79/mcf), an increase of 23 % over Q2 2007 and an increase of 56 % over Q1 2008. The increase over Q2 2007 is primarily the consequence of the higher price achieved for industrial sales as a result of strengthening prices in the global energy markets, together with an increase in the price of the gas sold to the Ubungo power plant for the quarter, which was implemented retroactively to March 2008.

The lower net back achieved in Q1 2008 is a result of lower sales prices being achieved in both the industrial and power sectors. The lower price achieved in the power sector during Q1 2008 is the result of only two turbines being available at the Ubungo power plant during the quarter, the sales price achieved being dependent on the average availability of the six turbines, all six turbines being in service for Q2 2008.

The operating netbacks are currently benefiting from the recovery of 75 % of the Net Revenues as Cost Gas.

ADMINISTRATIVE EXPENSES

The administrative expenses ("G&A") may be analysed as follows:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
Figures in US$'000	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Employee costs	**609**	494	435	**1,103**	865
Stock based compensation	**709**	640	816	**1,349**	1,031
Consultants	**653**	565	585	**1,218**	1,221
Travel and accommodation	**325**	174	181	**499**	288
Communications	**19**	11	21	**30**	48
Office	**268**	188	124	**456**	255
Insurance	**64**	70	50	**134**	86
Auditing and taxation	**48**	51	23	**99**	47
Depreciation	**20**	16	31	**36**	57
Marketing costs including legal fees	**1,134**	831	375	**1,965**	894
Reporting, regulatory and corporate finance	**45**	45	26	**90**	112
Directors' fees	**24**	10	37	**34**	48
Net general and administrative expenses	**3,918**	3,095	2,704	**7,013**	4,952

G&A averaged approximately US$1.3 million per month for Q2 2008, up from US$1.0 million in Q1 2008 (Q2 2007: US$0.9 million). G&A per mcf increased to US$3.03/mcf (Q2 2007: US$2.37/mcf). Whilst a large proportion of G&A is relatively fixed in nature and therefore declines on a mcf basis as volumes produced increase, significant costs have been incurred during the last two quarters in the negotiation of the power contracts, renewing sales contracts with industrial customers and the preparation of applications to the energy regulator, the EWURA. This has led to the G&A costs being relatively high per mcf. It is expected that these will fall as volumes increase and long term power contracts are signed.

The total general and administrative expenses have increased by 27% compared to the previous quarter and have increased by 45% over Q2 2007. The main variances compared to Q2 2007 are summarised below:

Stock based compensation

The total stock based compensation charges may be summarized as follows:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
Figures in US$'000	**30-JUN 2008**	31-MAR 2008	30-JUN 2007	**30-JUN 2008**	30-JUN 2007
Stock options	**827**	503	139	**1,330**	80
Stock appreciation rights	**(155)**	241	589	**86**	863
Treasury stock	**151**	151	660	**302**	660
	823	895	1,388	**1,718**	1,603
Capitalized	**(114)**	(255)	(572)	**(369)**	(572)
	709	640	816	**1,349**	1,031

A total of 1,185,000 new stock options were issued to certain directors, officers and employees of the Company during 2007 with exercise prices of Cdn$8.70 to Cdn$13.55. As at 30 June 2007, 960,000 of these stock options had been issued of which 510,000 were issued in June 2007. The total compensation recorded of US$0.8 million in Q2 2008 includes US$0.1 million in relation to the stock options issued after Q2 2007 and US$0.25 million in relation to the additional two months charge for the stock option issued in June 2007. The increase of US$0.3 million over Q1 2008 is a result of the change in the assumption with regards to the level of forfeiture as options issued in Q2 2007 have started to vest. All of the stock options currently issued have been valued using the Black-Scholes option pricing model and all have a five year term and vest over three years from the date of grant. A total of US$38,000 has been capitalized in Q2 2008 (Q2 2007 : US$32,000) in relation to these options.

As at 30 June 2008, a total of 690,000 uncapped stock appreciation rights were in issue, of which 600,000 were issued in January 2007 and 90,000 were issued in June 2007. A charge of US$0.44 million was recorded in Q2 2007 compared to a credit of US$0.15 million in Q2 2008 in respect of these stock appreciation rights. The decrease in the charge is the result of the fall in the stock market price of the Company's shares. A total of US$0.21 million was capitalized in Q2 2007 in relation to these stock appreciation rights As these stock appreciation rights are settled in cash they are re-valued at each reporting date using the Black-Scholes option pricing model. As at 30 June 2008 the following assumptions were used; stock volatility 55%, a risk free interest rate of 3.5% and a closing stock price of Cdn$8.40. The stock appreciation rights in issue have an exercise price ranging from Cdn$8.00 to Cdn$13.55. All the uncapped stock appreciation rights have a 5 year term and vest in three equal annual instalments from the date of grant.

As at 30 June 2007 a total of 400,000, stock appreciation rights were in issue with a cap of Cdn$3.00 per right. These were fully expensed by the end of 2007. In respect of these rights a total charge of U$0.15 million was recorded in Q2 2007. In February 2008 the Company issued 105,000 stock appreciation rights with an exercise price of Cdn$11.00 with a cap of Cdn$3.00, resulting in a maximum liability to the Company of Cdn$0.3 million. These have been valued using the Black-Scholes option pricing model resulting in charge to the income statement of US$20,000 being recorded in Q2 2008.

In April 2007, 200,000 Class B treasury stock were awarded to a newly appointed officer. These shares are held in escrow and vest to the officer in three equal annual instalments, the first third vesting in full on 7 April 2007. A total of US$76,000 has been capitalized in the quarter in respect of these shares (Q2 2007 : US$330,000).

Travel and accommodation

The increase in travel and accommodation over Q2 2007 is primarily due to the increase in the number of business trips to Tanzania by Company officials and other marketing and legal professionals for the negotiation of the power and related contracts.

Marketing costs including legal fees

These costs include marketing costs, legal, corporate promotion and cost of training Government officials in accordance with the terms of the PSA. Higher costs were incurred during Q2 2008 as the level of negotiations with Songas and TANESCO intensified with the view to signing long-term power contracts. Costs were also incurred on the preparation of pricing applications for the regulatory authority EWURA.

NET FINANCING INCOME/(CHARGES)

The level of interest income has fallen as a result of the decrease in the interest rate received. The gain on exchange incurred in the quarter is the result of the strengthening of the USD against the Tanzanian shilling and British pounds sterling.

The movement in net financing income/(charges) is summarized in the table below:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
Figures in US$'000	30-JUN 2008	31-MAR 2008	30-JUN 2007	30-JUN 2008	30-JUN 2007
Finance income					
Interest income	**28**	45	64	**73**	161
Foreign exchange gain	**107**	–	–	**107**	–
	135	45	64	**180**	161
Finance Charges					
Foreign exchange loss	–	(282)	(14)	**(282)**	(85)
Net Finance income/(charges)	**135**	(237)	50	**(102)**	76

TAXATION

Income Tax

Under the terms of the PSA with TPDC, the Company is liable for income tax in Tanzania at the corporate tax rate of 30 %. However, where income tax is payable, this is recovered from TPDC by deducting an amount from TPDC's profit share. This is reflected in the accounts by adjusting the Company's revenue by the appropriate amount in the following quarter.

As at 30 June 2008, there were temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes under the Income Tax Act 2004. Applying the 30 % Tanzanian tax rate, the Company has recognised a deferred tax liability of US$4.1 million which represents an additional charge of US$0.5 million for the quarter. This tax has no impact on cash flow until it becomes a current income tax at which point the tax is paid to the Commissioner of Taxes and recovered from TPDC's share of Profit Gas in the following quarter.

ADDITIONAL PROFITS TAX

Under the terms of the PSA, in the event that all costs have been recovered with an annual return of 25 % plus the percentage change in the United States Industrial Goods Producer Price Index, an Additional Profits Tax ("APT") is payable.

The Company provides for APT by forecasting the total APT payable as a proportion of the forecast Profit Gas over the term of PSA licence. The effective APT rate has been calculated to be 20 %. Accordingly, US$65,000 has been netted off revenue for the quarter ended 30 June 2008 (Q2 2007: US$56,000).

Management does not anticipate that any APT will be payable in 2008, as the forecast revenues will not be sufficient to recover the costs brought forward as inflated by 25 % plus the percentage change in the United States Industrial Goods Producer Price Index and the forecast expenditures for 2008. The actual APT that will be paid is dependent on the achieved value of the Additional Gas sales and the quantum and timing of the operating costs and capital expenditure programme.

The APT can have a significant negative impact on the Songo Songo project economics as measured by the net present value of the cash flow streams. Higher revenue in the initial years leads to a rapid payback of the project costs and consequently accelerates the payment of the APT that can account for up to 55 % of the Company's profit share. Therefore, the terms of the PSA rewards the Company for taking higher risks by incurring capital expenditure in advance of revenue generation.

DEPLETION AND DEPRECIATION

The Natural Gas Properties are depleted using the unit of production method based on the production for the period as a percentage of the total future production from the Songo Songo proven reserves. As at 31 December 2007 the proven reserves as evaluated by the independent reservoir engineers, McDaniel & Associates Consultants Ltd were 308.6 Bcf after TPDC "back-in" on a life of licence basis. This leads to a depletion charge of US$0.61/mcf in both Q2 and Q1 2008.

Non-Natural Gas Properties are depreciated as follows:

Leasehold improvements	Over remaining life of the lease
Computer equipment	3 years
Vehicles	3 years
Fixtures and fittings	3 years

CARRYING VALUE OF ASSETS

Capitalised costs are periodically assessed to determine whether it is likely that such costs will be recovered in the future. To the extent that these capitalised costs are unlikely to be recovered in the future, they are written off and charged to earnings.

A total of US$9.5 million had been incurred as at 30th June 2008 for the securing of an option agreement with Tower Resources plc and the initial evaluation of Exploration Area 5 ("EA 5") in Uganda. 300 kilometers of 2-D seismic was shot during Q4 2007 and Q1 2008. Processing of the seismic data has now been completed. Although a number of structures were imaged, other aspects indicated that the level of risk was higher than expected and did not warrant the costs of drilling. Accordingly the Company has decided not to exercise its option to secure a 50 % interest in EA5 and US$9.5 million has been written off to the income statement recognising the impairment of our assets in Uganda.

FUNDS GENERATED BY OPERATIONS

Figures in US$'000	THREE MONTHS ENDED 30-JUN 2008	31-MAR 2008	30-JUN 2007	SIX MONTHS ENDED 30-JUN 2008	30-JUN 2007
Loss after taxation	**(10,208)**	(143)	(608)	**(10,351)**	(480)
Adjustments [i]	**11,827**	2,534	1,603	**13,361**	2,648
Funds from operations before working capital changes	**1,619**	2,391	995	**4,010**	2,168
Working capital adjustments	**2,947**	(1,555)	(128)	**1,392**	(496)
Net cash flows from operating activities	**4,566**	836	867	**5,402**	1,672
Net cash flows used in investing activities	**(5,163)**	(4,828)	(8,120)	**(9,991)**	(14,892)
Net cash flows (used in)/from financing activities	–	(2)	118	**(2)**	143
Decrease in cash and cash equivalents	**(597)**	(3,994)	(7,135)	**(4,591)**	(13,077)

(i) Please refer to consolidated statement of cash flows for breakdown

The 63% increase in funds from operations to US1.6 million from US1.0 million in Q2 2007 is primarily the result of the increase in the sales price of natural gas during the period.

The US$0.6 million decline in cash and cash equivalents from Q1 2008 is a consequence of the US$3.9 million of capital expenditure during the quarter being offset by the $1.5 million increase in trade and other payables and the US$1.6 million funds from operations before working capital changes. The level of trade and other receivables remaining unchanged during the quarter at US$7.3 million.

CAPITAL EXPENDITURE

Gross capital expenditures amounted to US$3.9 million during the quarter (Q2 2007: US$14.9 million). The capital expenditure may be analysed as follows:

Figures in US$'000	THREE MONTHS ENDED 30-JUN 2008	31-MAR 2008	30-JUN 2007	SIX MONTHS ENDED 30-JUN 2008	30-JUN 2007
Geological and geophysical and well drilling	**2,851**	1,190	13,723	**4,041**	24,380
Pipelines and infrastructure	**979**	246	1,205	**1,225**	1,484
Power development	**21**	–	26	**21**	135
Other equipment	–	–	35	–	67
	3,851	1,436	14,989	**5,287**	26,066

GEOLOGICAL AND GEOPHYSICAL AND WELL DRILLING

A total of US$0.6 million of expenditure was incurred on studies for the future drilling of exploration wells adjacent to Songo Songo Island and on updating the Company's geological interpretation of the Songo Songo reservoir. A further US$2.2 million was incurred on technical analysis of the Ugandan seismic results during the quarter. Subsequent to the quarter end, the Company decided not to pursue the Ugandan opportunity and a total of US$9.5 million of expenditure incurred on the asset to 30 June 2008 has been written off.

PIPELINES AND INFRASTRUCTURE

During the quarter three additional industrial customers were connected to the Additional Gas Ring-main at a total cost of US$0.2 million. One of the customers commenced gas consumption towards the end of the quarter and the other two are expected to commence consumption in Q3 2008.

The upgrade of the two processing trains at Songo Songo Island continued during the quarter with the purchases of two new Joule-Thomson valves. The upgrade of the processing facility is expected to add 20 Mmscf/d to capacity.

A total of US$0.8 million was incurred on the planning and mobilization of compressed natural gas ("CNG") equipment during Q2. The initial CNG project which is targeting local hotels in Dar es Salaam and the conversion of motor vehicles to CNG is expected to be completed in Q1 2009.

WORKING CAPITAL

Working capital as at 30 June 2008 was US$6.1 million (Q1 2008: US$8.3 million) and US$7.3 million as at 31 December 2007 and may be analysed as follows:

	AS AT		
(Figures in US$'000)	**30-JUN 2008**	**31-MAR 2008**	**31-DEC 2007**
Cash and cash equivalents	**11,924**	12,521	16,515
Trade and other receivables	**7,227**	7,297	8,236
	19,151	19,818	24,751
Trade and other payables	**13,057**	11,521	17,452
Working capital	**6,094**	8,297	7,299

The working capital level has declined by 27 % over Q1 2008 primarily due to the increase in the level of capital expenditure and the reduced funds flow from operations before working capital changes, with the level of trade debtors remaining unchanged.

The majority of the Company's cash is held in US and Cdn dollars in Mauritius. There are no restrictions in Tanzania for converting Tanzania Shillings into US dollars. Any surplus cash is held in a fixed rate interest earning deposit account.

Of the total trade and other receivables at 30 June 2008, US$6.2 million was represented by trade receivables (Q1 2008: US$6.1 million), US$0.4 million (Q1 2008: US$0.6 million) prepayments and other receivables and taxes US$0.6 million (Q1 2008: US$0.6 million).

Under the contract terms with the industrial customers, the Additional Gas payments must be received within 30 days of the month end. As at 30 June 2008, US$3.9 million (Q1 2008: US$3.2 million) was due from the industrial customers of which 66 % is due from 4 customers. A significant part of this amount has been subsequently received. The balance of US$2.3 million includes an amount of US$1.4 million (Q1 2008: US$0.6 million) due from Songas for the supply of Additional Gas to the Ubungo power plant and US$0.9 million (Q1 2008: US$2.3 million) from TANESCO for the supply of Additional Gas to the emergency power units.

The contracts with Songas and TANESCO accounted for 35 % (Q1 2008: 52 %) of the Company's operating revenue during the quarter. Songas' financial security is, in turn, heavily reliant on the payment of capacity and energy charges by the electricity utility, TANESCO. Despite having a history of delayed payments, TANESCO has settled in full the outstanding balance subsequent to each quarter end.

The increase in current liabilities compared to Q1 2008 is a result of expenditure incurred on the CNG project and on the acquisition and interpretation of 300 kilometers of 2-D seismic in Uganda. As at 30 June 2008, US$3.4 million of the total trade creditors of US$8.0 million related to capital expenditure, compared to US$4.5 million of the total trade creditors of US$7.8 million as at 31 March 2008.

CONTRACTUAL OBLIGATIONS AND COMMITTED CAPITAL INVESTMENT

Shortfall Gas

Under the terms of the contracts with Kioo Ltd., Tanzania Breweries Ltd. and Karibu Textile Mills Ltd., the Company is liable to pay penalties in the event that there is a shortfall in the Additional Gas supply in excess of 5 % of the contracted quantity. The penalties equate to the difference between the price of gas and an alternative feedstock multiplied by the notional daily quantities. The maximum penalty for shortfall gas is a total of US$1.1 million for these three contracts and the remedy is payable as a credit against future monthly invoices.

Protected Gas

Under the terms of the PSA, in the event that there is a shortfall in Protected Gas as a consequence of the sale of Additional Gas, then the Company is liable to pay the difference between the price of Protected Gas (US$0.55/Mmbtu) and the price of an alternative feedstock multiplied by the volumes of Protected Gas up to a maximum of the volume of Additional Gas sold (17.4 Bcf as at 30 June 2008). The Company is actively monitoring the reservoir and does not anticipate that a liability will occur in this respect. However, Songas has the right to request reasonable security on all Additional Gas sales.

Songas has written to Orca Exploration confirming that, subject to certain conditions, security will not be required for the supply of Additional Gas to the Ubungo power plant, for the supply of up to 15 Mmscf/d for additional power generation and up to 10 Mmscf/d for the industrial sector, for a period of five years. As the current emergency power generation operating in the country could take demand above 15 Mmscf/d for power generation, Songas has confirmed that the Company may sell 17 Mmscf/d for power generation over the next year without the need for security.

The Company is looking to agree a security mechanism with Songas that provides clear guidance as to how Songas will operate their rights to security. It is anticipated that in the long term the Company and TPDC may have to allocate a proportion of the Additional Gas revenues to an escrow account, in the event of a forecast Protected Gas insufficiency.

Back in

TPDC has indicated that they wish to exercise their right to 'back in' to the field development by contributing 20 % of the costs of the future wells including SS-10 in return for a 20 % increase in the profit share percentage for the production emanating from these wells. The implications and workings of the 'back in' are still to be discussed in detail with TPDC. For the purpose of the reserves certification, it has been assumed that they will 'back in' for 20 % and this is reflected in the Company's net reserve position. However, the financial statements do not take account of any reimbursement for the SS-10 capital expenditure, pending the finalisation of the terms of the 'back in'.

Operating leases

The Company has entered into a five year rental agreement that expires on 30 November 2012 at a cost of approximately US$102,000 per annum for the use of offices in Dar es Salaam.

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2008, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

One of the non executive Directors is a partner at a law firm. During the quarter, the Company incurred US$50,000 to this firm for services provided on fund raising and other legal services. The transactions with this related party was made at the exchange amount.

SHAREHOLDERS' EQUITY AND OUTSTANDING SHARE DATA

	AS AT		
Number of shares ('000)	**30-JUN 2008**	**31-MAR 2008**	**31-DEC 2007**
Shares outstanding			
Class A shares	**1,751**	1,751	1,751
Class B shares	**27,863**	27,863	27,863
	29,614	29,614	29,614
Convertible securities			
Options	**2,847**	2,847	2,847
Diluted Class A and Class B shares	**32,461**	32,461	32,461
Weighted average			
Class A and Class B shares	**29,614**	29,614	28,259
Convertible securities			
Options	**1,479**	1,486	1,543
Weighted average diluted Class A and Class B shares	**31,093**	31,100	29,802

SHARES OUTSTANDING

No stock options were issued or exercised during the quarter.

As at 28 August 2008, there were a total of 1,751,195 Class A shares and 27,863,228 Class B shares outstanding.

Summary Quarterly Results

The following is a summary of the results for the Company for the last eight quarters:

	2008	2007				2006		
(Figures in US$'000 except where otherwise stated)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Financial								
Revenue	**4,826**	5,284	5,562	6,363	3,021	3,831	4,722	3,835
Profit/(loss) after taxation	**(10,208)**	(143)	284	1,942	(608)	128	1,025	809
Operating netback *(US$/mcf)*	**3.44**	2.21	2.27	2.30	2.79	2.03	2.17	2.88
Working capital	**6,094**	8,297	7,299	20,938	(3,050)	10,570	20,430	3,298
Shareholders' equity	**62,824**	72,053	71,544	70,996	38,292	37,983	37,889	18,676
Profit/(loss) per share – basic *(US$)*	**(0.34)**	0.00	0.01	0.06	(0.02)	0.00	0.04	0.03
Capital expenditures								
Geological and geophysical and well drilling	**2,851**	1,190	16,323	10,426	13,723	10,657	2,748	473
Pipeline and infrastructure	**979**	246	468	314	1,205	279	130	234
Power development	**21**	–	5	7	26	109	531	42
Other equipment	**–**	–	–	108	35	30	–	–
Operating								
Additional Gas sold – industrial *(Mmscf)*	**336**	322	364	442	397	301	398	491
Additional Gas sold – power *(Mmscf)*	**956**	1,983	2,152	1,974	745	1,356	1,206	744
Average price per mcf – industrial *(US$)*	**12.97**	11.55	11.08	9.58	8.61	7.70	7.64	8.63
Average price per mcf – power *(US$)*	**2.93**	2.05	2.20	2.19	2.17	2.19	1.95	1.69