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

FOR IMMEDIATE RELEASE

28 August 2009

Orca Exploration announces its result for the three months ended 30 June 2009

TORTOLA, British Virgin Islands. Orca Exploration Group Inc ("Orca Exploration" or the "Company") announces its results for the three months ended 30 June 2009.

Financial and Operating Highlights

	Three months ended			Six months ended		
	30-Jun 2009	30-Jun 2008	Change	**30-Jun 2009**	30-Jun 2008	Change
Financial (US$ except where otherwise stated)						
Revenue	**5,501**	4,826	14%	**9,944**	10,110	(2%)
Profit before taxation	**1,079**	(9,710)	n/m	**1,401**	(9,440)	n/m
Operating netback *(US$/mcf)*	**2.17**	3.44	(37%)	**2.18**	2.65	(18%)
Cash and cash equivalents	**9,072**	11,924	(24%)	**9,072**	11,924	(24%)
Working capital	**9,939**	6,094	63%	**9,939**	6,094	63%
Shareholders' equity	**65,477**	62,824	4%	**65,477**	62,824	4%
Profit/(loss) per share - basic and diluted *(US$)*	**0.01**	(0.34)	n/m	**0.01**	(0.35)	n/m
Funds from operations before working capital changes	**2,514**	1,619	55%	**3,981**	4,010	(1%)
Funds per share from operations before working capital changes - basic *(US$)*	**0.09**	0.05	80%	**0.13**	0.03	333%
Funds per share from operations before working capital changes - diluted *(US$)*	**0.08**	0.05	60%	**0.13**	0.03	333%
Net cash flows per share from operating activities basic and diluted (US$)	**0.06**	0.17	(65%)	**0.12**	**0.15**	(20%)
Outstanding Shares ('000)						
Class A shares	**1,751**	1,751	(0%)	**1,751**	1,751	(0%)
Class B shares	**27,788**	27,863	(0%)	**27,863**	27,863	(0%)
Options	**2,797**	2,847	(2%)	**2,797**	2,847	(2%)
Operating						
Additional Gas sold *(MMcf)* - industrial	**613**	336	82%	**973**	658	48%
Additional Gas sold *(MMcf)* - power	**1,693**	956	77%	**3,263**	2,939	11%
Average price per mcf *(US$)* - industrial	**7.02**	12.97	(46%)	**7.35**	12.27	(40%)
Average price per mcf *(US$)* - power	**2.36**	2.93	(19%)	**2.37**	2.33	2%

Highlights

- Increased profit before taxation to US$1.1 million (Q2 2008: loss before taxation US$9.7 million after incurring an impairment of US$9.5 million).

- 14% increase in Orca's Q2 2009 revenues to US$5.5 million (Q2 2008: US$4.8 million) despite lower gas prices.

- Increased funds from operations before working capital changes by 55% to US$2.5 million (Q2 2008: US$1.6 million).

- Increased working capital by 63% to US$9.9 million (Q2 2008: US$6.1 million).

- Increased Q2 2009 sales of Additional Gas to Dar es Salaam industrial customers by 82% to 613 MMcf or 6.7 MMcfd (Q2 2008: 336 MMcf or 3.7 MMcfd).

- Increased Q2 2009 sales of Additional Gas to the power sector by 77% to 1,693 MMcf or 18.6 MMcfd (Q2 2008: 956 MMcf or 10.5 MMcfd).

- Commissioned the CNG mother station, consisting of one CNG compressor, a vehicle dispenser and two trailer filling facilities to deliver 0.7 MMcfd of compressed natural gas.

- Commissioned a feasibility study to assess how to expand the existing infrastructure system that processes and transports the gas to Dar es Salaam. The objective of the study is to increase the capacity from 90 MMcfd to a peak of 200 MMcfd in the most cost effective manner. The study will be finalised during Q3 2009.

President & CEO's Letter to Shareholders

Orca Exploration had a good second quarter with the sale of 2.3 Bcf of Additional Gas. This was the highest volume of gas sold in any quarter since commercial operations commenced in Tanzania in 2004 and represents a 78% increase on the volumes sold in Q2 2008. Funds flow from operations increased 55% to US$2.5 million compared with US$1.6 million in Q2 2008. The Company enjoys solid, stable cash flow from its Tanzanian business, and has a working capital of US$9.9 million.

The long term prospects for Orca's Tanzanian project are excellent. We are confident in the reserves already established, the potential upside in Songo Songo West and the future increases in demand for natural gas in the country. We continue to expand our markets for gas and the excellent sales volumes achieved in Q2 2009 confirm steadily growing demand. The immediate short term infrastructure issues have been resolved and there are plans in place to increase throughput capacity to 105 MMcfd. Longer term, your Company is developing a cost effective solution to permanently increase capacity and will focus on delivering this project to financial closure over the next 12 - 18 months.

The Company continues to study ways of monetising the existing gas reserves in the Songo Songo field. The current focus is on expanding the capacity of the existing infrastructure system to meet the increasing demand for gas downstream that is led by the power sector. In the last nine months the Company, as operator of the gas processing facilities, has been successful in modifying the production facilities and reaching agreement with the owner, Songas Limited, to operate the plant at 90 MMcfd. After further inspections of the units during Q2 2009, Lloyds Register has indicated that it will agree to certify the plant to operate at 110 MMcfd. Work is in progress to demonstrate to Songas that the operation of the plant at that level will not put the facilities at risk. During Q2, the total throughput of the infrastructure system averaged 59 MMcfd; accordingly there is 31 MMcfd of spare capacity at current approved operational levels.

In the event that Songas approves the operation of the gas processing plant at 110 MMcfd, the pipeline that transports the gas to Dar es Salaam will need to be serviced to transport 105 MMcfd, with the objective of completing this work by the end of Q1 2010.

The Company is currently working with Songas to design a system expansion that will initially enable 140 MMcfd to be transported through the existing infrastructure. The design involves the addition of two new gas processing trains, and field and pipeline compression in an integrated system to maximise the potential of the existing system without resorting to the construction of new pipelines. Songas has indicated that it is interested in financing this expansion. The target is to have an expanded system in place by the end of Q2 2012 when new power plants are currently expected to be commissioned. It is likely that a new application will have to be submitted by Songas and approved by the energy regulator, EWURA before any notice to proceed can be given.

Tanzanian reserves and exploration

The Songo Songo gas field continues to perform well and in line with expectations. All wells have been utilised during the last quarter with the majority of the gas being produced from SS-5. Highly sensitive downhole gauges are due to be pulled from each well during Q4 2009 and will be analysed in advance of the year end evaluation by McDaniel & Associates Consultants Limited.

During Q2 2009, the design for connecting the SS-10 well to the gas processing facilities was completed. The cost of the hook up is forecast to be US$1.2 million and is scheduled to be completed by the end of Q1 2010.
Planning commenced in Q2 for the acquisition of a single transitional zone seismic line taking advantage of the fact that a seismic crew were operating in the area of Songo Songo Island. The seismic will be acquired in Q3 2009 for approximately US$0.3 million and will consist of 5 kilometers of offshore, 3 kilometers across

the island and 1 kilometer across a shallow reef. This information will facilitate planning for the drilling of the next deviated well around the time that the infrastructure is expanded and sales volumes increase as new power plants are commissioned.

Power sector

The Tanzanian electricity utility, TANESCO is currently entering a transitional phase. The emergency gas fired generation that was introduced in 2006 (Dowans 120 MWs and Aggreko 48 MWs) is now being replaced by permanent generation capacity. As a result, Tanzania currently has 148 MWs of generation operating on Additional Gas compared to a capacity of 210 MWs at this time last year. During Q2 2009, the Additional Gas plants were operating at 18.6 MMcfd with a maximum capacity of approximately 29.0 MMcfd. Provided there is no material downtime at the gas fired generation power plants, demand is expected to increase in Q3 2009 as the hydro electricity output declines.

TANESCO is in the process of testing an additional 45 MWs of permanent generation at Tegeta in Dar es Salaam and this is expected to be operational in the latter part of Q4 2009 or Q1 2010. In addition, TANESCO has tendered for a new 100 MW power plant to be located at Ubungo in Dar es Salaam close to existing gas infrastructure, with the objective of it being operational at the end of 2010. This plant, along with the existing gas fired generation, will be supplied by Orca with Additional Gas under the Portfolio Gas Sales Agreement that was initialed in June 2008. TANESCO has now agreed with all the material terms and our agreement has been updated to take into account the change in generation capacity mix and infrastructure development considerations. The agreement will be submitted during Q3 2009 to the energy regulator, EWURA for review.

TANESCO has started planning for the construction of an additional 200 MW power plant at Kinyerezi, Dar es Salaam which would require approximately 40 MMcfd. Negotiation of a Kinyerezi power plant gas supply contract is intrinsically linked with the need to expand the infrastructure system. Discussions have commenced concerning the supply of gas to these units. It is anticipated that the plant could be operational on or around the time that the Songas infrastructure expansion is complete at the end of 2012.

Industrial sector

Industrial volumes increased substantially during Q2 to an average of 6.7 MMcfd. This represented an 82% increase on the same quarter in 2008. This increase was primarily the result of average sales of 2.5 MMcfd to Tanzania Portland Cement Company ("TPCC"), the owner of the expanded Wazo Hill cement plant in Dar es Salaam. The newly installed US$100 million Kiln 4 was tested for the majority of the quarter with TPCC maintaining all three of its kilns until kiln 4 was commissioned in July. Kiln 4 is expected to consume an average of 2.0 MMcfd for the remainder of the year. With the flooding of cheap cement imports on the Tanzanian market in the last few months, TPCC will shut down kilns 2 and 3 and refurbish them until an increase in demand for TPCC cement warrants the kilns being brought back on production.

Overall sales to the industrial sector are expected to increase marginally in Q3 2009 as demand for gas by the textile sector increases to offset a small loss in demand by TPCC.

Compressed Natural Gas (CNG)

In July 2009, the inauguration of the new CNG "Mother Station" in Dar es Salaam was performed by the Minister for Energy and Minerals: William Ngeleja. The Mother Station consists of a compressor, a vehicle refueling dispenser and two trailer filling facilities. Three "Daughter Stations" are also being added to supply Dar es Salaam industries, hotels and one institution beyond the reach of Orca's low pressure gas pipeline. CNG sales are forecast to be modest during Q3 2009, but are expected to increase as the industries and hotels that have signed contracts for the CNG, make the necessary modifications to their equipment.

Financial Results

The Company generated funds flow before working capital changes of US$2.5 million during Q2 2009 which enabled the financing of US$1.7 million of capital expenditures, primarily on the CNG project and the upgrade of the pressure reduction station at Wazo Hill.

Orca continues to be successful in cutting General and Administrative (“G&A”) costs. In Q2 2009, this resulted in an effective US$0.9 million reduction in G&A expenses compared with Q2 2008. This saving was achieved despite an increase in personnel in Tanzania to manage growth in downstream gas activities and customers. The Company currently has cash on hand of approximately US$9.1 million and working capital of US$9.9 million. Both are expected to increase through the remainder of 2009.

Outlook

Your Company is the leader in developing Tanzania’s natural gas resources and has established an excellent team in Tanzania to develop, produce and market the gas reserves. The demand for cleaner, lower cost fossil fuels continues to grow.

The Company remains well positioned and thanks its shareholders, its partners in Tanzania and in particular the Ministry of Energy and Minerals and TPDC for their continued support.

Consolidated Income Statements (unaudited)

ORCA EXPLORATION GROUP INC.

(thousands of US dollars except per share amounts)	Three months ended **30-Jun 2009**	 30-Jun 2008	Six months ended **30-Jun 2009**	 30-Jun 2008
Revenue	**5,501**	4,826	**9,944**	10,110
Cost of sales				
Production and distribution expenses	**(596)**	(457)	**(901)**	(733)
Depletion expense	**(909)**	(776)	**(1,662)**	(2,182)
Impairment of exploration and evaluation assets	**-**	(9,520)	**-**	(9,520)
	3,996	(5,927)	**7,381**	(2,325)
Administrative expenses	**(2,941)**	(3,918)	**(5,986)**	(7,013)
Net financing income/(charges)	**24**	135	**6**	(102)
Profit/(loss) before taxation	**1,079**	(9,710)	**1,401**	(9,440)
Taxation	**(700)**	(498)	**(1,190)**	(911)
Profit/(loss) after taxation	**379**	(10,208)	**211**	(10,351)
Profit/(loss) per share				
Basic and diluted (US$)	**0.01**	(0.34)	**0.01**	(0.35)

Consolidated Balance Sheets **(unaudited)**

ORCA EXPLORATION GROUP INC

(thousands of US dollars)	**30-Jun 2009**	31-Dec 2008
ASSETS		
Current assets		
Cash and cash equivalents	**9,072**	10,586
Trade and other receivables	**9,037**	13,196
	18,109	23,782
Exploration and evaluation assets	**754**	648
Property, plant and equipment	**62,635**	60,818
	63,389	61,466
	81,498	85,248
LIABILITIES		
Current liabilities		
Trade and other payables	**8,170**	14,055
Non current liabilities		
Deferred income taxes	**6,700**	5,510
Deferred additional profits tax	**1,151**	971
	16,021	20,536
SHAREHOLDERS' EQUITY		
Capital stock	**66,369**	66,537
Capital reserve	**4,437**	3,715
Accumulated (loss)	**(5,329)**	(5,540)
	65,477	64,712
	81,498	85,248

Consolidated Statements of Cash Flows (unaudited)

ORCA EXPLORATION GROUP INC

	Three months ended		Six months ended	
	30-Jun	30-Jun	**30-Jun**	30-Jun
(thousands of US dollars)	**2009**	2008	**2009**	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) after taxation	**379**	(10,208)	**211**	(10,351)
Adjustment for:				
Depletion and depreciation	**940**	794	**1,717**	2,216
Impairment of exploration and evaluation assets	**-**	9,520	**-**	9,520
Stock-based compensation	**414**	978	**710**	1,632
Deferred income taxes	**700**	498	**1,190**	911
Deferred additional profits tax	**92**	65	**180**	155
Interest income	**(11)**	(28)	**(27)**	(73)
	2,514	1,619	**3,981**	4,010
(Increase)/decrease in trade and other receivables	**(718)**	70	**4,159**	1,009
(Decrease)/increase in trade and other payables	**(68)**	2,877	**(4,508)**	383
Net cash flows from operating activities	**1,728**	4,566	**3,632**	5,402
CASH FLOWS USED IN INVESTING ACTIVITIES				
Exploration and evaluation expenditures	**(67)**	(2,220)	**(106)**	(2,639)
Property, plant and equipment expenditures	**(1,682)**	(1,631)	**(3,534)**	(2,648)
Interest income	**11**	28	**27**	73
Decrease in trade and other payables	**(628)**	(1,340)	**(1,377)**	(4,777)
Net cash used in investing activities	**(2,366)**	(5,163)	**(4,990)**	(9,991)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Normal course issuer bid	**-**	-	**(156)**	(2)
Net cash flow used in financing activities	**-**	-	**(156)**	(2)
Decrease in cash and cash equivalents	**(638)**	(597)	**(1,514)**	(4,591)
Cash and cash equivalents at the beginning of the period	**9,710**	12,521	**10,586**	16,515
Cash and cash equivalents at the end of the period	**9,072**	11,924	**9,072**	11,924

Statement of Changes in Shareholders' Equity (unaudited)

ORCA EXPLORATION GROUP INC

(thousands of US dollars)	Capital stock	Capital reserve	Accumulated (loss)	Total
Balance as at 1 January 2008	66,538	1,023	3,983	71,544
Stock-based compensation	-	1,632	-	1,632
Normal course issuer bid	(1)	-	-	(1)
Loss for the period	-	-	(10,351)	(10,351)
Balance as at 30 June 2008	66,537	2,655	(6,368)	62,824

(thousands of US dollars)	Capital stock	Capital reserve	Accumulated (loss)	Total
Note	**4**			
Balance as at 1 January 2009	66,537	3,715	(5,540)	64,712
Stock-based compensation	-	710	-	710
Normal course issuer bid	(168)	12	-	(156)
Profit for the period	-	-	211	211
Balance as at 30 June 2009	**66,369**	**4,437**	**(5,329)**	**65,477**

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.

For further information please contact:

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

Peter R. Clutterbuck, CEO
+44 (0) 7768 120727.
prclutterbuck@orcaexploration.com

or visit the Company's web site at www.orcaexploration.com.