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FOR IMMEDIATE RELEASE

Orca Exploration Announces Completion of its Q2 2017 Interim Filings

TORTOLA, British Virgin Islands August 15, 2017: Orca Exploration Group Inc. ("Orca" or "the Company") announces that it has filed its condensed consolidated interim financial statements and management's discussion and analysis for the three and six month periods ended June 30, 2017 with the Canadian securities regulatory authorities.

Operating and Financial Highlights

- Revenue for the quarter decreased by 1% to US$14.4 million from US$14.6 million in Q2 2016 and decreased 1% to US$30.0 million over the six months ended June 30, 2017 compared to US$30.4 million for the comparable prior year period. Additional Gas deliveries and sales for the quarter averaged 39.5 million of standard cubic feet per day ("MMcfd") a decrease of 2% over 40.3 MMcfd in Q2 2016 and decreased 4% to 41.4 MMcfd for the six months ended June 30, 2017 compared to 43.4 MMcfd for the comparable prior year period. The decrease in Additional Gas volumes for the quarter and the six months ended June 30, 2017 to the comparable prior year periods is primarily the result of reduced nominations of natural gas volumes by TANESCO. The decrease in volumes having been offset by a 1% rise in the weighted average price for the quarter to US$4.90/mcf from US$4.83/mcf in Q2 2016 and a 2% rise to US$4.79/mcf for the six months ended June 30, 2017 from US$4.71/mcf for the comparable prior year period.

- There was a net loss for the quarter of US$0.6 million (US$0.02 loss per share diluted) compared to net income of US$1.5 million in Q2 2016 (US$0.04 per share diluted) and US$2.2 million net income (US$0.06 per share diluted) for the six months ended June 30, 2017 compared to a net loss of US$4.2 million (US$0.12 loss per share diluted) for the comparable prior year period. The net loss for the six months ended June 30, 2017 was primarily a consequence of recording a provision for doubtful accounts of US$11.5 million against the TANESCO receivable, which was partially offset by lower interest associated with the IFC Loan. The interest associated with servicing the IFC loan for the six months ended June 30, 2017 was US$4.6 million compared to US$2.6 million for the six months ended June 30, 2016.

- Cash flows from operations for the quarter decreased by 32% to US$4.6 million (US$0.13 per share diluted) from US$6.8 million (US$0.19 per share diluted) in Q2 2016 and decreased by 33% to US$10.5 million (US$0.30 per share diluted) for the six months ended June 30, 2017 from US$15.6 million (US$0.44 per share diluted) for the comparable prior year period. The decrease for the quarter and the six months ended June 30, 2017 from the comparable prior year periods is primarily due to the fall in the Company's operating revenue due to the change in the TANESCO revenue recognition criteria, the lower Additional Gas volumes and associated Profit Gas entitlement and the increase in the costs associated with servicing the IFC loan.

- Total capital expenditures for the quarter were US$0.4 million compared to US$2.8 million in Q2 2016 and US$7.8 million for the six months ended June 2017 compared to US$16.9 million for the comparable prior year period. The capital expenditure in the quarter relates to flow line and platform expenditure related to the SS-12 well, the capital expenditure in Q2 2016 relates to the final demobilization cost associated with the 2015/2016 Offshore Development Program. The capital expenditure for the six months ended June 30, 2017 includes the transfer of US$7.4 million of the Songas share of workover costs originally incurred in 2015 from accounts receivable to property, plant and equipment.

- Working capital as at June 30, 2017 was US$69.7 million compared to US$72.0 million as at December 31, 2016. The decrease in the Songas receivable relating to the Songas workover program being offset by the increase in cash balances due to the continued receipts from TANESCO. The closing cash at June 30, 2017 was US$98.5 million (December 31, 2016: US$80.9 million).
- At June 30, 2017 the current receivable from TANESCO was US$ nil (December 31, 2016: US$5.7 million). During the quarter the amounts received from TANESCO were in excess of the revenue recognized for gas sales to TANESCO resulting in a deferred revenue balance of US$4.1 million (December 31, 2016: US$ nil). The long-term trade receivable at June 30, 2017 was US$74.4 million (provision of US$74.4 million) compared to US$80.1 million (provision of US$74.4 million) as at December 31, 2016. Since the quarter end, TANESCO has paid the Company US$5.3 million. As at the date of this report the TANESCO current receivable balance is US$ nil and the deferred revenue balance is US$6.8 million with no change in the long-term receivable or provision.

Financial and Operating Highlights

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(Expressed in US$'000 unless indicated otherwise)	**2017**	2016	**2017**	2016
OPERATING				
Daily average gas delivered and sold *(MMcfd)*				
Additional Gas	**39.5**	40.3	**41.4**	43.4
Industrial	**12.7**	12.6	**12.1**	11.7
Power	**26.8**	27.7	**29.3**	31.7
Average price *(US$/mcf)*				
Industrial	**7.69**	7.64	**7.72**	7.87
Power	**3.57**	3.55	**3.57**	3.55
Weighted average	**4.90**	4.83	**4.79**	4.71
Operating netback *(US$/mcf)* (1)	**3.44**	3.32	**3.40**	3.19
FINANCIAL				
Revenue	**14,448**	14,572	**29,990**	30,382
Net cash flows from operating activities	**12,038**	6,237	**20,825**	5,083
per share - basic and diluted *(US$)*	**0.35**	0.18	**0.59**	0.15
Net (loss) income	**(622)**	1,452	**2,218**	(4,186)
per share - basic and diluted *(US$)*	**(0.02)**	0.04	**0.06**	(0.12)
Cash flows from operations (1)	**4,610**	6,772	**10,536**	15,620
per share - basic and diluted *(US$)*	**0.13**	0.19	**0.30**	0.44
Weighted average of outstanding Class A and Class B shares *('000)*	**34,857**	34,857	**34,857**	34,857
Capital expenditures	**350**	2,841	**7,822**	16,838

	AS AT JUNE 30, 2017	AS AT DECEMBER 31, 2016
Working capital (including cash)	**69,718**	71,989
Cash	**98,285**	80,895
Long-term loan	**58,468**	58,399
Outstanding Shares *('000)*		
Class A	**1,751**	1,751

Class B	**33,106**	33,106
Total shares outstanding	**34,857**	34,857

(1) *The cash flow from operations and operating netback are non-GAAP measures which may not be comparable to other companies. Please refer to the Management Discussion and Analysis ("MD&A") for Information on non-GAAP measures.*

The complete condensed consolidated unaudited interim financial statements and management's discussion & analysis for the three and six month periods ending June 30, 2017 may be found on the Company's website www.orcaexploration.com or on the Company's profile on SEDAR at www.sedar.com.

Orca Exploration Group Inc.

Orca Exploration Group Inc. is an international public company engaged in natural gas exploration, development and supply in Tanzania through the wholly-owned subsidiary PanAfrican Energy Tanzania Limited, as well as oil and gas appraisal in Italy. Orca trades on the TSX Venture Exchange under the trading symbols ORC.B and ORC.A.

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

Abbreviations

Mcf	thousand cubic feet
MMcfd	million cubic feet per day

Reader Advisory

The Company discloses several financial measures herein that do not have any standardized meaning prescribed under International Financial Reporting Standards ("**IFRS**"). These financial measures include cash flows from operations, cash flows from operations per share and operating netback. Cash flows from operations represents cash flows from operating activities less interest paid and before changes in non-cash working capital and demonstrates the Company's ability to generate sufficient cash flow to fund capital expenditures and repay debt. Cash flows from operations per share is calculated on the basis of cash flows from operations divided by the weighted average number of shares outstanding. Operating netbacks represent the profit margin associated with the production and sale of additional gas and is calculated as revenues less processing and transportation tariffs, government parastatal's revenue share, operating and distribution costs for one thousand standard cubic feet of additional gas. Management believes that these financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Investors should be cautioned that these measures should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with IFRS. The Company's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Company's management's discussion and analysis, which is available at www.sedar.com for additional information about these financial measures.

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