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TSX-V: ORC.A, ORC.B

## FOR IMMEDIATE RELEASE

### Orca Exploration announces 2017 Independent Reserves Evaluation

TORTOLA, British Virgin Islands April 4, 2018: Orca Exploration Group Inc. ("Orca" or "the Company") announces its independent Reserves Evaluation for the year ended December 31, 2017. All currency amounts are in United States dollars unless otherwise stated.

The Company's conventional natural gas reserves as at December 31, 2017 for the period to the end of its licence in October 2026 were evaluated by independent petroleum engineering consultants McDaniel & Associates Consultants Ltd. ("McDaniel") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). The independent reserves evaluation prepared by McDaniel (the "McDaniel Report") is dated effective December 31, 2017 and all amounts are stated in United States dollars ("US\$") unless otherwise noted. A reserves committee of the Company reviews the qualifications and appointment of the independent reserves evaluator and reviews the procedures for providing information to the evaluators. Reserves included herein are stated on a company gross basis unless noted otherwise. All the Company's reserves are located in Tanzania. Additional reserves information required under NI 51-101 will be included in Orca's reports relating to reserves data and other oil and gas information under NI 51-101, which will be filed prior to April 30, 2018 on its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

For the year ended December 31, 2017 Orca's:

- Total proved reserves ("1P") for Additional Gas decreased 12% to 307 Bcf from 347 Bcf in the prior year and total proved plus probable reserves ("2P") decreased 6% to 380 Bcf from 405 Bcf in the prior year. The decrease is a consequence of 2017 Additional Gas production of 15.2 Bcf and lower anticipated growth in Power sales to the Company. The net present value of the estimated future cash flows from the 2P reserves at a 10% discount rate ("NPV10") decreased by 10% to US\$326.1 million from US\$363.0 million in the previous year. The decrease is a result of the lower forecast sales to the Power sector at lower average prices.
- Additional Gas Production in 2017 was 15.2 Bcf, equivalent to 41.6 MMcf/day down 7% from 2016 due primarily to the reduced nominations of natural gas volumes by TANESCO.

The following tables outline the Company's conventional natural gas reserves as at December 31, 2017 and the net present value of future net revenue attributable to such reserves as evaluated in the McDaniel Report utilising forecast price and cost assumptions to the end of the licence period in October 2026.

	Company Gross Reserves			Company Net Reserves		
	Light and Medium Crude Oil	Natural Gas Liquids	Conventional Natural Gas	Light and Medium Crude Oil	Natural Gas Liquids	Conventional Natural Gas
	<i>Mbbl</i>	<i>Mbbl</i>	<i>MMcf</i>	<i>Mbbl</i>	<i>Mbbl</i>	<i>MMcf</i>
<b>Proved</b>						
Developed Producing	-	-	295,951	-	-	183,295
Developed Non-Producing	-	-	10,665	-	-	6,037
Undeveloped	-	-	-	-	-	-
<b>Total Proved</b>	-	-	303,616	-	-	189,332
<b>Probable</b>	-	-	73,448	-	-	54,361
<b>Total Proved plus Probable</b>	-	-	380,064	-	-	243,693

	Net present value of future net revenues After Future Income Tax Expenses Discounted at					Unit Value Before Tax at 10%
	0%	5%	10%	15%	20%	\$/Mcf
<i>(US\$'000)</i>						
<b>Proved</b>						
Developing Producing	419,025	327,606	262,626	215,323	180,128	1.43
Developed Non-Producing	15,060	10,080	6,864	4,742	3,316	1.14
Undeveloped	-	-	-	-	-	-
<b>Total Proved</b>	434,084	337,686	269,489	220,065	183,444	1.42
Probable	91,368	70,984	56,644	46,302	38,668	1.04
<b>Total Proved plus Probable</b>	525,452	470,479	326,133	266,367	222,112	1.34

Notes:

- During the third quarter of 2015, The Petroleum Act, 2015, (the "Act") was passed into law by Presidential decree. The Act repeals earlier legislation, provides a regulatory framework over upstream, mid-stream and downstream gas activity, and as well consolidates and puts in place a single, effective and comprehensive legal framework for regulating the oil and gas industry in the country. The Act also provides for the creation of an upstream regulator, the Petroleum Upstream Regulatory Authority ("PURA"). The mid and downstream petroleum as well as gas activities are proposed to be regulated by the current authority, the Energy and Water Utilities Regulatory Authority ("EWURA"). The Act also confers upon on the Tanzanian Petroleum Development Corporation ("TPDC"), the status of the National Oil Company, mandated with the task of managing the country's commercial interest in the petroleum operations as well as mid and downstream natural gas activities. The Act vests TPDC with exclusive rights in the entire petroleum upstream value chain and the natural gas mid and downstream value chain. However, the exclusive rights of TPDC do not extend to mid and downstream petroleum supply operations. The Company is uncertain regarding the potential impact on its business in Tanzania. The Act does provide grandfathering provisions upholding the rights of the Company under the Production Sharing Agreement as it was signed prior to the passing of the Act. However, it is still unclear how the provisions of the Act will be interpreted and implemented regarding upstream and downstream activities.
- On October 7, 2016, the Government of Tanzania issued the Petroleum (Natural Gas Pricing) Regulation made under Sections 165 and 258 (I) of the Act. Article 260 (3) preserves the Company's pre-existing right with TPDC to market and sell Additional Gas together or independently on terms and conditions (including prices) negotiated with third party natural gas customers. The impact of the Natural Gas Pricing Regulation cannot be determined at this time.

McDaniel employed the following gas sales, pricing and inflation rate assumptions as of December 31, 2017 in estimating the Company's reserves data using forecast prices and costs. The Company received an average conventional natural gas price of US\$4.84/Mcf in 2017.

Year	Brent crude US\$/bbl	Songo Songo gas prices		Annual inflation %
		Proved US\$/Mcf	Proved plus probable US\$/Mcf	
2018	63.50	4.05	3.94	2
2019	61.30	3.94	4.00	2
2020	63.40	3.95	4.01	2
2021	70.10	4.12	4.07	2
2022	74.20	4.27	4.22	2
2023	75.60	4.39	4.35	2
2024	77.10	4.35	4.36	2
2025	78.60	4.29	4.33	2
2026	80.30	4.37	4.41	2

**Note:**

1. Brent price forecast based on the McDaniel January 1, 2018 price forecast.

The price of gas for the Industrial sector is based on a formula related to discounts to heavy fuel oil prices and includes caps and floors. This has been reflected in the above pricing.

**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. Orca trades on the TSX Venture Exchange under the trading symbols ORC.B and ORC.A.

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**FORWARD-LOOKING INFORMATION:** This news release contains forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. More particularly, this news release contains, without limitation, forward-looking statements pertaining to the following: the impact of the Act and the Natural Gas Pricing Regulation on the Company's business in Tanzania; expectations regarding how the provisions of the Act will be interpreted and implemented regarding upstream and downstream activities; forecasted sales volumes to the Power sector; and anticipated growth in the Power sector. In addition, statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Although management believes that the expectations reflected in the forward-looking

statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies.

These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, and many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company. In addition there are risks and uncertainties associated with oil and gas operations, therefore the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, any forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by such forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom.

Such forward-looking statements are based on certain assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but not limited to, that the Tanzania National Natural Gas Infrastructure Project ("NNGIP") is completed; the TPDC, the MEM and the Company are able to agree on commercial terms for future incremental gas sales and the Company can expand Songo Songo development beyond the existing Songas infrastructure and supply gas to the NNGIP; that there will continue to be no restrictions on the movement of cash from Mauritius or Tanzania; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company will have adequate funding to continue operations; that the Company will successfully negotiate agreements; receipt of required regulatory approvals; the ability of the Company to increase production at a consistent rate; infrastructure capacity; commodity prices will not further deteriorate significantly; the ability of the Company to obtain equipment and services in a timely manner to carry out exploration, development and exploitation activities; future capital expenditures; availability of skilled labour; timing and amount of capital expenditures; uninterrupted access to infrastructure; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; that the Company's appeal of various tax assessments will be successful; that the enactment of the Act in Tanzania will not impair the Company's rights under the PSA to develop and market natural gas in Tanzania; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; and other matters.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

**OIL AND GAS ADVISORY:** The Company's conventional natural gas reserves as at December 31, 2017 and 2016 disclosed herein were evaluated by McDaniel in accordance with the definitions, standards and procedures contained in the COGE Handbook and NI 51-101. The independent reserves evaluations prepared by McDaniel had an effective date of December 31, 2017 and December 31, 2016, as applicable.

This press release contains estimates of the net present value of Orca's future net revenue from the Company's reserves. The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and out of country general and corporate administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by McDaniel. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company's reserves estimated by McDaniel represent the fair market value of those reserves. Such amounts do not represent the fair market value of the Company's reserves. The recovery and reserve estimates of the Company's conventional natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

In this press release "Company Gross Reserves" are the total of the Company's working and/or royalty interest share after TPDC back-in and before deduction of royalties owned by others. It represents the Company's percentage working interest in the property gross reserves, and "Company Net Reserves" are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties and Profit Gas owned by others, and represent the Company's share of total Cost Gas and Profit Gas.

"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 Bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.