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FOR IMMEDIATE RELEASE

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Orca Exploration announces its results for the three months ended 31 March 2010

TORTOLA, British Virgin Islands. Orca Exploration Group Inc (“Orca Exploration” or the “Company”) announces its results for the three months ended 31 March 2010.

Highlights

- Increased profit before taxation by 916% to US\$3.3 million (Q1 2009: US\$0.3 million).
- Increased funds flow from operating activities by 194% to US\$4.3 million (Q1 2009: US\$1.5 million).
- Increased Q1 2010 sales of Additional Gas to Dar es Salaam industrial customers by 35% to 485 MMcf or 5.4 MMcfd (Q1 2009: 360 MMcf or 4.0 MMcfd). The majority of the increase is a result of increased sales to the Wazo Hill cement plant.
- Increased working capital by 24% during the quarter to US\$20.9 million (US\$16.8 million at 31 December 2009).
- Increased Q1 2010 sales of Additional Gas to the power sector by 69% to 2,656 MMcf or 29.5 MMcfd (Q1 2009: 1,570 MMcf or 17.4 MMcfd).
- Commenced work on connecting the SS-10 well to the gas processing plant.
- Undertook extensive evaluation of several new projects culminating in the signing of a Production Sharing Contract that is pending ratification.

Financial and Operating Highlights

	Three months ended or as at		
	31-Mar 2010	31-Mar 2009	Change
Financial (US\$'000 except where otherwise stated)			
Revenue	8,259	4,443	86%
Profit before taxation	3,273	322	916%
Operating netback (<i>US\$/mcf</i>)	2.19	2.18	-
Cash and cash equivalents	15,517	9,710	60%
Working capital	20,891	9,154	128%
Shareholders' equity	70,955	64,684	10%
Profit/(loss) per share – basic (<i>US\$</i>)	0.07	(0.01)	n/a
Profit/(loss) per share – diluted (<i>US\$</i>)	0.06	(0.01)	n/a
Funds flow from operating activities	4,289	1,458	194%
Funds flow per share from operating activities - basic (<i>US\$</i>)	0.15	0.05	200%
Funds flow per share from operating activities - diluted (<i>US\$</i>)	0.14	0.05	180%
Net cash flows from operating activities	1,467	1,904	(23%)
Net cash flows per share from operating activities - basic (<i>US\$</i>)	0.05	0.06	(17%)
Net cash flows per share from operating activities - diluted (<i>US\$</i>)	0.05	0.06	(17%)
Outstanding Shares ('000)			
Class A shares	1,751	1,751	0%
Class B shares	27,743	27,788	0%
Options	2,797	2,797	0%
Operating			
Additional Gas sold (<i>MMcf</i>) – industrial	485	360	35%
Additional Gas sold (<i>MMcf</i>) – power	2,656	1,570	69%
Additional Gas sold (<i>MMcfd</i>) – industrial	5.4	4.0	35%
Additional Gas sold (<i>MMcfd</i>) – power	29.5	17.4	69%
Average price per mcf (<i>US\$</i>) – industrial	9.32	7.91	18%
Average price per mcf (<i>US\$</i>) – power	2.56	2.39	7%

Chairman & CEO's Letter to Shareholders

During the first quarter of 2010, Orca Exploration's gas production and marketing efforts in Tanzania generated funds flow from operating activities of US\$4.3 million, a 194% increase compared with the same period in 2009. To build on this level of performance and earnings Orca Exploration is vigorously pursuing two strategies.

First, Orca will work with all stakeholders and other interested parties to accelerate the development of Tanzania's gas production, infrastructure and markets. Second, the Company has put an immediate priority on the acquisition of two new high potential oil prospects that can be drilled within two years.

We have identified the challenges that stand in the way of achieving these goals and are committed to address them through a combination of internal and external actions. At the same time we have initiated a strategic review to find ways to accelerate the monetisation of Tanzania's gas reserves. Orca intends to pursue this goal in a spirit of partnership and respect for the interests of Tanzania, our partners, our shareholders and employees.

Monetising gas reserves in Tanzania

Orca's initial monetising objective is to further develop and increase the natural gas processing and transportation infrastructure in Tanzania. This will give Orca greater access to Additional Gas and help monetise existing Songo Songo 2P gross reserves of 490 Bcf. This is sufficient to supply a daily average of 100 to 120 MMcfd of Additional Gas (140 – 160 MMcfd including Protected Gas) on an annual basis. The Songo Songo infrastructure capacity is currently constrained by a gas processing limit of 90 MMcfd.

During Q1 2010, Orca continued infrastructure expansion discussions with Songas Limited, the owner of the Songo Songo gas processing plant and EWURA, Tanzania's energy regulator. The objective is to implement a long term infrastructure expansion (the "Expansion Project") that will increase the infrastructure capacity to 144 MMcfd. Talks are currently on track for the Expansion Project to achieve financial closure by Q1 2011 to enable it to be in place by the end of 2012. The majority of the increased gas throughput is expected to be consumed by Tanzania's growing power sector.

Work has also commenced to identify alternative options to accelerate the commercialisation of the Songo Songo West exploration prospect. Assuming commercial success, Songo Songo West is projected to have unrisks P50 resources of 450 Bcf. The Company plans to drill the first well during the second half of 2011.

Gas sales and financial results

The Company's natural gas production and marketing operations in Tanzania continue to provide Orca with a solid financial and operating foundation. Gas sales to the power sector increased again following the commissioning of the new Dar es Salaam located 45 MW gas fired unit in Q4 2009.

Funds flow are expected to continue to grow in the second half of 2010 with forecast funds flow from operating activities for the year of between US\$15 million and US\$20 million. During the second quarter of 2010 seasonal reductions in natural gas demand are expected due to TANESCO's ability to utilise a higher proportion of hydro electricity during the rainy season.

Ongoing control of Orca's expenditure levels has resulted in a 10% reduction of G&A expenses to US\$2.7 million in Q1 2010. This was achieved at the same time as sales volumes increased 63%. These G&A costs are primarily incurred on our operations in Tanzania. G&A costs for the balance of 2010 are projected to be somewhat higher as

a result of internal reorganisation, the increased focus on new business activities and a greater concentration on monetising Orca's reserves in Tanzania.

Step change planning

As we move towards a step change in the growth of the Company, Orca is taking a number of actions to increase the strength of our Board and our management team. Three new, independent non-executive directors will be nominated as additions to the Board at our Annual General Meeting of Shareholders on 23 June 2010. We will continue to add key employees whose skills, local knowledge and experience are appropriate to our growth plans.

Positive growth

Orca is poised to take the Company to a new level of activity, growth and performance over the course of 2010 and 2011. The Company intends to build on its strong, long life cash flows in Tanzania, fully utilising the skills of our tested and experienced employee team. We anticipate that this will involve an expansion of gas production, processing and transportation infrastructure and the drilling of a relatively low risk exploration well. Our Board and management are committed to deliver on this growth agenda.

In economic times that still carry a measure of uncertainty we are mindful of the need to carefully balance our growth plans with sensitivity to external realities. However, we are fortunate to be focused on finding, developing and marketing energy sources that are in great demand.

An increasing range of opportunities for growth is available to us. We are pursuing those that have substantial potential to build greater value for our loyal shareholders. We look forward to reporting on the implementation of our strategies and the results that are achieved over the course of 2010 and beyond.

Consolidated Statement of Comprehensive Income (unaudited)

ORCA EXPLORATION GROUP INC.

	Three months ended	
	31-Mar 2010	31-Mar 2009
<i>(thousands of US dollars except per share amounts)</i>		
Revenue	8,259	4,443
Cost of sales		
Production and distribution expenses	(1,087)	(305)
Depletion expense	(979)	(753)
	6,193	3,385
Administrative expenses	(2,733)	(3,045)
Net financing (charges)	(187)	(18)
Profit before taxation	3,273	322
Taxation	(1,333)	(490)
Profit/(loss) and comprehensive income/(loss)	1,940	(168)
Profit/(loss) per share		
Basic (US\$)	0.07	(0.01)
Diluted (US\$)	0.06	(0.01)

Consolidated Statement of Financial Position (unaudited)

ORCA EXPLORATION GROUP INC

<i>(thousands of US dollars)</i>	31-Mar 2010	31-Dec 2009
ASSETS		
Current assets		
Cash and cash equivalents	15,517	14,543
Trade and other receivables	13,759	9,181
	29,276	23,724
Non current assets		
Exploration and evaluation asset	763	760
Property, plant and equipment	60,993	61,793
	61,756	62,553
	91,032	86,277
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	8,385	6,889
Non current liabilities		
Deferred income taxes	10,055	9,068
Deferred additional profits tax	1,637	1,460
	20,077	17,417
Equity attributable to owners		
Capital stock	66,267	66,267
Other components of equity	4,964	4,809
Accumulated loss	(276)	(2,216)
	70,955	68,860
	91,032	86,277

Consolidated Statement of Cash Flows (unaudited)

ORCA EXPLORATION GROUP INC

<i>(thousands of US dollars)</i>	Three months ended	
	31-Mar 2010	31-Mar 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) after taxation	1,940	(168)
Adjustment for:		
Depletion and depreciation	1,031	777
Stock-based compensation	155	296
Deferred income taxes	987	490
Deferred additional profits tax	177	79
Interest income	(1)	(16)
	4,289	1,458
(Increase)/decrease in trade and other receivables	(4,578)	4,877
Increase/(decrease) in trade and other payables	1,756	(4,431)
Net cash flows from operating activities	1,467	1,904
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(3)	(39)
Property, plant and equipment expenditures	(231)	(1,852)
Interest income	1	16
Decrease in trade and other payables	(260)	(749)
Net cash used in investing activities	(493)	(2,624)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Normal course issuer bid	-	(156)
Net cash flow used in financing activities	-	(156)
Increase/(decrease) in cash and cash equivalents	974	(876)
Cash and cash equivalents at the beginning of the period	14,543	10,586
Cash and cash equivalents at the end of the period	15,517	9,710

Statement of Changes in Shareholders' Equity (unaudited)

ORCA EXPLORATION GROUP INC

<i>(thousands of US dollars)</i>	Capital stock	Other components of equity	Accumulated loss	Total
Balance as at 1 January 2009	66,537	3,715	(5,540)	64,712
Stock-based compensation	-	296	-	296
Normal course issuer bid	(168)	12	-	(156)
Total comprehensive loss for the period	-	-	(168)	(168)
Balance as at 31 March 2009	66,369	4,023	(5,708)	64,684

<i>(thousands of US dollars)</i>	Capital stock	Other components of equity	Accumulated loss	Total
Balance as at 1 January 2010	66,267	4,809	(2,216)	68,860
Stock-based compensation	-	155	-	155
Total comprehensive income for the period	-	-	1,940	1,940
Balance as at 31 March 2010	66,267	4,964	(276)	70,955

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