



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

TSX-V: ORC.A, ORC.B

FOR IMMEDIATE RELEASE

Orca Exploration announces 2016 Independent Reserves Evaluation

TORTOLA, British Virgin Islands March 16, 2017: Orca Exploration Group Inc. ("Orca" or "the Company") announces its independent Reserves Evaluation for the year ended December 31, 2016. All currency amounts are in United States dollars unless otherwise stated.

The Company's conventional natural gas reserves as at December 31, 2016 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, 2016 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 29, 2017 on its profile on SEDAR at www.sedar.com.

For the year ended December 31, 2016 Orca's:

- Additional Gas Production in 2016 was 16.3 Bcf, equivalent to 44.5 MMcf/day down 6% from 2015 due primarily to decreased power related sales related to reduced nominations by TANESCO.
- Proved plus probable reserves ("2P") decreased 3% to 405 Bcf from 417 Bcf last year. The negative impact of production was partially offset by 5.3 Bcf positive revision related to higher expected future growth in gas demand.
- Total proved reserves ("1P") decreased 6% to 347 Bcf from 368 Bcf last year. A negative revision related to lower growth expectations of production of proved reserves resulted in the net decrease being greater than the impact of production.

The following tables outline the Company's conventional natural gas reserves as at December 31, 2016 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	Natural Gas	Conventional	Light and	Natural Gas	Conventional
	Medium	Liquids	Natural Gas	Medium	Liquids	Natural Gas
	Crude Oil			Crude Oil		
	<i>Mbbl</i>	<i>Mbbl</i>	<i>MMcf</i>	<i>Mbbl</i>	<i>Mbbl</i>	<i>MMcf</i>
Proved						
Developed Producing	-	-	343,564	-	-	209,611
Developed Non-Producing	-	-	3,821	-	-	2,178
Undeveloped	-	-	-	-	-	-
Total Proved	-	-	347,385	-	-	211,789
Probable	-	-	57,935	-	-	47,358
Total Proved plus Probable	-	-	405,320	-	-	259,147

	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%	
						<i>\$/Mcf</i>
<i>(US\$'000)</i>						
Proved						
Developing Producing	540,684	404,628	312,053	247,337	200,953	1.49
Developed Non-Producing	3,989	2,171	1,011	61	(229)	0.46
Undeveloped	-	-	-	-	-	-
Total Proved	544,673	406,799	313,065	247,598	200,724	1.48
Probable	84,169	63,680	49,853	40,268	33,454	1.05
Total Proved plus Probable	628,841	470,479	362,918	287,865	234,177	1.40

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 (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 PSA 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, 2016 in estimating the Company's reserves data using forecast prices and costs. The Company received an average conventional natural gas price of US\$4.73/Mcf in 2016.

Year	Brent crude ⁽¹⁾	Songo Songo gas prices		Annual inflation
	US\$/bbl	Proved US\$/Mcf	Proved plus probable US\$/Mcf	%
2017	56.00	4.33	4.38	2
2018	59.70	4.21	4.19	2
2019	63.40	4.21	4.29	2
2020	70.10	4.29	4.35	2
2021	76.90	4.41	4.44	2
2022	78.40	4.50	4.55	2
2023	79.90	4.60	4.70	2
2024	81.50	4.65	4.76	2
2025	83.20	4.67	4.78	2
2026	84.90	4.77	4.88	2

Note:

1. Brent price forecast based on the McDaniel January 1, 2017 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.

For further information please contact:

W. David Lyons

Chairman and Chief Executive Officer

+44-7717-100200

wdlyons@orcaexploration.com

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

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; and expectations regarding how the provisions of the Act will be interpreted and implemented regarding upstream and downstream activities. 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, 2016 and 2015 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, 2016 and 31 December 2015, 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.