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 2018 year-end financial results

TORTOLA, British Virgin Islands April 11, 2019: Orca Exploration Group Inc. ("**Orca**" or "the **Company**") announces its financial results for the year ended December 31, 2018. All currency amounts are in United States dollars unless otherwise stated.

- The Company's revenue for 2018 decreased by 5% to $57.8 million from $60.8 million in 2017. The decrease is the result of lower power sales volumes, higher Tanzanian Petroleum Development Corporation ("**TPDC**") Profit Gas share (1) and a lower current income tax adjustment. Additional Gas (1) deliveries and sales for 2018 averaged 39.9 million MMcfd, a decrease of 4% over 41.6 MMcfd in 2017. The decrease in Additional Gas volumes for 2018 was primarily the result of reduced nominations of natural gas volumes by the Tanzanian Electric Supply Company Limited ("**TANESCO**"). The decrease in volumes was partially offset by a 7% rise in the weighted average price for Addition Gas in 2018 to $5.17/mcf from $4.84/mcf in 2017.

- The Company recorded a net income attributable to shareholders of $13.3 million for 2018 compared to a net loss attributable to shareholders of $2.5 million in 2017. The increase in net income attributable to shareholders for 2018 was primarily a result of the increase in finance income as a result of the reversal of the provision for doubtful accounts of $15.9 million related to the collection of TANESCO arrears previously provided for being offset by increased stock based compensation costs and increased interest expense.

- The Company's net cash flows from operating activities for 2018 decreased by 40% to $28.8 million from $48.2 million in 2017. The decrease for 2018 from 2017 is primarily due to payments for stock based compensation, together with the decrease in cash inflow associated with changes in non-cash working capital.

- The Company's adjusted funds flow from operations (2) for 2018 increased by 15% to $19.3 million from $16.7 million in 2017. The increase between years is primarily a result of reduced general and administration expenses and an increase in interest income on bonds. The decrease in revenue between years was offset by the decrease in current corporate income tax expense.

- Working capital increased 21% to $84.2 million as at December 31, 2018 compared to $69.6 million as at December 31, 2017. The increase is primarily due to the cumulative cash collections from TANESCO for current deliveries and arrears offset by an increase in stock based compensation during the period. The closing cash at December 31, 2018 was $64.7 million (December 31, 2017: $122.3 million). The decrease in cash is primarily a result of the investment in short-term bonds of $66.8 million at December 31, 2018 (December 31, 2017: $ nil).

- At December 31, 2018 the current receivable from TANESCO was $ nil (December 31, 2017: $5.7 million). During 2018, the amounts received from TANESCO continued to be in excess of the revenue recognized for gas sales to TANESCO. As a result, during 2018 $15.9 million of cumulative excess receipts over sales invoiced were allocated to the long-term arrears together with the associated reversal of the provision for doubtful accounts. The TANESCO long-term receivable at December 31, 2018 was $58.5 million (with a provision of $58.5 million) compared to $74.4 million (with a provision of $74.4 million) at December 31, 2017. Subsequent to December 31, 2018 the Company has invoiced TANESCO $15.6 million for 2018 gas deliveries and TANESCO has paid the Company $18.0 million.

(1) *Profit Gas is defined within the Principal Terms of the PSA and Related Agreements and Additional Gas is defined within the Nature of Operations both included as part of the Management Discussion & Analysis.*

(2) *Adjusted funds flow from operations is a non-GAAP financial measure. See Non-GAAP Measures.*

- On January 16, 2018 the Company sold 7.9% of PAE PanAfrican Energy Corporation ("**PAEM**") to a wholly owned subsidiary of Swala Oil & Gas (Tanzania) plc., ("Swala") for a net sales price of $21.0 million based on a net enterprise value of $265.0 million as at January 1, 2017 (the "effective date"). The consideration received by the Company was $15.7 million in cash ($17.0 million less a purchase price adjustment of $1.3 million reflecting Swala's share of cash flow from the effective date of the transaction until closing) and $4.0 million of Swala convertible preference shares. The agreement provided Swala with the right to acquire up to a maximum of 40% of PAEM based on the same terms and conditions. Subsequent to December 31, 2018 the Company terminated this right in accordance with the terms of the agreement.
- Orca anticipates Additional Gas sales volumes will be between 60 – 75 MMscfd in 2019. This will be accompanied by a drive to reduce general and administrative costs despite an increase in headcount at the corporate level. The Company also plans to work towards resolving several outstanding issues with respect to cost recovery, tax and production sharing agreements terms that are documented in the notes to the financial statements.
- The Board of Directors of Orca has called a shareholders meeting to be held on May 29, 2019.

Financial and Operating Highlights

	YEAR ENDED DECEMBER 31		
(Expressed in $000 unless indicated otherwise)	**2018**	2017	% Change 2018 vs 2017
OPERATING			
Daily average gas delivered and sold *(MMcfd)*			
Additional Gas	**39.9**	41.6	(4)%
Industrial	**13.0**	12.6	3%
Power	**26.9**	29.0	(7)%
Average price *($/mcf)*			
Industrial	**8.26**	7.71	7%
Power	**3.68**	3.60	2%
Weighted average	**5.17**	4.84	7%
Operating netback *($/mcf)* [(1)]	**2.76**	3.00	(8)%
FINANCIAL			
Revenue	**57,766**	60,832	(5)%
Net cash flows from operating activities	**28,752**	48,154	(40)%
per share - basic and diluted *($)*	**0.82**	1.38	(40)%
Net income (loss) attributable to shareholders	**13,270**	(2,500)	n/m
per share - basic and diluted *($)*	**0.38**	(0.07)	n/m
Adjusted funds flow from operations [(1)]	**19,255**	16,742	15%
per share - basic and diluted *($)*	**0.55**	0.48	15%
Capital expenditures (excluding transfers)	**5,843**	1,545	278%

	AS AT DECEMBER 31		
	2018	2017	
Working capital (including cash)	**84,182**	69,575	21%
Cash	**64,660**	122,322	(47)%
Investment in short-term bonds	**66,837**	-	n/m
Long-term loan	**53,900**	58,518	(8)%
Outstanding Shares *('000)*			
Class A	**1,750**	1,750	0%
Class B	**33,506**	33,506	0%
Total shares outstanding	**35,256**	35,256	0%
Weighted average Class A and Class B shares	**35,256**	34,858	1%

[(1)] *Operating netback and adjusted funds flow from operations are non-GAAP financial measures. See Non-GAAP Measures.*

The complete Audited Consolidated Financial Statements and Notes and Management Discussion & Analysis may be found on the Company's website www.orcaexploration.com or on the Company's profile on SEDAR at www.sedar.com.

Reserve Presentation

Orca is pleased to announce that its latest corporate reserve presentation is available on the Company's website (www.orcaexploration.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 its 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.

For further information please contact:

Nigel Friend	Blaine Karst
Chief Executive Officer	Chief Financial Officer
+44-7798-502316	+44 7471-902734
nfriend@orcaexploration.com	bkarst@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.

Abbreviations

Mcf	thousand cubic feet
MMcfd	million standard cubic feet per day

Non-GAAP Measures

The Company evaluates its performance using a number of non-GAAP (generally accepted accounting principles) measures. These non-GAAP measures are not standardized and therefore may not be comparable to similar measurements of other entities.

- Adjusted funds flow from operations represents net cash flows from operating activities less interest expense and before changes in non-cash working capital. Management uses this is a performance measure that represents the company's ability to generate sufficient cash flow to fund capital expenditures and/or service debt.

	THREE MONTHS ENDED DECEMBER 31		YEAR ENDED DECEMBER 31	
$'000	**2018**	2017	**2018**	2017
Net cash flow from operating activities	**4,085**	12,882	**28,752**	48,154
Base interest expense	**(1,591)**	(1,594)	**(6,249)**	(6,250)
Participatory interest expense	**(342)**	(1,031)	**(4,745)**	(3,809)
Finance income re TANESCO arrears and VAT recovered	**(1,359)**	(90)	**(16,227)**	(90)
Changes in non-cash working capital	**5,605**	(10,105)	**17,724**	(21,263)
Adjusted funds flow from operations	**6,398**	62	**19,255**	16,742

The Company's adjusted funds flow from operations for the quarter ended December 31, 2018 was $6.4 million (Q4 2017: $0.1 million). The increase in adjusted funds flow from Q4 2017 to Q4 2018 is a result of increase in deliveries and revenue between quarters and the consistent TANESCO payments resulting in recording 100% of TANESCO deliveries in revenue versus 90% in Q4 2017. The Company's adjusted funds flow from operations for the year ended December 30, 2018 was $19.3 million (year ending December 31, 2017: $16.7 million). The increase in adjusted funds flow from operations between years is primarily a result of recording 100% of TANESCO deliveries in revenue for 2018 versus a reduced percentage for deliveries in 2017 combined with recording all the deferred revenue at December 31, 2017 as revenue in 2018. This offset the decrease in revenue from lower in deliveries for the year compared with 2017.

- 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. This is a key measure as it demonstrates the profit generated from each unit of production and is widely used by the investment community.

- Adjusted funds flow from operations per share is calculated on the basis of the adjusted funds flow from operations divided by the weighted average number of shares.

- Net cash flows from operating activities per share is calculated as net cash flows from operating activities divided by the weighted average number of shares.

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 Company's expectations regarding Additional Gas volumes in 2019. 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, including, but not limited to, the potential negative effect on the Company's rights under the PSA and other agreements relating to its business in Tanzania as a result of the Act and other recently enacted and future legislation, as well as the risk that such legislation will create additional costs and time connected with the Company's business in Tanzania; risks regarding the uncertainty around evolution of Tanzanian legislation; the impact of general economic conditions in the areas in which the Company operates; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations, impact of new local content regulations and changes in how they are interpreted and enforced; and unanticipated changes to legislation and the effect on the Company's operations, including, but not limited to, the Act and the Natural Gas Pricing Regulation. 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, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive

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 Ministry Energy and Mines 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.