



17 January 2014

Manager of Company Announcements
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By E-Lodgement

Quarterly Activities Report for the Period Ending 31 December 2013

The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary for the period ending 31 December 2013.

Highlights

- **Burruna-2 well completed for production**
- **First revenue received from Burruna-2**
- **New discovery made at Burruna-3 appraisal well**
- **Sale of PEL 115 completed**

Cooper Basin – Fury Joint Venture/PEL 115

During the quarter, Orca completed the sale of the Company's participating interest in PEL 115 to Senex Energy. The sale was for a package of benefits worth approximately \$7 million that included a free carry for oil exploration and development in the Cooper Basin.

Under the terms of the sale, Orca retained its 20% interest in two key assets within PEL 115, namely the *Fury Joint Venture*, where a significant discovery was made in Q3 2013 and substantial development was undertaken during Q4 with production and sales now being achieved.

Burruna-2 (OGY 20%)

During the quarter the Burruna-2 oil well was completed for production and began producing at a constrained rate of approximately 1,000 bopd. Burruna-2 intersected 5.3 metres of net oil pay in the Namur Formation and free-flowed oil to surface at a rate of more than 3,600 bopd during testing.

In addition, Senex cut 18 metres of core through the Murta Formation, which was sent for analysis to aid in the design of production enhancement techniques. Free oil was observed within the recovered core and hydrocarbon fluorescence was noted over a gross interval of 14 metres, further confirming the potential of the regionally extensive Murta Formation to deliver incremental production within JV acreage.

BOARD & MANAGEMENT

Mr Greg Bandy
EXECUTIVE DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Jeremy King
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford
Ms Shannon Robinson
JOINT COMPANY SECRETARY

REGISTERED OFFICE

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WEBSITE

www.orcaenergy.com.au

SHARE REGISTRY

Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009

ASX CODE

OGY



Burruna-3 (OGY 20%)

During the quarter the Burruna-3 oil well successfully appraised the Namur Formation intersected by the Burruna-2 discovery. Further, the well also encountered an additional oil accumulation in the previously untapped lower Birkhead Formation.

The well confirmed the structural mapping of the Burruna oil field and intersected the Namur Formation that delivered flow rates of up to 3,600 barrels of oil per day at the Burruna-2 well. In addition, the appraisal well encountered approximately 3 metres of interpreted net pay in the lower Birkhead Formation. Wireline logging confirmed this discovery with an initial production test planned for early in 2014.

The appraisal well also encountered good quality oil and gas shows in the Murta Formation, which is productive in the adjacent Fury and Mirage Fields.

Burruna-3 is located 560 metres southeast of the Burruna-2 oil discovery, as shown in Figure 1.

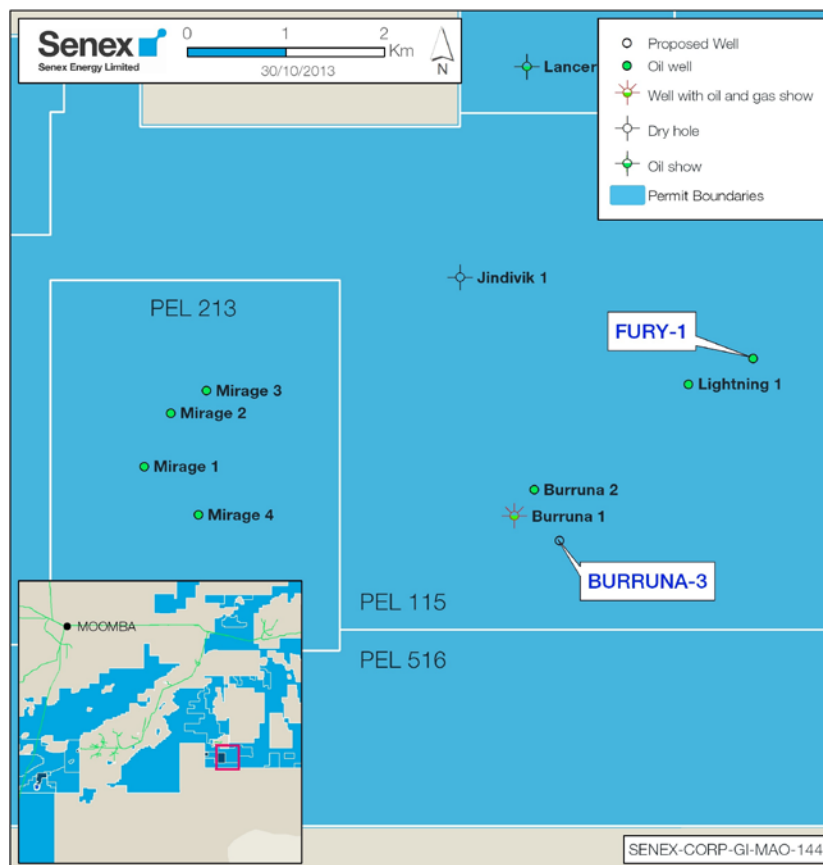


Figure 1.



Cooper Basin – PEL 110

During the quarter data processing under the Dundinna 3D seismic program commenced. Processed data is expected to be available for review at the end of Q2 2014, to identify drillable prospects for possible drilling program towards the end of 2014.

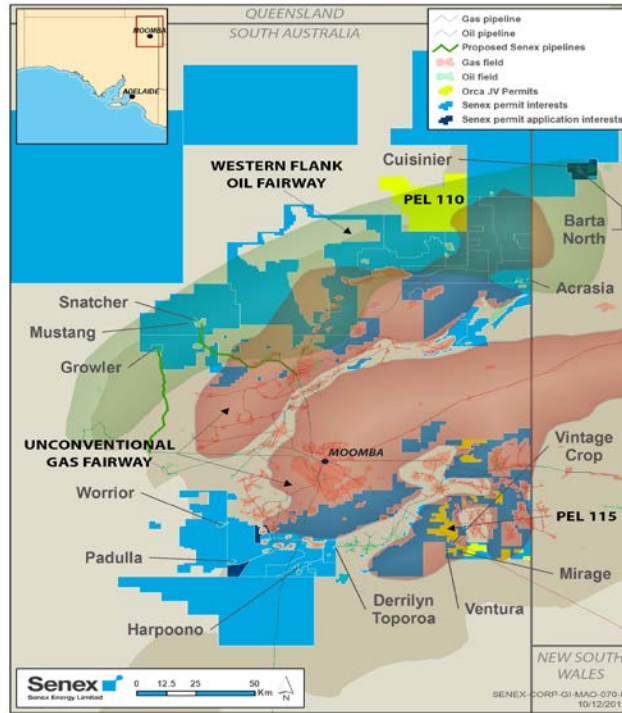


Figure 2.

Seabiscuit (Matagorda) Project, Texas (OGY 20%)

After considerable delay and postponement of the “Seabiscuit” project, JV partner and operator, Dan A. Hughes Company, has begun site works and construction operations and continues to advise that drilling is expected to commence in Q1 2014. The project covers an area of approx. 1,750 acres and has the potential to contain up to 1Tcf of gas and 10MMbo. Orca looks forward to providing further updates over the coming weeks.

Corporate

Following the sale completion of PEL 115, and in accordance with the transaction, Orca bought back and cancelled Senex’s shares in the company, being 115,000,000. Orca’s issued capital is now 460,033,775 shares with the company’s cash balance in excess of \$3m.

Mr Denis Patten resigned as a Director together with his alternate, Mr Arthur Pitts, as per the Sales Agreement.

The Company also issued 28,000,000 unlisted options (\$0.03; 31 December 2015) during the quarter to Directors and Corporate Advisors following shareholder approval at the Annual General Meeting held in November 2013.

For and on behalf of the Board

Greg Bandy
Executive Director

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ORCA ENERGY LIMITED

ABN

25 009 121 644

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	331	338
1.2 Payments for (a) exploration & evaluation	(21)	(23)
(b) development	-	-
(c) administration	(439)	(583)
(d) production	-	-
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	18	30
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	4
Net Operating Cash Flows	(111)	(234)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) project acquisition	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) Sale of 20% PEL115	-	1,655
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	1,655
1.13 Total operating and investing cash flows (carried forward)	(111)	1,421

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(111)	1,421
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other Cost of Issue	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(111)	1,421
1.20	Cash at beginning of quarter/year to date	3,133	1,601
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,022	3,022

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments of Directors Fees and Remuneration 65 Payments to Director Related Companies -
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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	
3.2 Credit standby arrangements	Nil	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	550

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,022	3,133
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,022	3,133

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

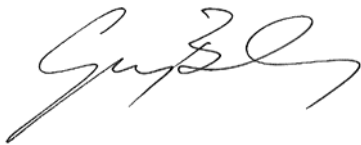
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 *Ordinary securities	460,033,775	460,033,775		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- (115,000,000)	- (115,000,000)	- -	- Share buy-back
7.5 *Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 Options <i>(description and conversion factor)</i>	500,000 28,000,000		<i>Exercise Price</i> \$0.16 \$0.03	<i>Expiry Date</i> 3 Dec 14 31 Dec 15
7.8 Issued during quarter	28,000,000	Nil	<i>Exercise Price</i> \$0.03	<i>Expiry Date</i> 31 Dec 15
7.9 Exercised during quarter	Nil	Nil		
7.10 Expired during quarter	Nil	Nil		
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



GREG BANDY
Executive Director
17 January 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.== == == == ==

+ See chapter 19 for defined terms.