ORCA ENERGY

AND CONTROLLED ENTITIES

ABN 25 009 121 644

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Contents

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for ended 30 June 2012 and any public announcements made by Orca Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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Directors' Report

Your directors present their report on the consolidated entity of Orca Energy Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2012.

Directors

The persons who were directors of Orca Energy Limited during the half year and up to the date of this report are:

Mr Greg Bandy (Executive Director)
Mr Jason Bontempo (Non Executive Director)
Mr Jeremy King (Non Executive Director)
Mr Denis Patten (Non-Executive Director)
Mr Arthur Pitts (Alternate Director)

Review of Operations for the Half Year ended 31 December 2012

The consolidated Statement of Profit or Loss and Other Comprehensive Income shows a consolidated total comprehensive loss for the half year ended 31 December 2012 to members of ($340,441) (2011: total comprehensive loss of $2,437,927).

Cooper Basin

Orca has an interest in two quality licences in the onshore Cooper Basin, a region which is a prolific onshore producer of oil and gas with significant tight sand and shale gas potential.

PEL 115 – OGY 20%

In January 2012, Orca entered into an agreement to farm-out 22% of its Cooper Basin block, PEL 115, to joint venture partner and operator, Senex Energy Limited (ASX: SXY) in return for a dedicated unconventional gas exploration well. At the same time, Senex were beginning a three well unconventional gas program on their 100% owned block, PEL 516 where drilling so far has delivered excellent preliminary results with many of the attributes typically associated with successful unconventional gas fields.

During the half year, Senex announced that Orca's first unconventional gas exploration well, Kingston Rule-1, spudded. High gas readings were recorded during drilling and coring with the well interpreted to have intersected 9 metres of net gas pay in the Epsilon Formation and 44 metres of net gas pay in the Patchawarra Formation. In addition, the well intersected 84 metres of shale in the Roseneath Formation, 66 metres of shale in the Murteree Formation and nearly 20 metres of gas charged coal in the Patchawarra Formation. The well was cased and suspended ahead of fracture stimulation and production testing.

On the strength of successful exploration at Kingston Rule-1, Senex and Orca have agreed to re-enter the Hornet-1 exploration well as part of Senex's large scale hydraulic fracture stimulation program of its unconventional gas wells in the southern Cooper Basin. Hornet-1, which is located approximately 2.5 kilometres south of Kingston Rule-1 in PEL 115, flowed gas to surface when Victoria Petroleum drilled the well in 2004.

Review of Operations for the Half Year ended 31 December 2012 (cont)

The location of block PEL 115 is significantly strategic as it is surrounded by PEL 516, where Senex estimates over 100Tcf Gas-in-Place from shales and coals alone. Senex recently announced a "material gas discovery" at Skipton-1, including more than 75 metres of net pay in the Patchawarra Formation and 164 metres of gas charged Roseneath and Murteree shales. Kingston Rule-1 is located approximately 15 kilometres south east of Senex's successful unconventional gas exploration well Skipton-1 (Figure 1.) and approximately six kilometres north west of Senex's promising Talaq-1 unconventional gas exploration well (both in PEL 516, Senex 100%).

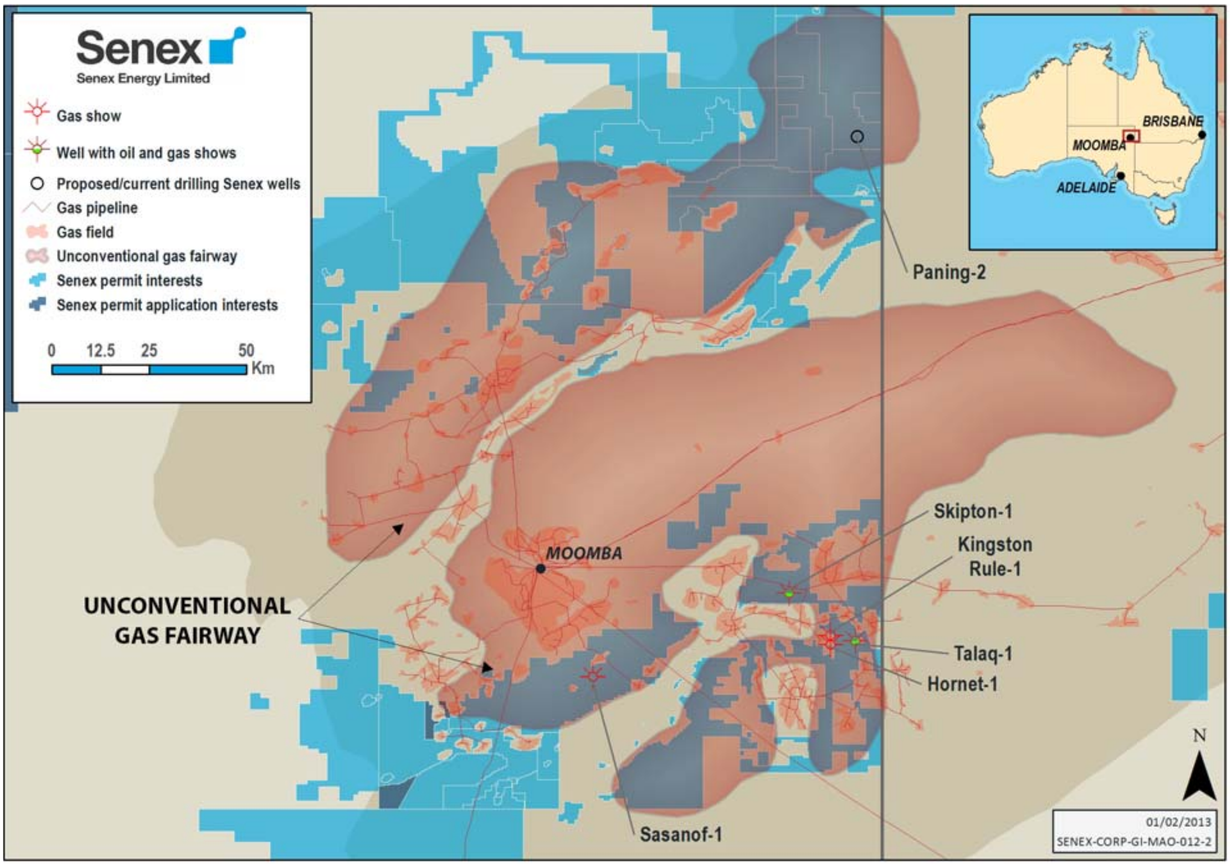


Figure 1: Senex unconventional gas wells in the Cooper Basin

Review of Operations for the Half Year ended 31 December 2012 (cont)

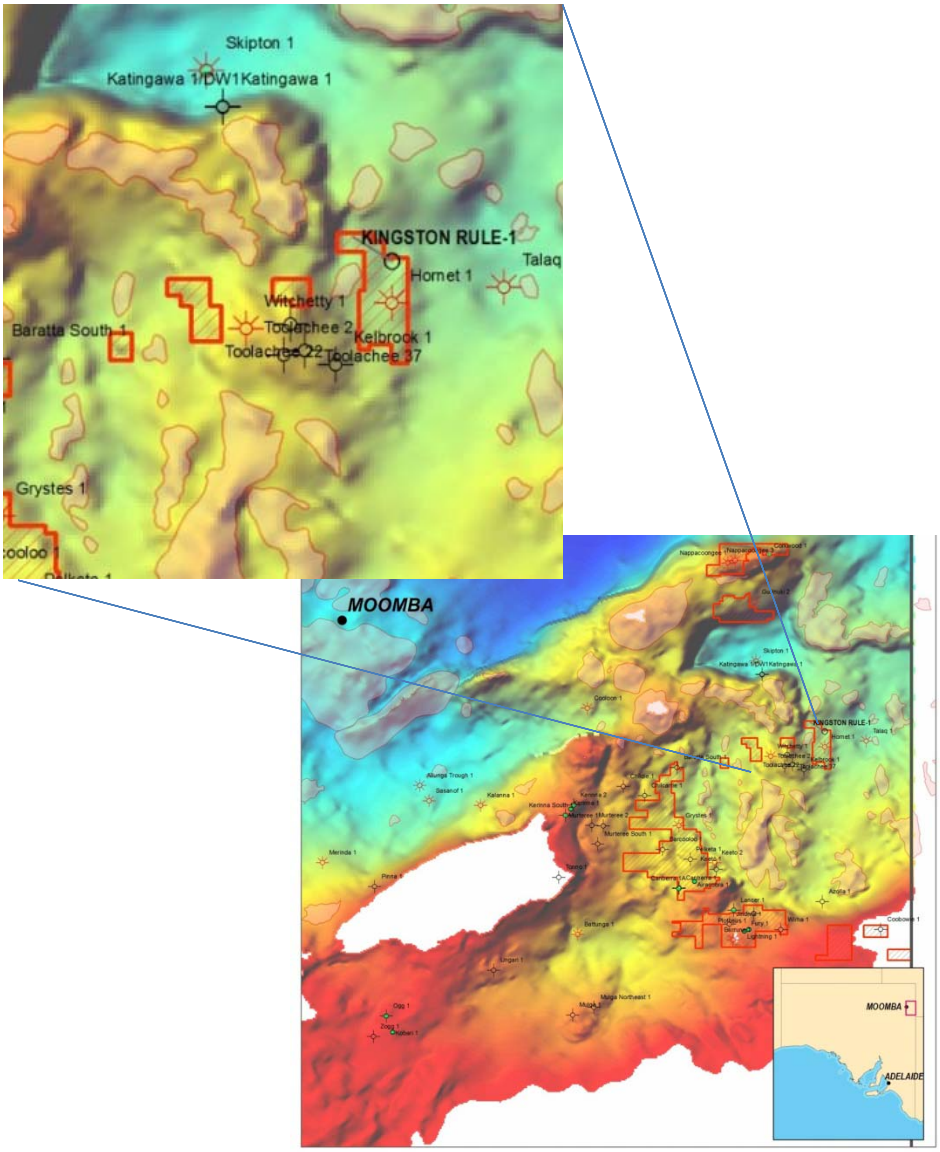


Figure 2. Sub blocks of PEL 115 showing Kingston Rule-1 and Hornet-1 well locations

<u>PEL 110 – OGY 20%</u>

The PEL 110 project is located north of the Keleary and Telopea oil and gas fields and west of the James oil field. PEL 110 holds 7 leads and prospects identified in the Birkhead and Hutton Formations, with good stratigraphic similarities to nearby discoveries along the margin. PEL 110 is considered to be in a valuable position on the western flank of the South Australian Cooper Basin and is majority owned by Senex Energy who holds a 60% interest in the block.

The joint venture parties are currently finalising the parameters of a 182.5km^2 seismic program to commence in Q2 2013 targeting conventional oil and gas. Completion of this 3D seismic survey will be a significant further step forward in the exploration of PEL 110.

Review of Operations for the Half Year ended 31 December 2012 (cont)

Seabiscuit (Matagorda) Project - Texas

Orca's JV partner and operator, Dan A. Hughes Company continues to delay the spud date of this highly prospective exploration project citing depressed gas prices in the USA as the predominant reason. Orca remains committed to the project and is lobbying other JV partners to agree for drilling to begin as soon as possible in 2013. The Seabiscuit Project covers an area of approx. 1,750 acres and has the potential to contain up to 1Tcf of gas and 10MMbo. Orca will continue to provide updates as they become available.

Subsequent Events

Subsequent to the end of the period the Company announced that its JV partner and Operator of PEL 115, Senex Energy Limited successfully fracture stimulated four zones in the Patchawarra Formation tight gas sands and one zone in the Epsilon Formation in Kingston Rule-1. Gas flow from the well has been constrained by a 32/64-inch choke and wellhead pressure continues to increase. Flow rates increased steadily during flow back and reached 1.2 MMscf/d as at 10th March 2013. Clean up and flow back activities will continue over the next week, with gas being flared from Kingston Rule-1. Samples from the gas flow have also been taken to measure condensate and heavy gas yields.

Work over and zone perforation operations have also commenced at Hornet-1 in preparation for fracture stimulation to begin in April.

Apart from the above there have been no material subsequent events since the end of the period.

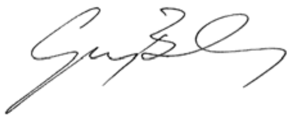
Directors' Report (Cont)

Auditors Independence Declaration

The Auditor's Independence Declaration on page 6 forms part of the Director's Report for the half year ended 31 December 2012.

This relates to the review report, where they state that they have issued an independent declaration.

This report is signed in accordance with a resolution of the Board of Directors.



Greg Bandy
Executive Director
Perth, Western Australia, 12 March 2013

Stantons International Audit and Consulting Pty Ltd
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12 March 2013

Board of Directors
Orca Energy Limited
1 Havelock Street
West Perth WA 6005

Dear Sirs

RE: ORCA ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Orca Energy Limited.

As Audit Director for the review of the financial statements of Orca Energy Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Half Year 2012 $	Half Year 2011 $
Revenue		
Interest income	64,317	16,101
Other income	-	130,103
General and administrative expenses	(105,057)	(23,251)
Compliance and regulatory expenses	(163,247)	(228,512)
Consultancy costs	(16,500)	(137,920)
Employee benefits expense	(106,013)	(75,006)
Travel expense	(3,358)	(12,120)
Exploration expenditure written off	-	(1,966,923)
Depreciation expense	(10,583)	(14,226)
Foreign exchange gain/(loss)	-	170,980
Other expenses	-	(18,127)
Loss before income tax expense	**(340,441)**	**(2,158,901)**
Income tax expense	-	-
Loss for the half year attributable to owners of the company	(340,441)	(2,158,901)
Items that will be reclassified to profit or loss	**-**	**-**
Items that may be reclassified to profit or loss		
Exchange differences arising on translation	-	(279,026)
Revaluation Increment	-	-
Total comprehensive income for the half year attributable to owners of the company	**(340,441)**	**(2,437,927)**
Loss attributable:		
Owners of the parent	(340,441)	(2,158,901)
Non-controlling interests		-
Total comprehensive loss attributable to:		
Owners of the parent	**(340,441)**	**(2,437,927)**
Non-controlling interests		**-**
	(340,441)	**(2,437,927)**
Basic loss per share (cents per share)	**(0.06)**	**(0.03)**
Diluted loss per share (cents per share)	**(0.06)**	**(0.03)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	As at 31 December 2012 $	As at 30 June 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	3,664,290	3,948,466
Trade and other receivables		21,629	80,309
Other assets		2,225	13,355
Other financial assets		2,600	2,600
Total Current Assets		**3,690,744**	**4,044,730**
Non-Current Assets			
Plant and equipment		14,575	25,158
Exploration and evaluation expenditure	4	6,070,289	6,034,361
Total Non-current Assets		**6,084,864**	**6,059,519**
TOTAL ASSETS		9,775,608	**10,104,249**
LIABILITIES			
Current Liabilities			
Trade and other payables		384,958	376,491
Provisions		16,625	13,292
Total Current Liabilities		**401,583**	**389,783**
TOTAL LIABILITIES		**401,583**	**389,783**
NET ASSETS		**9,374,025**	**9,714,466**
EQUITY			
Issued Capital	5	30,669,331	30,669,331
Reserves		2,041,197	2,041,197
Accumulated losses		(23,336,503)	(22,996,062)
TOTAL EQUITY		**9,374,025**	**9,714,466**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Issued Capital Ordinary	Accumulated losses	Option Reserves	Forex Translation Reserve	Total
	$	$	$	$	$
As at 1 July 2011	**22,184,964**	**(20,548,535)**	**2,041,197**	**279,026**	**3,956,652**
Total Comprehensive loss for the period					
Loss		(2,158,901)			(2,158,901)
Other comprehensive income					
Foreign currency translation differences				(279,026)	(279,026)
Total comprehensive loss for the period:	-	(2,158,901)	-	(279,026)	(2,437,927)
Transactions with owners recorded directly in equity					
Securities issued during the period (net of transaction costs)	4,711,050		-	-	4,711,050
Total Contributions by and distributions to owners	4,711,050	-	-	-	4,711,050
As at 31 December 2011	**26,896,014**	**(22,707,436)**	**2,041,197**	**-**	**6,229,775**
As at 1 July 2012	**30,669,331**	**(22,996,062)**	**2,041,197**	**-**	**9,714,466**
Total Comprehensive loss for the period					
Loss		(340,441)			(340,441)
Other comprehensive income					
Total comprehensive loss for the period:	-	(340,441)	-	-	(340,441)
Securities issued during the period (net of transaction costs)	-		-	-	-
Total Contributions by and distributions to owners	-	-	-	-	-
As at 31 December 2012	**30,669,331**	**(23,336,503)**	**2,041,197**	**-**	**9,374,025**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

	Note	For the half year 31 December 2012 $	For the half year 31 December 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(348,493)	(464,133)
Finance and interest costs		-	(4,118)
Interest received		64,317	16,101
Net cash (used in) operating activities		**(284,176)**	**(452,150)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		-	(4,234)
Payments for plant and equipment		-	-
Proceeds from disposal of financial assets through profit or loss		-	121,795
Payments for asset acquisition		-	(1,218,623)
Net cash provided by (used in) investing activities		**-**	**(1,101,062)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		-	2,000,000
Payments for share issue costs		-	(138,950)
Net cash provided by (used in) financing activities		**-**	**1,861,050**
Net increase/(decrease) in cash held		**(284,176)**	**307,838**
Cash and cash equivalents at the beginning of the half-year		3,948,466	350,605
Net foreign exchange differences		-	-
Cash and cash equivalents at end of half-year	3	**3,664,290**	**658,443**

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Condensed Notes to the Financial Statements

1. Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Orca Energy Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Condensed Notes to the Financial Statements (Cont)

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Dividends

No dividends were paid or declared during the period.

2. Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the half-year the consolidated entity operated in one geographical segment being Australia, and four business segments.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Inter-segment transactions
Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- head office and other administration expenditure.

Condensed Notes to the Financial Statements (Cont)

	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $

3. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank	**3,664,290**	**3,948,466**

4. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost	**6,070,289**	**6,034,361**
Movement		
Balance at beginning of the period	6,034,361	3,774,144
Expenditure incurred	35,928	4,227,140
Expenditure written off	-	(1,966,923)
Balance at end of half-year	**6,070,289**	**6,034,361**

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

5. ISSUED CAPITAL

	31 December 2012 No.	31 December 2012 $	30 June 2012 No.	30 June 2012 $
Issued Capital				
Ordinary shares - fully paid	**575,033,775**	**30,668,531**	575,033,775	30,668,531
Converting preference shares	**2,006**	**800**	2,006	800
	575,035,781	**30,669,331**	575,035,781	30,669,331

Condensed Notes to the Financial Statements (Cont)

5. ISSUED CAPITAL (Continued)

	31 December 2012 No.	31 December 2012 $	30 June 2012 No.	30 June 2012 $
Movement in ordinary shares				
Balance at the beginning of the period	**575,033,775**	**30,668,531**	4,350,671,434	22,184,164
Shares issued pursuant to private placement on 16 August 2011	-	-	2,000,000,000	2,000,000
Shares issued as part consideration for the acquisition of the Seabiscuit Project	-	-	2,750,000,000	2,750,000
Shares issued as consideration for consultant fees	-	-	100,000,000	100,000
Share consolidation 1:20 ratio	-	-	(8,740,637,659)	-
Shares issued to Senex Energy Limited- 1 February 2012	-	-	115,000,000	4,025,000
Transaction costs relating to issue of shares	-	-	-	(390,633)
	575,033,775	**30,668,531**	575,033,775	30,668,531

6. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being exploration and evaluation of mineral, oil and gas.

During the half year ended 31 December 2012 the consolidated entity operated in the following Geographic Segments: Australia and USA. (2011: Australia and USA).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Condensed Notes to the Financial Statements (Cont)

6. SEGMENT INFORMATION (Continued)

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment: impairment of assets and other non-recurring items of revenue or expense.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being exploration and evaluation of oil and gas resources.

During the half year ended 31 December 2012 the consolidated entity operated in the following Geographic Segments: Australia and USA. (2011: Australia and USA).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Condensed Notes to the Financial Statements (Cont)

6. SEGMENT INFORMATION (Continued)

Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense

(a) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
Australia	**-**	-
USA		-
Unallocated items – interest and other income	**64,317**	146,204
Total revenue	**64,317**	146,204

(b) Loss by geographical region

Loss attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
Australia	**(340,441)**	(2,158,901)
USA	**-**	-
Unallocated items	**-**	-
Total loss	**(340,441)**	(2,158,901)

Condensed Notes to the Financial Statements (Cont)

6. SEGMENT INFORMATION (Continued)

(c) Assets by geographical region

The location of the segment assets is disclosed below by geographical location of the assets:

	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
Australia	**5,820,202**	5,987,252
USA	**3,955,406**	4,116,997
Unallocated items	**-**	-
Total assets	**9,775,608**	10,104,249

(d) Liabilities by geographical region

The location of the segment liabilities is disclosed below by geographical location of the assets:

	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
Australia	**161,460**	253,966
USA	**137,248**	135,817
Unallocated items	**102,876**	-
Total liabilities	**401,584**	389,783

7. CONTINGENT LIABILITIES

The Directors are not aware of any new contingent liabilities as at 31 December 2012. There has been no change in contingent liabilities since the last annual reporting date.

Condensed Notes to the Financial Statements (Cont)

8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the period the Company announced that its JV partner and Operator of PEL 115, Senex Energy Limited successfully fracture stimulated four zones in the Patchawarra Formation tight gas sands and one zone in the Epsilon Formation in Kingston Rule-1. Gas flow from the well has been constrained by a 32/64-inch choke and wellhead pressure continues to increase. Flow rates increased steadily during flow back and reached 1.2 MMscf/d as at 10th March 2013. Clean up and flow back activities will continue over the next week, with gas being flared from Kingston Rule-1. Samples from the gas flow have also been taken to measure condensate and heavy gas yields.

Work over and zone perforation operations have also commenced at Hornet-1 in preparation for fracture stimulation to begin in April.

Apart from the above there are no other matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes as set out on page 7 to 18 are in accordance with the Corporations Act 2001, including:

   (a) Complying with the Accounting Standard AASB 134: Interim Financial Reporting; and

   (b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Executive Director:
Greg Bandy

Dated this 12 March 2013

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ORCA ENERGY LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orca Energy Limited, which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Orca Energy Limited (the consolidated entity). The consolidated entity comprises both Orca Energy Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Orca Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orca Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Orca Energy Limited on 12 March 2013.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orca Energy Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
12 March 2013