



13 June 2013

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

By E-Lodgement

ORCA SELLS UNCONVENTIONAL GAS INTERESTS AND SECURES FUNDING

The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased announce that it has agreed to sell its 20% participating interest in South Australian petroleum exploration licence (PEL) 115 to Senex Energy Limited (Senex, ASX: SXY), in exchange for a package of benefits worth approximately \$7 million that includes free carry for oil exploration and development in the southern Cooper Basin.

Under the terms of the agreement with Senex, Orca will retain its 20% interest in two key assets within PEL 115, namely the Fury oil discovery and the Burruna-1 oil exploration well. The parties will apply for a separate licence for the Fury and Burruna blocks (refer Figure 1), which will be known as the Fury Joint Venture and operate under the terms of the existing PEL 115 joint venture (Senex 80% and Operator, Orca 20%).

The consideration for the sale, effective 1 June 2013, encompasses a range of operational, financial and corporate benefits for Orca that equate to approximately \$7 million. They include:

- Cancellation of Senex's 19.99% interest in Orca (115,000,000 shares placed to Senex at 3.5c per share in January 2012)
- Reimbursement of Orca's costs for work associated with the Kingston Rule-1 and Hornet-1 unconventional gas exploration wells in PEL 115
- Free carry for Orca's 20% share of costs for the completion and initial production test of Fury-1 (refer separate announcement)
- Free carry of Orca's 20% share of costs to drill, case and suspend a proposed horizontal well in the Fury or Burruna Block* (refer separate announcement)
- Free carry of Orca's share of costs for the current Dundinna 3D seismic survey in PEL 110 (Senex 60% and Operator, Orca 20%)

The sale will leave Orca with a cash position in excess of \$3m and free carried for all of its Cooper Basin activities for the next 12 months.

Orca also retains a "back-in" right to participate in any other conventional oil wells proposed by Senex in the PEL 115 block (outside of Fury and Burruna) before the current expiry date of the permit on 12 May 2014.

* If the Fury Joint Venture does not decide to drill another well in Fury or Burruna, from 31 December 2013 Orca can use the carry for its share of costs to drill, case and suspend a well of similar cost in PEL 110.

BOARD & MANAGEMENT

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

Ms Rebecca Sandford
Ms Shannon Robinson
JOINT COMPANY SECRETARY

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SHARE REGISTRY

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ASX CODE

OGY



Orca's Executive Director Greg Bandy said, "This agreement brings us closer to our goal of becoming a Cooper Basin oil producer. For shareholders, it represents an increase in the value of their investment and delivers a targeted and relatively low risk oil exploration and development campaign in proven oil and gas acreage. It also shores up Orca's balance sheet with an injection of capital and leaves the company fully funded for its current work programs."

The agreement with Senex is subject to a number of regulatory conditions and approvals. An Extraordinary General Meeting will be convened to seek the approval of Orca's shareholders.

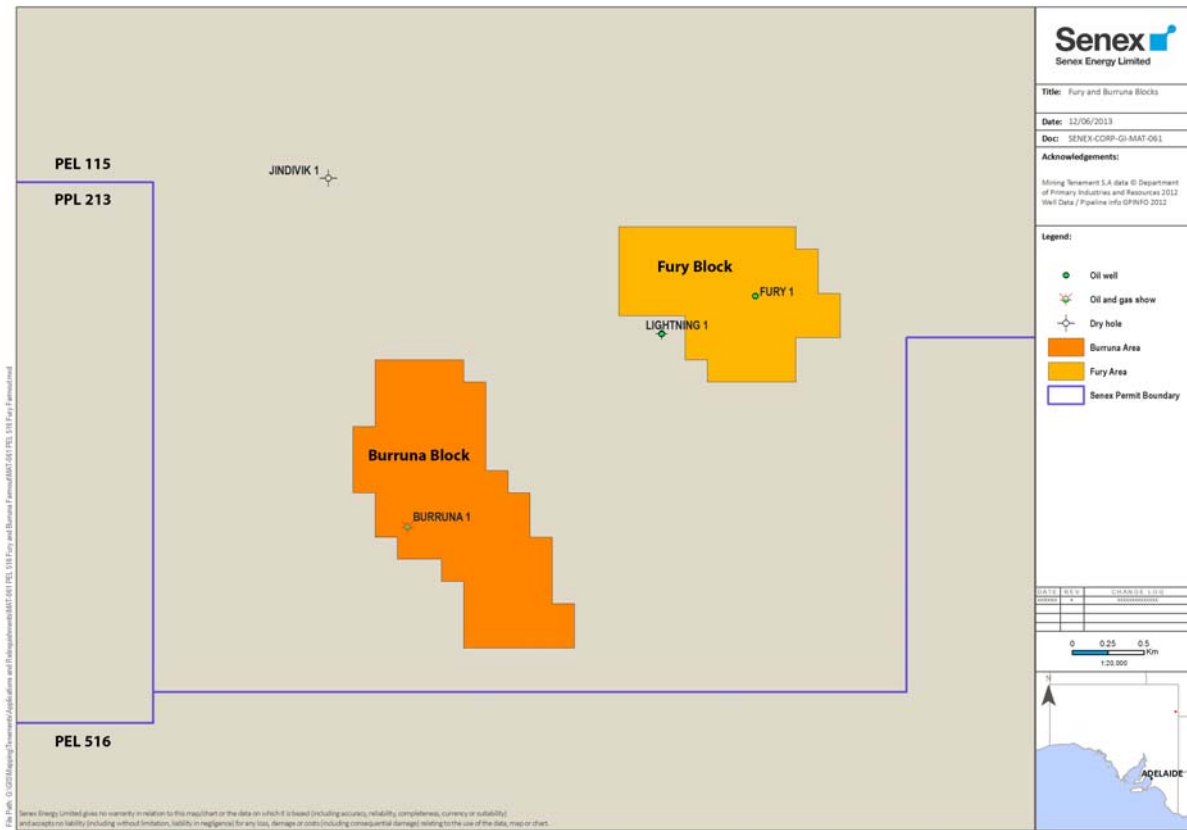


Figure 1.

For and on behalf of the Board

Greg Bandy
Executive Director