



30 July 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 30 June 2014

The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary for the period ending 30 June 2014.

Highlights

- **Production for the quarter of approx. 15,100 barrels net to Orca**
- **Barrels of oil sold for the quarter approx. 9,500 net to Orca, resulting in cash flow income in excess of \$1,000,000**
- **Burruna-3 brought on production**
- **149,000 bbls (net to Orca) of 2P Reserves booked for PPL 251 (Burruna Field)**
- **PEL 110 seismic survey identifies multiple “First Pass” leads**
- **Two (2) priority prospects identified in PEL 110**

Burruna Oilfield

During the quarter, Orca advised that its most recently drilled development well, Burruna-3, came online for production. While initial production rates for both Burruna-2 and Burruna-3 were in excess of 1,000 barrels of oil per day (200 barrels per day net to Orca), daily flow rates are still stabilising as the Burruna-3 pump speed is being optimised. Burruna-3 production is from the Birkhead Formation while production from Burruna-2 remains from the Namur Formation.

After the successful installation of an Electric Submersible Pump (ESP) at Burruna-2 in March, some piping changes were made during the quarter to more efficiently flow the well. These changes, specifically lowering the “pump barrel”, has allowed increased flow rates from Burruna-2. Water handling remains the biggest constraint with respect to production from Burruna-2, which may require the need for further facility upgrades in the future.

BOARD & MANAGEMENT

Mr Greg Bandy
EXECUTIVE DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Jeremy King
NON-EXECUTIVE DIRECTOR

Ms Sara Kelly
COMPANY SECRETARY

REGISTERED OFFICE

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ASX CODE

OGY



Production for the quarter was 15,121 barrels of oil, net to Orca, with the number of barrels sold, net to Orca, being 9,471. The reason for the large differential is simply a timing aspect of oil being received by the JV's off-take partners and payment being received by Orca.

The Burruna Oil Field in May 2014 produced its 100,000th barrel of oil, with Orca on average receiving in excess A\$120/barrel due to the premium quality of the oil.

Oil Reserves Estimate

The Operator of PPL 251, Senex Energy Ltd (ASX: SXY), has had a basin wide annual independent reserves estimate assessed by DeGolyer and MacNaughton for their licenses in the Cooper Basin.

This included the Burruna and Fury Fields in which Orca has a 20% working interest.

The gross and net reserves for the Burruna Field in PPL 251 as of 30 June 2014 are estimated to be:

	1P	2P	3P
Gross (100%)	253,000	745,000	2,271,000
Net to OGY (20%)	50,600	149,000	279,000

Orca Energy has reviewed these estimates and considers the estimates reasonable. As new data becomes available the estimates may need to be adjusted (up or down).

The estimates are only based on a limited number of producing days since some debottlenecking of the production facilities, designed to increase water-handling capacity from Burruna-2, occurred and prior to the Burruna-3 well coming on production in June.

These reserve numbers are in addition to the reserves in Block PRL 117 (Fury Field) as of 30 June 2014.

	1P	2P	3P
Gross (100%)	90,000	242,500	1,037,500
Net to OGY (20%)	18,000	48,500	207,500

PEL 110

The PEL 110 block is a 1,453km² exploration license in the Cooper Basin located north of the Keleary and Telopea oil and gas fields and west of the James oil field. Last year, a 1,037km² seismic program over 10 exploration blocks (including PEL 110) was carried out by JV partner and Operator, Senex Energy Limited (refer Figure 1).

During the quarter, Orca announced that initial interpretive work from the Dundinna 3D seismic program had identified multiple first pass leads on PEL 110, all with potentially stacked horizons. Of these leads, two (2) are expected to be prioritized for drilling in the second half of 2014 with a work program and budget recently approved by the JV for the drilling of two wells.

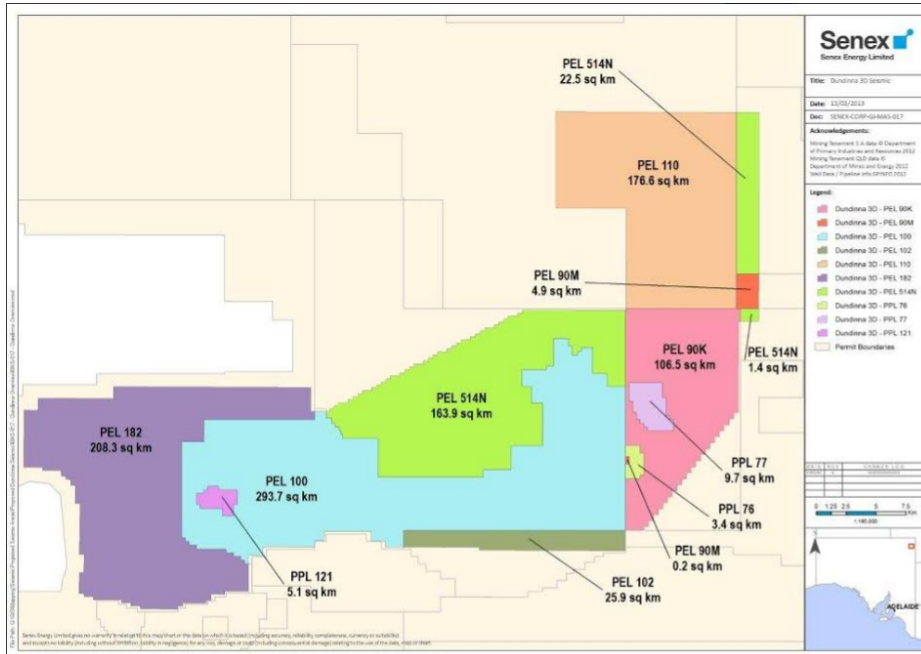


Figure 1 – Dundinna Seismic Area (Source, Senex Energy Limited)

It is important to note that **all** of the initial first pass leads identified from the 3D seismic program on PEL 110 exhibit 4-way structural closure. An initial review of the seismic data indicates there is additional potential for stratigraphic prospects in block PEL 110 that will be properly delineated once the detailed interpretation of the 3D is complete. The 3D seismic covers a large area, but one that is sparsely explored. Of the 26 wells drilled within the Dundinna 3D seismic area, those interpreted to have been drilled within a valid structural closure have produced oil on 67% of occasions.

	# of Wells	Wells with production	Wells with fluorescence
All	26	7	19
Wells with closure	9	6 (67%)	
Wells barely closed	8	1 (12%)	7 (88%)
Wells with no closure	9	0 (0%)	9 (100%)



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

Orca has been advised that its Joint Venture partner and Operator, Dan A. Hughes Company (Hughes), has made a decision to relinquish its interest in the prospect and assign all leases back to Highland Minerals Inc. and New Oil and Gas, LLC (the prospect generators). Hughes cites land access issues, geological risk and gas prices as reasons for its decision. This is in contrast to Hughes' recently advised position regarding the project and its drilling intentions.

Orca has since been in contact with the prospect generators who are now in the process of identifying a new JV partner and operator. Orca remains committed to the project and is of the view that all issues cited by Hughes are manageable and looks forward to updating the market when a new operator, who can deliver a well in a timely and cost effective manner, is identified. Orca is also considering potentially increasing its exposure to the well from its current 20% interest.

Corporate

During the quarter the Company completed a buy-back of unmarketable parcels of fully paid ordinary shares based on a Buy-Back price of \$0.02 per share.

A total of 8,650,899 fully paid ordinary shares relating to the Buy-Back have been acquired and cancelled. The number of shareholders reduced from 2,596 to 1,432 following the share buy-back.

Subsequent to the quarter end in accordance with ASX Listing Rule 3.16.1 the Company advises that Ms Rebecca Sandford has resigned as Joint Company Secretary effective 30 July 2014. The Company would like to thank Ms Sandford for her services over the period she has been Company Secretary.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Greg Bandy', written over a light blue horizontal line.

Greg Bandy
Executive Director



ASX Additional Information for Quarterly Report to 30 June 2014

	Tenement Reference	Location	Working Interest at Beginning of Quarter	Acquired/ Disposed	Working Interest at End of Quarter
Oil & Gas Beneficial percentage interests held in farm-in or farm- out agreement					
	PPL251 (Was previously Fury JV of PEL 115)	Cooper Basin, South Australia	20%	N/A	20%
	PRL117 (Was previously Fury JV block of PEL 115)	Cooper Basin, South Australia	20%	N/A	20%
	PEL 110	Cooper Basin, South Australia	20%	N/A	20%
	Seabiscuit (Matagorda) Project	Texas	20%	N/A	20%

Competent Persons Statement.

The reserves estimates have been prepared by DeGolyer and MacNaughton and have been reviewed by Alexander Parks. All of the technical information, including information in relation to reserves and resources that is contained in this document has been reviewed internally by the Company's technical consultant, Mr Alexander Parks.

Mr Parks is a Petroleum Engineer who is a suitably qualified person with over 15 years' experience in assessing hydrocarbon reserves and has reviewed the release and consents to the inclusion of the technical information in the form it is presented.

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")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$'000	Year to date \$'000
1.1 Receipts from product sales and related debtors	1,117	2,653
1.2 Payments for (a) exploration & evaluation	(27)	(50)
(b) development	(752)	(2,042)
(c) administration	(238)	(942)
(d) production	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	50
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	4
Net Operating Cash Flows	107	(327)
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)	107	1,328

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	107	1,328
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	Unmarketable Buy-Back of Shares	(130)	(130)
1.18	Dividends paid	-	-
1.19	Other Cost of Issue	-	-
	Net financing cash flows	(130)	(130)
	Net increase (decrease) in cash held	(23)	1,198
1.20	Cash at beginning of quarter/year to date	2,822	1,601
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,799	2,799

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	63
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 63 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	50
4.2 Development	400
4.3 Production	-
4.4 Administration	150
Total	600

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	2,799	2,822
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,799	2,822

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	N/A	See additional information appendix	
6.2	Interests in mining tenements acquired or increased	N/A	See additional information appendix	

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

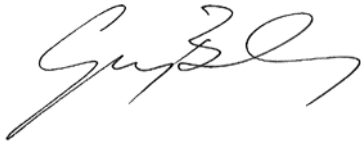
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	451,382,876	451,382,876		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
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	Nil	Nil		
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
30 July 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.