



30 April 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 March 2014

The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary for the period ending 31 March 2014.

Highlights

- **Barrels of oil sold for the quarter was approx. 8,600 net to Orca, resulting in revenue of approx. \$1,200,000**
- **Production for the quarter was approx. 6,000 barrels net to Orca**
- **Successful installation of ESP at Burruna-2**
- **Burruna-3 successfully completed as a future oil producer - awaiting artificial lift**
- **Successful completion of Unmarketable Parcel Buy-Back, reducing the number of shareholders by over 1,100**

Cooper Basin Production

Burruna-2 (OGY 20%)

At the beginning of the quarter the Burruna-2 production well was producing free flow oil from the Namur formation at a rate of approximately 430 bopd with 75% water cut. Post quarter end, after the successful installation of an Electric Submersible Pump (ESP) at Burruna-2, the well is now currently producing oil from the Namur formation at a rate of approximately 750 bopd with a water cut of approximately 75%.

There was material downtime during the period as a result of the ESP work-over, however with Burruna-2 now back online following its successful installation, Orca is well positioned to take advantaged of material oil sales and a robust oil price.

Sales for the quarter were approx. 8,600 barrels (net to OGY) resulting in revenue of close to \$1,200,000. On average, Orca receives approximately A\$120/bbl due to the premium quality of the oil.

BOARD & MANAGEMENT

Mr Greg Bandy
EXECUTIVE DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Jeremy King
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford
Ms Sara Kelly
JOINT COMPANY SECRETARY

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ASX CODE

OGY



Barrels of oil produced for the quarter was approx. 6,000 (net to OGY) with gross revenue in excess of \$720,000. Capital expenditure for the quarter was relatively high due to the ESP installed at Burruna-2 as well as completion works and facility upgrades at Burruna-3.

Burruna-3 (OGY 20%)

During the quarter the Burruna-3 discovery well was successfully completed as a future oil producer and the work-over rig released. The well was completed as a dual zone, selectable, free flow producer where the lower and upper Birkhead sandstones are expected to be productive. Burruna-3 is located in the southern Cooper-Eromanga Basin within the Fury JV block of PEL 115 (Orca 20%, Senex Energy 80%) - refer Figure 1. In November the well encountered approximately 3m of interpreted net pay in two zones in the lower Birkhead as well as good quality oil and gas shows in the Murta Formation, which is productive in the adjacent Fury (OGY 20%) and Mirage fields.

Following the quarter end, the Burruna-3 well was shut in awaiting installation of artificial lift equipment. After oil was initially produced to surface during the completion operation the well was temporarily suspended until the flow line and facilities were installed. Since re-opening the well, the production has been hindered by a heavy fluid column that appears to be holding the well back from natural flow production. This heavy column was also observed in Burruna-2 in the initial weeks of production until the well stabilised and fines, drilling fluid and loose formation grains were cleared from the well and water cut stabilised. The Joint Venture remains confident that Burruna-3 will produce strongly once the pump is installed, which is anticipated to be in the June quarter.

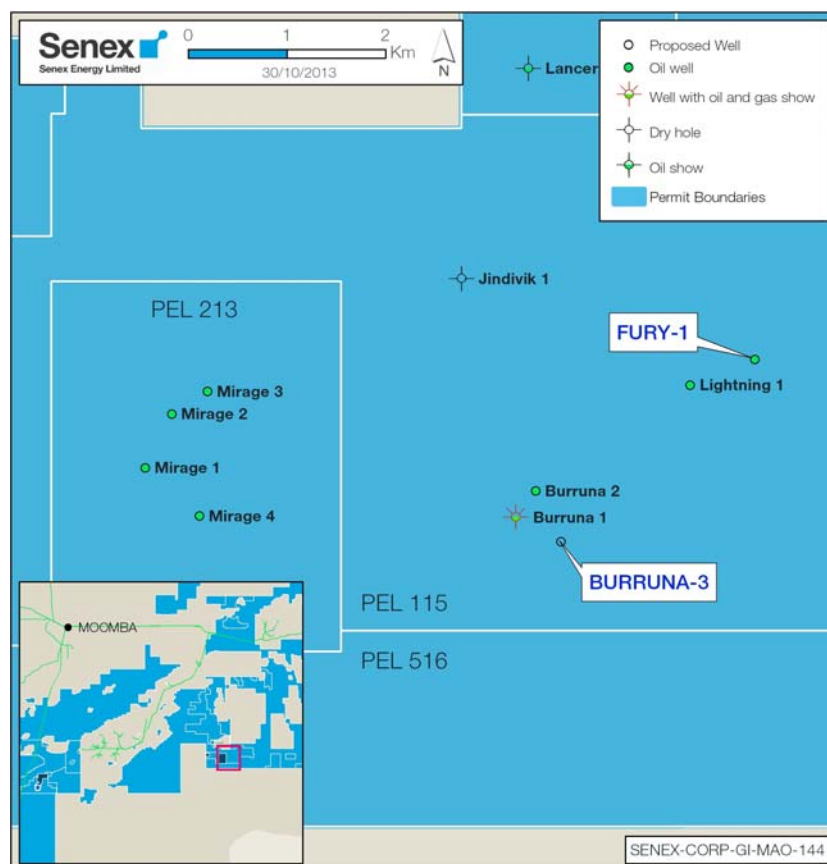


Figure 1.



Cooper Basin – PEL 110

The processing of the Dundinna 3D seismic is proceeding ahead of schedule with approximately 75% now completed. The initial volumes will be ready to start interpretation shortly with a view to identification of potential drilling prospects for late 2014.

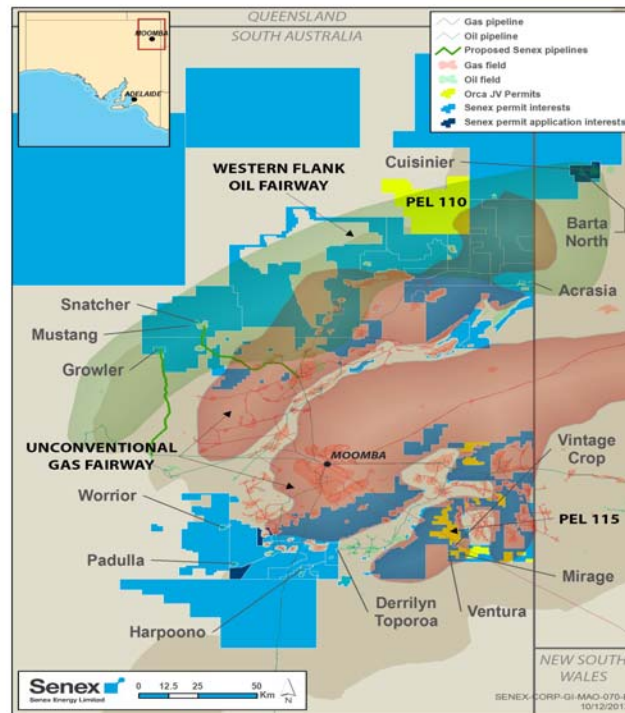


Figure 2.

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

Post quarter end, Orca's Joint Venture partner and operator, Dan A. Hughes Company (Hughes), advised that they have now made a final decision on the route to be used to access the Seabiscuit well site location. This route, now from the south, will involve dredging a channel to bring in equipment by barge. This decision was made after consultation with existing landowners to the north as well as with other JV partners and stakeholders in the well. It is seen as the most cost effective route available as well as being more efficient should more wells be required to be drilled in the future. Hughes has now begun the permitting process of dredging which is expected to take several months. The drilling permit approval will be applied for once the dredging is completed. This is most likely to be after the hurricane season, which is usually towards the end of September.

While disappointed with this latest delay, Orca is encouraged by Hughes' commitment to the well and sees this alternate access decision as one that should bring a 2014 spud date to fruition.



Corporate

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

Following the end of the quarter, the share buy-back of unmarketable parcels was completed, 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.

For and on behalf of the Board

Greg Bandy
Executive Director

ASX Additional Information for Quarterly Report to 31 March 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					
	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%

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 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors	1,198	1,536
1.2 Payments for (a) exploration & evaluation	-	(23)
(b) development	(1,290)	(1,290)
(c) administration	(121)	(704)
(d) production	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	43
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	(200)	(434)
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)	(200)	1,221

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(200)	1,221
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	(200)	1,221
1.20	Cash at beginning of quarter/year to date	3,022	1,601
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,822	2,822

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	39
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	39
Payments to Director Related Companies	-

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	2,822	3,022
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,822	3,022

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

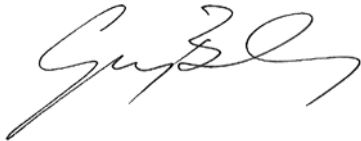
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	460,033,775	460,033,775		
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 April 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.== == == == ==

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