



ORCAENERGY

AND CONTROLLED ENTITIES

ABN 25 009 121 644

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

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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 the year ended 30 June 2014 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*.

Directors' Report

Your directors present their report on the consolidated entity of Orca Energy Limited ("Company") and its controlled entities ("Group") at the end of, or during, the half year ended 31 December 2014.

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 (Managing Director)

Mr Jason Bontempo (Non-Executive Director)

Mr Nathan Rayner (Non-Executive Director) – appointed 23 October 2014

Mr Jeremy King (Non-Executive Director) – resigned 23 October 2014

Review of Operations for the Half Year ended 31 December 2014

The consolidated Statement of Profit or Loss and Other Comprehensive Income shows a consolidated total comprehensive loss for the half year ended 31 December 2014 to members of \$845,773 (2013: total comprehensive profit of \$1,552,215).

PPL 251 & PRL 117 - Cooper Basin, South Australia

Production from the Burruna Field for the period was 17,185 barrels of oil, net to Orca, with the number of barrels sold, net to Orca, being 20,572. Revenue received from barrels sold was \$1,872,573 with total cash received for the period being \$2,272,094, which included payments for barrels sold in the previous period.

During the period the water cut at Burruna climbed and oil production was constrained. The Operator undertook various facility modifications to increase the liquid handling capacity at the facility to maintain the gross oil production rate at over 300bopd. This capacity expansion will continue in the first half of 2015 and should result effectively in only a modest decline in production rate net to Orca for the next period.

Orca is supporting the Operator to continue to maximise the production and optimise operating expenditures to maintain profitability in the current price environment.

PEL 110 - Cooper Basin, South Australia

The Akela-1 exploration well spudded on 29 October and was drilled to a total depth of 2,676 metres to evaluate stacked oil potential across an interpreted four-way dip-closed structure in the northern flank of the Cooper Basin. The well encountered trace to poor oil shows, with the best oil shows occurring in the Birkhead Formation. A basal sandstone in the Birkhead Formation was identified as a potential hydrocarbon bearing zone however several attempts to sample reservoir fluids from this formation were unsuccessful due to poor borehole conditions. The well was cased and suspended in mid-November for future evaluation, with no further drilling planned in PEL 110 for FY15. Additional review and analysis will be undertaken during the second half of FY15.

While both the Akela-1 well and Senex Energy Limited's (JV partner and Operator) regional Northern Cooper Basin campaign did not result in the discovery of commercially exploitable reserves, it did, according to Senex, provide for the collection of valuable technical data in this underexplored region of the Cooper Basin. Drilling on four-way dip-closed structures proved that oil has migrated into the region, however the structures drilled generally exhibited poor reservoir and/or uneconomic quantities of oil.

Subject to JV approval, Senex's next phase of their campaign will involve applying AVO and inversion processes to the Cordillo and Dundinna 3D seismic surveys, using shear sonic data gained from the recent northern drilling program. The aim of these processes is to identify stratigraphic traps with favourable reservoir qualities and large reserves potential. Such traps have not previously been explored in this area as technologies have only evolved in recent years.

Seabiscuit – Texas

During the period, NEU Oil & Gas LLC and Highland Minerals Inc (the “Project Generators”) officially advised Orca of the need to appoint a successor Operator under the JOA after Dan A. Hughes Company made a decision to relinquish its interest in the prospect and assign all leases back to the Project Generators. Hughes cited land access issues, geological risk and gas prices as reasons for its decision. This was obviously in contrast to Hughes’ previously advised position regarding the project and its drilling intentions.

In 4Q 2014 the Project Generators initiated contact with a drilling contractor to explore the option of drilling the Seabiscuit prospect with a barge rig. This option was thought to be cost prohibitive in the past, but with the recent drop in commodity prices and drill rigs being stacked, it is believed that this logistically simpler approach may now be more cost effective than barging a rig out to the barrier island and transporting it along the beach.

NEU Oil & Gas also began work with a geophysicist to remap the prospect on reprocessed 3D data. The reprocessed data affirms the original data with the fundamentals of the prospect remaining unchanged, that is a large structural closure up-thrown to a major growth fault.

Whilst NEU Oil & Gas has been approached by a number of investors wishing to invest in the prospect and its drilling, they are yet to find one willing to operate. Their focus, therefore, remains on finding an operator and maintaining the leases required to keep the prospect in order.

Realistically, it is unlikely that this prospect will be drilled until 4Q 2015 at the earliest, and it will most likely be drilled later, with Orca monitoring the current oil & gas environment and market to determine whether it will commit to a drill program should it eventuate.

Corporate

On 23 October 2014 the Company announced the appointment of Nathan Rayner to the Board of Directors following the resignation of Jeremy King.

On 3 December 2014 500,000 unlisted options, exercisable at \$0.16 expired unexercised.

Events subsequent to Reporting Date

On 13 March 2015 Orca announced that it had entered into a binding Sales Agreement (the Transaction) with Senex Energy Limited (ASX: SXY) to sell its Cooper Basin Assets for approximately \$2,000,000 in cash, with an effective date of 1 January 2015. Orca (and its wholly owned subsidiary, Komodo Energy Pty Ltd (Komodo)) will sell to Senex the following permit and associated joint venture interests:

- i. Komodo’s 20% interest in Burruna oil field, being petroleum production licence 251 (PPL 251)
- ii. Komodo’s 20% interest in Fury oil field and petroleum retention licence 117 (PRL 117)
- iii. Orca’s 20% interest in petroleum exploration licence 110 (PEL 110).

The Transaction is subject to regulatory approvals, with settlement expected to occur on or before 31 May 2015.

Throughout the course of the past year, Orca has worked very closely and effectively with Senex Energy in trying to deliver value to shareholders via these assets. Given the assets will require further investment, the monetisation of Orca’s Cooper Basin interests is a prudent course of action in the current low oil price environment and will enable Orca to focus its efforts and investment on its Seabiscuit project in Texas, USA as well as pursuing other opportunities.

The disposal of these assets will leave Orca with in excess of \$5,000,000 in cash (approx. 1.1c per share) and a board and management team focused on delivering long term and sustainable value for shareholders.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Greg Bandy
Managing Director

Perth, Western Australia,
16 March 2015

16 March 2015

Board of Directors
Orca Energy Limited
Level 1
35 Richardson 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 2014, 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

for the half-year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Revenue	3	1,872,573	737,909
Cost of Sales	4	(1,589,637)	(329,892)
Gross Profit		282,936	408,017
Other income		4,131	34,287
Profit on Farmdown	12	-	1,840,000
General and administrative expenses		(29,825)	(47,143)
Compliance and regulatory expenses		(73,266)	(128,360)
Consultancy costs		(84,258)	(146,500)
Employee benefits expense		(115,260)	(177,495)
Exploration expenditure impaired/written off		(1,274,951)	-
Travel expense		-	(11,724)
Depreciation expense		-	(7,288)
Share based payments expense		-	(214,134)
Unrealised foreign exchange gain		444,720	2,555
(Loss)/Profit before income tax expense		(845,773)	1,552,215
Income tax expense		-	-
(Loss)/Profit after income tax expense		(845,773)	1,552,215
Other comprehensive income			
Items that will not be reclassified subsequently to Profit or Loss		-	-
Items that may be reclassified subsequently to Profit or Loss		-	-
Total other comprehensive income for the period after income tax		-	-
Total comprehensive (loss)/income for the period		(845,773)	1,552,215
(Loss)/Profit attributable:			
Owners of the parent		(845,773)	1,552,215
Non-controlling interests		-	-
		(845,773)	1,552,215
Total comprehensive (loss)/profit attributable to:			
Owners of the parent		(845,773)	1,552,215
Non-controlling interests		-	-
		(845,773)	1,552,215
Basic and diluted (loss)/profit per share (cents per share)		(0.19)	0.29

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
as at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,147,374	2,768,502
Trade and other receivables	5	200,034	635,422
Assets held for sale	6	2,000,000	-
Other assets		-	19,776
Other financial assets		400	400
Oil Inventory		11,488	88,348
Total Current Assets		5,359,296	3,512,448
Non-Current Assets			
Exploration and evaluation expenditure	7	1,989,569	2,473,570
Oil and gas properties	8	-	2,404,118
Total Non-Current Assets		1,989,569	4,877,688
TOTAL ASSETS		7,348,865	8,390,136
LIABILITIES			
Current Liabilities			
Trade and other payables		427,695	608,194
Provisions		12,684	27,683
Liabilities associated with assets held for sale		132,000	-
Total Current Liabilities		572,379	635,877
Non-Current Liabilities			
Provisions		-	132,000
Total Non-Current Liabilities		-	132,000
TOTAL LIABILITIES		572,379	767,877
NET ASSETS		6,776,486	7,622,259
EQUITY			
Issued Capital	9	28,630,786	28,630,786
Reserves	10	2,255,331	2,255,331
Accumulated losses		(24,109,631)	(23,263,858)
TOTAL EQUITY		6,776,486	7,622,259

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

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2014

	Issued Capital Ordinary	Accumulated losses	Option Reserves	Total
	\$	\$	\$	\$
As at 1 July 2013	30,669,331	(23,562,818)	2,041,197	9,147,710
Total comprehensive income for the period				
Profit for the period	-	1,552,215	-	1,552,215
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period:	-	1,552,215	-	1,552,215
Transactions with their owners in their capacity as owners:				
Securities bought back during the period including transaction costs	(1,865,528)	-	-	(1,865,528)
Options issued during the period	-	-	214,134	214,134
Total contributions by and distributions to owners	(1,865,528)	-	214,134	(1,651,394)
As at 31 December 2013	28,803,803	(22,010,603)	2,255,331	9,048,531
As at 1 July 2014	28,630,786	(23,263,858)	2,255,331	7,622,259
Total comprehensive income for the period				
(Loss) for the period	-	(845,773)	-	(845,773)
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive (loss) for the period:	-	(845,773)	-	(845,773)
Transactions with their owners in their capacity as owners:	-	-	-	-
As at 31 December 2014	28,630,786	(24,109,631)	2,255,331	6,776,486

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

Consolidated Statement of Cash flows

for the half-year ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees (including cost of sales)	(1,241,278)	(558,052)
Receipts from sales and related debtors	2,272,094	322,932
Interest received	4,131	29,791
Other revenue	-	4,496
Net cash provided by/ (used in) operating activities	1,034,947	(200,833)
Cash Flows from Investing Activities		
Payments for exploration and evaluation expenditure	(825,563)	(8,413)
Payment for development of oil and gas properties	(275,233)	-
Reimbursement of exploration and evaluation expenditure	-	1,654,673
Net cash (used in)/ provided by investing activities	(1,100,796)	1,646,260
Cash Flow From Financing Activities		
Payments for share transaction costs	-	(25,528)
Net cash used in financing activities	-	(25,528)
Net (decrease)/ increase in cash held	(65,849)	1,419,899
Cash and cash equivalents at the beginning of the half-year	2,768,502	1,615,645
Net foreign exchange differences	444,721	-
Cash and cash equivalents at end of half-year	3,147,374	3,035,544

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

Condensed Notes to the Financial Statements

1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 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 2014, 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.

b) Accounting Policies

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.

c) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has considered the implications of new and amended Accounting Standards that became applicable for reporting periods commencing after 1 January 2014 but determined that their application to the financial statements is either not relevant or not material.

2. Accounting policies

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Orca Energy Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Condensed Notes to the Financial Statements (Continued)

	31 December 2014 \$	31 December 2013 \$
3. REVENUE		
Revenue for the period	1,872,573	737,909
	1,872,573	737,909
4. COST OF SALES		
Cost of sales for the period	1,589,637	329,892
	1,589,637	329,892
	31 December 2014 \$	30 June 2014 \$
5. TRADE AND OTHER RECEIVABLES		
Trade debtors	100,872	623,658
Other receivables	67,234	-
GST receivable	31,928	11,764
	200,034	635,422
Trade and other receivables are non-interest bearing and generally on 30 to 60 day terms. The other classes within trade and other receivables do not contain impaired assets and are not past due.		
6. ASSETS HELD FOR SALE		
PPL 251, PRL 117 and PEL 110	2,000,000	-
	2,000,000	-
Orca has entered into a binding Sales Agreement with Senex Energy Limited to sell its Cooper Basin Assets for approximately \$2,000,000 in cash, with an effective date of 1 January 2015 (refer to note 14).		
7. EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost	1,989,569	2,473,570
Movement		
Opening balance	2,473,570	6,045,863
Expenditure capitalised	712,219	53,327
Impaired expenditure	(1,196,220)	(2,158,006)
Assets transferred to oil and gas properties	-	(1,467,614)
Closing balance	1,989,569	2,473,570
8. OIL AND GAS PROPERTIES		
Costs carried forward in respect of areas of interest in the following phases:		
Oil and gas properties – at cost	-	2,404,118
Movement		
Opening Balance	2,404,118	-
Assets transferred to oil and gas properties	-	1,467,614
Additions	275,233	1,497,074
Assets transferred to assets held for sale	(2,000,000)	-
Amortisation/impairment	(679,351)	(560,570)
Closing balance	-	2,404,118

Condensed Notes to the Financial Statements (Continued)

	31 December 2014	30 June 2014
	\$	\$
9. ISSUED CAPITAL		
(a) Issued and paid up capital		
Issued and fully paid	28,629,986	28,629,986
Converting preference shares	800	800
	28,630,786	28,630,786

	31 December 2014		30 June 2014	
	No.	\$	No.	\$
(b) Movements in ordinary shares on issue				
Opening balance	451,382,876	28,629,986	575,033,775	30,668,531
Share buy-back Senex Energy	-	-	(115,000,000)	(1,840,000)
Unmarketable parcel buy-back	-	-	(8,650,899)	(173,018)
Transaction costs relating to buy-back	-	-	-	(25,527)
Closing balance	451,382,876	28,629,986	451,382,876	28,629,986

(c) Converting preference shares				
Opening balance	2,006	800	2,006	800
Closing balance	2,006	800	2,006	800

	31 December 2014	30 June 2014
	\$	\$
10. RESERVES		
Option Reserve ¹	2,255,331	2,255,331
	2,255,331	2,255,331

¹ The option reserve is used to record the value of equity benefits provided to Directors, executives and employees as part of their remuneration and non-employees for their goods and services.

11. 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 development, exploration and evaluation of oil and gas. During the half year ended 31 December 2014 the consolidated entity operated in the following Geographic Segments: Australia and USA. (2013: Australia and USA).

	31 December 2014	31 December 2013
	\$	\$
(a) Revenue/ other income by geographical region		
Revenue/ other income attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	1,872,573	2,577,909
USA	-	-
Unallocated items – interest and other income	4,131	34,287
Total revenue	1,876,704	2,612,196

Condensed Notes to the Financial Statements (Continued)

	31 December 2014	31 December 2013
	\$	\$
(b) (Loss)/Profit by geographical region		
Profit attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	(849,904)	1,517,928
USA	-	-
Unallocated items – interest and other income	4,131	34,287
Total (Loss)/Profit	(845,773)	1,552,215

	31 December 2014	30 June 2014
	\$	\$
(c) Assets by geographical region		
The location of the segment assets is disclosed below by geographical location of the assets:		
Australia	5,359,296	6,390,126
USA	1,989,569	2,000,010
Total Assets	7,348,865	8,390,136

	31 December 2014	30 June 2014
	\$	\$
(d) Liabilities by geographical region		
The location of the segment liabilities is disclosed below by geographical location of the assets:		
Australia	572,378	757,446
USA	-	10,431
Total Liabilities	572,378	767,877

12. PROFIT ON FARMDOWN

On the 14th June 2013 the group entered into an agreement with Senex Energy Limited regarding the sale of its 20% participating interest in PEL115. The transaction required shareholder approval which was subsequently received on the 7th August 2013. At 30 June 2013 the below assets were classified as held for sale as they were costs which would be reimbursed or accrued payables which were subsequently free-carried. For the half-year ended 31 December 2013 the Company recognised a \$1,840,000 profit on the farmdown of these assets.

13. DIVIDENDS

No dividend has been declared or paid during the period ended 31 December 2014.

14. EVENTS SUBSEQUENT TO REPORTING DATE

On 13 March 2015 Orca announced that it had entered into a binding Sales Agreement (the Transaction) with Senex Energy Limited (ASX: SXY) to sell its Cooper Basin Assets for approximately \$2,000,000 in cash, with an effective date of 1 January 2015. Orca (and its wholly owned subsidiary, Komodo Energy Pty Ltd (Komodo)) will sell to Senex the following permit and associated joint venture interests:

- i. Komodo's 20% interest in Burruna oil field, being petroleum production licence 251 (PPL 251)
- ii. Komodo's 20% interest in Fury oil field and petroleum retention licence 117 (PRL 117)
- iii. Orca's 20% interest in petroleum exploration licence 110 (PEL 110).

The Transaction is subject to regulatory approvals, with settlement expected to occur on or before 31 May 2015.

Throughout the course of the past year, Orca has worked very closely and effectively with Senex Energy in trying to deliver value to shareholders via these assets. Given the assets will require further investment, the monetisation of Orca's Cooper Basin interests is a prudent course of action in the current low oil price environment and will enable Orca to focus its efforts and investment on its Seabiscuit project in Texas, USA as well as pursuing other opportunities.

The disposal of these assets will leave Orca with in excess of \$5,000,000 in cash (approx. 1.1c per share) and a board and management team focused on delivering long term and sustainable value for shareholders.

15. CONTINGENT LIABILITIES

The Directors are not aware of any new contingent liabilities as at 31 December 2014. There has been no change in contingent liabilities since the last annual reporting date.

16. SUBSIDIARIES

The consolidated financial statements include the financial statements of Orca Energy Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 31 December 2014	% Equity Interest 30 Jun 2014
Komodo Energy Pty Ltd	Australia	100%	100%
Sugarbay Investments Pty Ltd	Australia	100%	100%
Crestwood Pty Ltd ¹	Australia	100%	-

¹ Crestwood Pty Ltd was incorporated on 5 September 2014.

Directors' Declaration

The Directors of the Company declare that:

- 1) The condensed financial statements and notes as set out on pages 5 to 13 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (b) give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2014 to 31 December 2014.
- 2) At the date of this statement, in the Directors' opinion, there are reasonable grounds to believe that Orca Energy Limited will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors made pursuant to S.303(5) of the *Corporations Act 2001*.



Greg Bandy
Managing Director

Perth, Western Australia,
16 March 2015

**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 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, condensed 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 2014 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 16 March 2015

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 2014 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
16 March 2015