



26 July 2013

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

*By E-Lodgement*

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## Quarterly Activities Report for the Period Ending 30 June 2013

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The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary for the period ending 30 June 2013.

### Highlights

- **Sale of Orca's 20% participating interest PEL 115 to Senex in exchange for a package of benefits worth approx. \$7 million\***
- **Orca to retain its 20% interest in two key PEL 115 assets, Fury & Burruna**
- **Orca also retains a "back-in" right to participate 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**
- **The sale will leave Orca with a cash position in excess of \$3 million and free carried for all current Cooper Basin activities for the next 12 months**
- **Fury-1 recompleted and undertaking a production test with initial flow rates of up to 75 barrels of oil per day**

### Cooper Basin

Orca has an interest in two quality licences in the onshore Cooper Basin, a prolific oil and gas production region with significant tight sand and shale gas potential:

#### PEL 115 – OGY 20%

During the quarter the Orca's JV Partner and Operator of PEL 115, Senex Energy Limited (ASX: SXY) prepared an initial assessment of the resources associated with the Hornet-1 well and surrounding area, now designated the Hornet Field, which straddles the PEL 115 Hornet Block and PEL 516 (SXY 100%). The Contingent Resource associated within the Hornet Block of PEL 115 was 176BCF gross (35BCF net to Orca) and assessed with high confidence due to data gathered from Hornet-1 and Kingston Rule-1 in 2013, with both wells located in PEL 115 and having flowed gas.

\*Subject to shareholder approval at Orca EGM on 7<sup>th</sup> August 2013

#### 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

#### REGISTERED OFFICE

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#### POSTAL ADDRESS

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#### CONTACT DETAILS

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#### WEBSITE

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#### SHARE REGISTRY

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009

#### ASX CODE

OGY



In June, the Company announced that it has agreed to sell its 20% participating interest in PEL 115 to Senex Energy in exchange for a package of benefits worth approximately \$7 million that includes a 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 the Fury-1 well
- Free carry of Orca's 20% share of costs to drill, case and suspend a proposed horizontal well in the Fury or Burruna Block\*
- 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 current Cooper Basin activities for the next 12 months.



Figure 1.

\* 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.



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.

## **Fury-1**

### **Background**

Victoria Petroleum drilled the Fury-1 oil discovery in 2009 to assess the oil charged Murta Member. The presence of an oil column over an 18m gross interval was interpreted from the wire line logs, MDT data and sidewall cores. An additional oil sand was also confirmed in the Permian Epsilon Formation. Production testing was to begin once a workover rig became available and the close proximity of the Mirage Oil Field production facilities offered the opportunity for a pipeline connection from the Fury-1 oil discovery to the Mirage Oil Field. The testing program was delayed, however, due to abnormally high rains that saw large parts of the Cooper Basin under water for over a year. Subsequent review and analysis by Senex concluded that an additional 11 metres of net pay could be accessed via a recompletion and extra perforations.

On 13th June, Orca announced that the Fury-1 oil exploration well (refer Figure 1 above) was to be completed and placed on a 10 day initial production test (IPT). The test was to evaluate deliverability of the resource within the Fury oil field.

### **Subsequent Events**

Subsequent to the quarter end the Joint Venture announced the Fury-1 oil exploration well had been recompleted and was undertaking a production test with initial flow rates of up to 75 barrels of oil per day. A hydraulic pump unit and surface facilities have been installed and test results are being evaluated with a view to bringing the well on line for long-term production.

## **PEL 110 – OGY 20%**

During the quarter Orca’s JV partner and operator, Senex Energy Limited (ASX: SXY), announced the commencement of its Dundinna 3D seismic program targeting conventional oil and gas across the northern Cooper Basin.

Approximately 176.7km<sup>2</sup> of 3D seismic will be acquired and processed across PEL 110 (OGY 20%) which currently has 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 prospective position on the western flank of the South Australian Cooper Basin and is majority owned by Senex who holds a 60% interest in the block.

Under the sales agreement announced with Senex on 13th June, Orca will be free carried through this entire program.

The PEL 110 project is located north of the Keleary and Telopea oil and gas fields and west of the James oil field (refer Figure 2.) Completion of this 3D seismic survey will be a significant further step forward in the exploration of PEL 110.

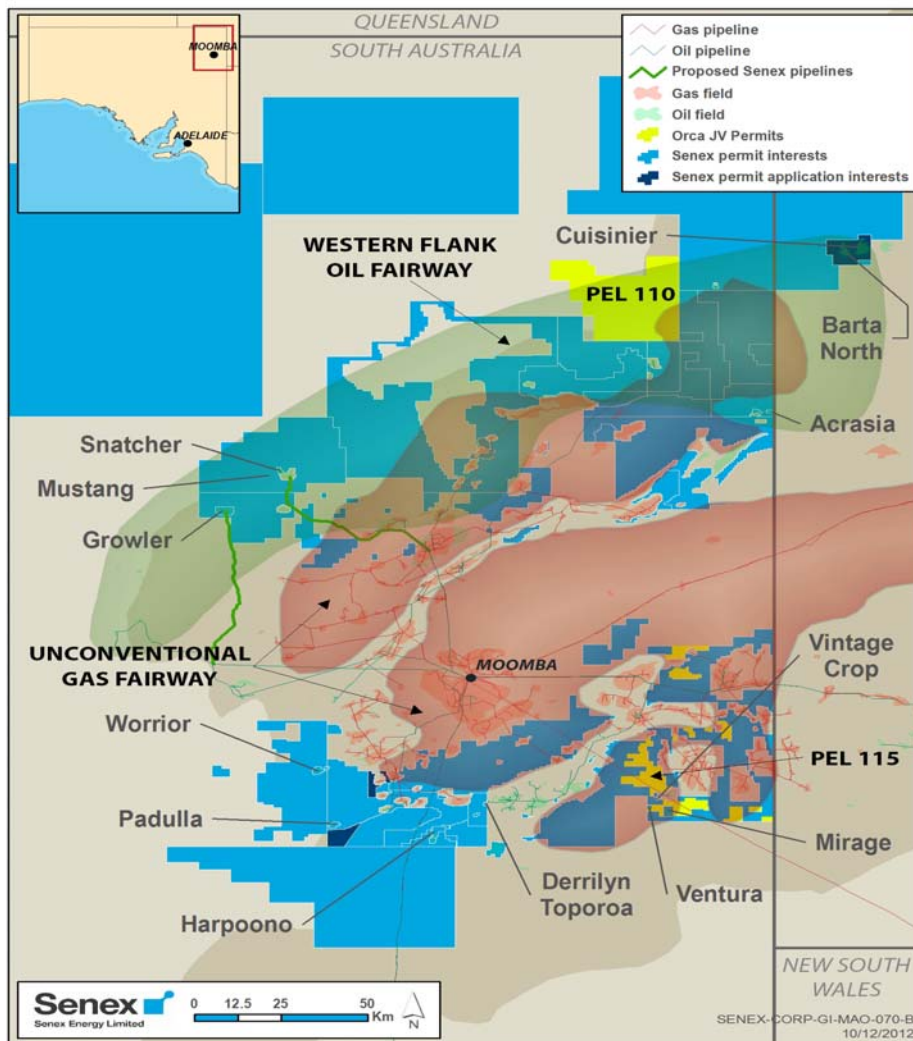


Figure 2.

## **Seabiscuit (Matagorda) Project, Texas - OGY 20%**

Last US winter, Orca's JV partner and operator, Dan A. Hughes Company (Hughes) decided to postpone the drilling of the Arnold-Kain #1 well in Matagorda County. Hughes has recently begun working on this prospect again. Hughes intends to begin construction operations in October and to spud in the first quarter of next year, however the timing is tentative and subject to change based on weather conditions and rig availability. Orca expects Hughes to make a formal proposal to drill the Arnold-Kain #1 Well in Q3 this year.

The 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.



## **Corporate**

Subsequent to the quarter end the Company announced that an Extraordinary General Meeting would be convened on 7<sup>th</sup> August 2013 to seek the approval of the sale of PEL 115 transaction from Orca's shareholders.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Greg Bandy', written in a cursive style.

**Greg Bandy**  
**Executive Director**

## 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 2013

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	(125)	(1,782)
(c) administration	(176)	(654)
(d) production	-	-
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	13	102
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(288)</b>	<b>(2,334)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) project acquisition	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(288)</b>	<b>(2,334)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(288)	(2,334)
<b>Cash flows related to financing activities</b>			
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(288)	(2,334)
1.20	Cash at beginning of quarter/year to date	1,889	3,935
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,601	1,601

**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	50
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 50 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
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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
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+ 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	-
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>450</b>

### 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	1,601	1,889
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,601</b>	<b>1,889</b>

### 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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

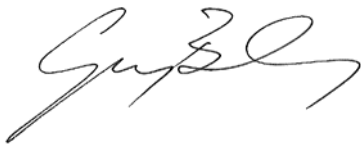
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <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 <b>*Ordinary securities</b>	575,033,775	575,033,775		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 <b>Options</b> <i>(description and conversion factor)</i>	500,000		<i>Exercise Price \$0.16</i>	<i>Expiry Date 3 Dec 14</i>
7.8 Issued during quarter	Nil	Nil		Nil
7.9 Exercised during quarter	Nil	Nil		
7.10 Expired during quarter	Nil	Nil		
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured notes</b> <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**  
26 July 2013

## 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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+ See chapter 19 for defined terms.