



31 July 2012

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

By E-Lodgement

Quarterly Report for the Period Ending 30 June 2012

The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary for the period ending 30 June 2012, including subsequent events.

Highlights

- **Weatherford Drill Rig 826 rig secured to drill Orca's free carried well (Kingston Rule 1) in PEL 115**
- **Location of Kingston Rule 1 approved and scheduled for drilling in October 2012**
- **PEL 115 is adjacent to PEL 516 in which JV partner Senex Energy's successful first unconventional well (Sasanof-1) flowed gas to surface**
- **Gas condensate and fluorescence at Senex's second unconventional well (Talaq-1) in PEL 516 adjacent to PEL 115, with fracking to follow**
- **250km² 3D seismic program on PEL 110 to begin in Q3, 2012**
- **Orca remains well funded with circa \$4m in cash after cornerstone placement to Senex Energy in January 2012 at 3.5c per share**

Cooper Basin

Orca Energy has an interest in two quality licences in the onshore Cooper Basin, which is a prolific onshore producer of oil and gas with significant shale gas potential.

PEL 115 – OGY 20%

In January 2012, Orca Energy entered into an agreement to farm-out 22% of its Cooper Basin block, PEL 115, to joint venture partner and operator, Senex Energy Limited (ASX: SXY) in return for a dedicated unconventional gas exploration well to be drilled this year.

Prior to the quarter, Senex began a three well unconventional gas program on their 100% owned block, PEL 516 where drilling during the quarter have so far delivered excellent preliminary results with many of the attributes typically associated with successful unconventional gas fields.

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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Nedlands WA 6009

ASX CODE

OGY

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Subsequent to the quarter end, Senex announced on 24th July 2012 that it has secured the Weatherford Rig 826 for a two well program to drill its third unconventional well on PEL 516 (Skipton-1) and Orca's free carried well on PEL 115 (to be named "Kingston Rule 1"). The location of Kingston Rule 1 has now been finalised and this landmark well is scheduled to spud in October this year.

The location of block PEL 115 is significantly strategic as it is completely surrounded by PEL 516, where Senex estimates over 100Tcf Gas-in-Place from shales and coals alone (refer to Figure 1.)

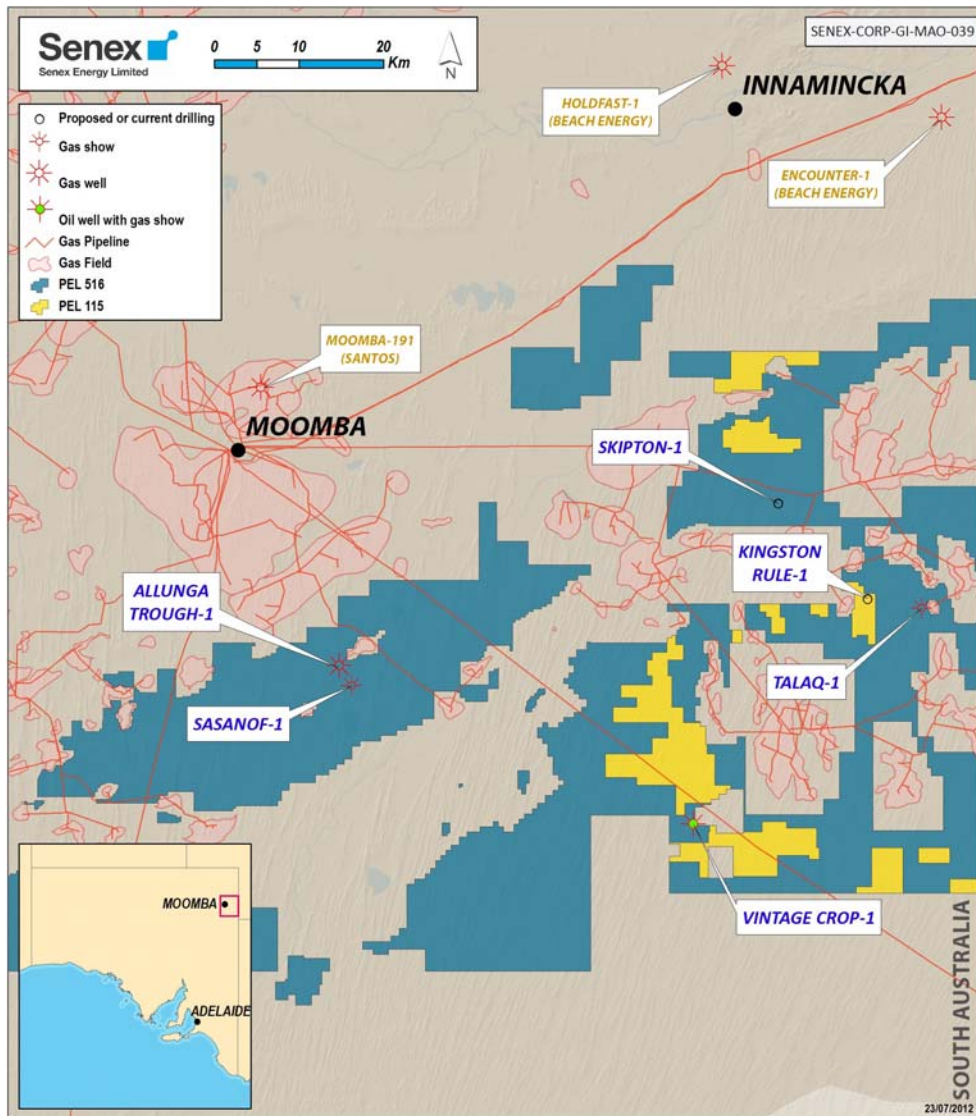


Figure 1: Location of Kingston Rule-1

Drilling of Senex's first well, Sasanof-1 concluded in April and commenced 'flowback' in May 2012 following the completion of an extensive hydraulic fracture stimulation program to test gas quality and deliverability. Preliminary results on both measures have been extremely positive with the well having flared at a peak gas flow rate of 178,000 cubic feet per day. It continues to produce fracture stimulation fluid and formation gas to surface with post-stimulation clean-up activities and production testing continuing.

The second well drilled in PEL 516, Talaq-1, reached a total depth of 2,879 metres on 1 June 2012. A comprehensive coring program was undertaken during drilling where Senex collected more than 320 metres of core from the Rosenearth and Murteree shales as well as the tight sands and coals of the Patchawarra Formation. High gas readings were observed throughout the Permian Section during drilling.



Preliminary analysis of the mud logs has confirmed the presence of condensate and fluorescence in the Epsilon Formation, which suggests the presence of liquid hydrocarbons.

Kingston Rule-1

The Kingston Rule-1 location in PEL 115 has been selected to target the greatest net thickness of potential shale, siltstone and tight sandstone in the Roseneath-Epsilon-Murteree targets, as well as potential net pay in the Patchawarra tight sand intervals. Review of the Hornet-1 offset well, located 2.5km due south from the Kingston Rule-1 location, has identified net sand pay throughout the well-developed Patchawarra channel sands. Coring intervals for Kingston Rule-1 have been proposed through multiple Patchawarra sands to better understand the petrophysical nature of these tight sand reservoirs. The drilling of Kingston Rule-1 will be followed by a fracture stimulation program to realize the production potential of the unconventional gas reservoirs encountered in this well.

PEL 110 – OGY 20%

During the quarter, operatorship of PEL 110 was transferred to JV partner and majority (60%) owner Victoria Oil Exploration (1997) Pty Ltd, a wholly-owned subsidiary of Senex Energy, and the joint venture approved a 250km² seismic program for the year ending June 2013. This program is scheduled to commence in Q3, 2012 targeting conventional oil and gas along the western flank of the Cooper Basin. Completion of this 3D seismic survey will be a significant further step forward in the exploration of PEL 110.

Seabiscuit (Matagorda) Project - Texas

Orca's JV partner and operator, Dan A. Hughes Company continues to carry out necessary expenditures for road and site preparations, in anticipation of a spud date later this year. The Seabiscuit 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.

For and on behalf of the Board

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 2012

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		
1.2 Payments for (a) exploration & evaluation (b) development (c) administration (d) production	(34) (231)	(218) (828)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	38	83
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	13
	(227)	(950)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) project acquisition (b) equity investments (c) other fixed assets	-	(1,219)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		146
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
		(1,073)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(227)	(2,023)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(227)	(2,023)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	6,025
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	-	(418)
	Net financing cash flows	-	5,607
	Net increase (decrease) in cash held	(227)	3,584
1.20	Cash at beginning of quarter/year to date	4,162	351
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,935	3,935

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	96
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	96
Payments to Director Related Companies	Nil

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	100
4.2 Development	
4.3 Production	
4.4 Administration	150
Total	250

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	3,935	4,162
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,935	4,162

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			

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Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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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	575,033,775	437,533,775		
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>	3,875,000 500,000		<i>Exercise Price</i> \$0.26 \$0.16	<i>Expiry Date</i> 31 Dec 12 3 Dec 14
7.8	Issued during quarter	Nil	Nil		Nil
7.9	Exercised during quarter	Nil	Nil		

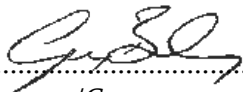
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7.10	Expired during quarter	Nil	Nil		
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil			

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.

Sign here:  Date: 31 July 2012
 (Director/~~Company secretary~~)
 Greg Bandy
 Print name:

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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