



31 October 2011

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

*By E-Lodgement*

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## **QUARTERLY REPORT**

### **Period Ended 30 September 2011**

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#### **SEPTEMBER 2011 QUARTER – HIGHLIGHTS**

- Acquired 20% interest in the oil and gas Seabiscuit (Matagorda) Project
- Change of company name and board
- Successful capital raising & major shareholder sell-down

#### **CORPORATE**

During the quarter the Company held a General Meeting to seek shareholder approval in respect of acquiring 100% of the issued share capital of Sugarbay Investments Pty Ltd. Sugarbay Investments has been assigned a 20% participating but non-operating interest in the oil and gas Seabiscuit (Matagorda) Project, situated in Matagorda County, Texas. The Company also sought shareholder approval to raise \$2m by way of a share placement and changed the company name. In conjunction with the Acquisition and related approvals, substantial shareholder Cape Lambert Resources Limited agreed to sell its 14.37% stake in the Company which was placed to clients of Max Capital Pty Ltd in concurrence with the Share Placement. During the quarter the Company also welcomed Mr Jason Bontempo, Mr Greg Bandy and Mr Jeremy King to the board. All resolutions were passed at the general meeting on 15 August 2011.

#### **SEABISCUIT (MATAGORDA) PROJECT**

The Seabiscuit (Matagorda) Project is a large structural closure with an area of approximately 1,750 acres. It is located in an ideal geological setting on trend with recently drilled wells flowing at sustained rates of 20 million cubic feet of natural gas and 200 barrels of oil per day, without any fracture stimulation. A 17,500 ft. well has been proposed to test the Seabiscuit trap that has been estimated by the Operator of the Project, to contain prospective resources of more than 300 billion cubic feet of natural gas (Bcf) and 3 million barrels of oil (MMbo) or condensate (mid case). Depending on reservoir thickness and column, the Project could contain prospectiveresources of more than 1 trillion cubic feet of natural gas (Tcf) and 10 million barrels of oil (MMbo) or condensate (high case).

#### **BOARD & MANAGEMENT**

Mr Greg Bandy  
EXECUTIVE DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Jeremy King  
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford  
COMPANY SECRETARY

#### **REGISTERED OFFICE**

945 Wellington Street  
West Perth WA 6005

#### **POSTAL ADDRESS**

PO Box 1263  
West Perth WA 6872

#### **CONTACT DETAILS**

Tel: +61 8 9322 7600  
Fax: +61 8 9322 7602

#### **WEBSITE**

[www.orcaenergy.com.au](http://www.orcaenergy.com.au)

#### **SHARE REGISTRY**

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009

#### **ASX CODE**

OGY

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The Project was delineated from high quality 3D seismic data, the oil and gas industry's best tool for imaging hydrocarbon traps. Nearby wells have confirmed hundreds of feet of high quality reservoir sandstones, and the proposed well is expected to penetrate the objective formation approximately 500 feet higher than the closest well which is 4 km's away and produced gas and condensate from the very top of the objective section. All of the nearby wells have encountered thick, high quality porous sandstones, indicating that the risk of poor reservoir rock is low. Seismic interpretation indicates that the reservoir rocks were in a trapping position in time to receive hydrocarbon charge, and this is supported by other discoveries along trend. Once formed, the Seabiscuit trap was buried beneath an estimated 8500 ft. of impermeable shale, which formed an ideal seal to keep the oil and gas in place.

The targeted objectives at the Seabiscuit Project are the same age as those found productive in Old Ocean Field (4.9 Tcf) approximately 53 km northeast of the Seabiscuit Project, and East Bay City Field (500 Bcf) approximately 43 km to the northeast. The latest discovery along trend at the Silverspoon Field, located approximately 24 km northeast of Seabiscuit, came on line at over 18 MMcfd and has produced 9.9 Bcf and 100,000 barrels of oil in just over 2 years. Silverspoon is still producing at roughly 6.5 MMcfd and has approximately 100 additional feet of pay section behind pipe, which will potentially deliver more gas and condensate.

The Operator of the Seabiscuit Project, Dan A. Hughes Co, is planning to spud the first exploration well in Q1, 2012.

Dan A. Hughes Co. is a prominent, independent petroleum exploration and production company with a 43-year record of success in drilling, discovering and producing hydrocarbons. Under the direction of Mr. Dan Hughes, with his 56 years of geological experience, and Dan Hughes Jr., with 27 years of experience, the company develops, drills, and operates oil and gas properties throughout Texas, Louisiana, Mississippi, Arkansas and the Rocky Mountains of the United States. Hughes has also made significant discoveries and is currently operating numerous international properties in Colombia, South America. Hughes holds a 50% working interest in the Seabiscuit Project. Other US companies and their management hold the remaining 30% working interest.

## AUSTRALIAN PROJECTS – COOPER BASIN

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

- **PEL 115** - includes the Fury-1 oil discovery with further testing and drilling to follow. Senex Energy Ltd 33%, Lion Petroleum Pty Ltd 25%, Orca Energy 42%
- **PEL 110** - seismic work scheduled for 2012. Senex Energy Ltd 60%, Cooper Energy 20%, Orca Energy 20%

The Permits are surrounded by existing production assets (59mmbbls gas per PIRSA) and contains leads totaling in excess of 50mmbbl oil and 450bcf gas. In addition to the leads there is also a large inventory of Prospects on both PEL 115 and PEL 110.

### PEL 115 (OGY 42%)

In December 2009, the Company announced an oil discovery at the Fury-1 well and confirmed by sidewall coring and wireline logging. A gross oil column of 17m (1309-1326m) was located in the Murta Formation. Interpreted range of volumes of oil in place from a mean 7.99MMbo to a highside 17.44MMbo (Independent report by MBA Petroleum Consultants, Brisbane based petroleum consultancy company).



Since discovery, attempts to undertake production testing at Fury-1 have been thwarted by unseasonal and lengthy flooding denying access to drilling equipment. Ground conditions have improved in recent times and the Company anticipates well testing will commence in the near term.

PEL 115 also presents significant unconventional shale gas resource potential. The block is adjacent to JV partner and operator's 100% owned block, PEL 516. Senex Energy Limited (ASX: SXY) is drilling up to 3 wells on PEL 516 in the next 9 months and estimates over 100Tcf Gas-in-Place resource potential (ASX presentation – October 2011).

#### **PEL 110 (OGY 20%)**

Lying in north of the Kileany and Telopea oil and gas fields and west of the James oil field, PEL 110 holds 7 leads and prospects identified in the Birkhead and Hutton Formations, with good stratigraphic similarities to nearby discoveries along the margin.

As with PEL 115, the PEL 110 permit has been subject to extensive flooding for a prolonged period, leading to suspension of all field work.

It is expected that a 3D seismic survey will be carried out in 2012 to identify drilling targets.

### **KYRGYZ REPUBLIC PROJECTS**

#### **Oil & Gas Projects**

During the quarter the Kyrgyz Republic Oil and Gas Projects were relinquished.

#### **Kashkasu II Uranium Project**

On 4 July, joint venture partner, Raisama, announced exciting results from a drilling campaign that more than doubled the previously known extents of mineralisation. The drilling reported broad high grade intercepts, with mineralisation now extending to 350m depth. Mineralisation remains open along strike and down dip. For further information see Raisama announcement 4 July 2011.

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## 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 September 2011

#### 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	(31) (101)	(31) (101)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	9	9
	(119)	(119)
<b>Net Operating Cash Flows</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	(1,219)	(1,219)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	55	55
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(1,164)	(1,164)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(1,283)	(1,283)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,283)	(1,283)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	2,000	2,000
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	(132)	(132)
	<b>Net financing cash flows</b>	<b>1,868</b>	<b>1,868</b>
	<b>Net increase (decrease) in cash held</b>	<b>585</b>	<b>585</b>
1.20	Cash at beginning of quarter/year to date	351	351
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>936</b>	<b>936</b>

**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	Nil
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	Nil
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
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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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### 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	
4.3 Production	
4.4 Administration	150
<b>Total</b>	<b>200</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	936	351
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>936</b>	<b>351</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		

+ See chapter 19 for defined terms.

**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 <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>	6,350,671,434	4,350,671,434		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,000,000,000			
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>	5,000,000 77,500,000 77,500,000 10,000,000		<i>Exercise Price</i> \$0.075 \$0.006 \$0.013 \$0.080	<i>Expiry Date</i> 31 Dec 11 03 Dec 11 03 Dec 12 11 Dec 14

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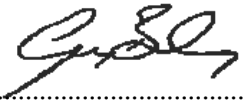
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7.8	Issued during quarter	Nil	Nil		Nil
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	<b>Debentures (totals only)</b>	Nil	Nil		
7.12	<b>Unsecured notes (totals only)</b>	Nil			

### Compliance statement

- 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).
- This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

31 October 2011

Sign here:  Date: .....

(Director/~~Company secretary~~)  
Greg Bandy

Print name: .....

### Notes

- 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.
- 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.
- 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.
- 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.

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

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- 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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