



31 October 2014

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

*Via E-Lodgement*

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**QUARTERLY ACTIVITIES REPORT  
FOR THE PERIOD ENDING 30 SEPTEMBER 2014**

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The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary and Appendix 5B for the period ending 30 September 2014.

### **Highlights**

**Production from Burruna for the quarter of approx. 11,000 barrels net to Orca**

**Barrels of oil sold for the quarter approx. 10,609 net to Orca, resulting in cash flow income in excess of \$1,000,000**

**PEL 110 Drilling Program approved**

**Drilling commences at first PEL 110 well, Akela-1**

### **PPL 251 & PRL 117 - Cooper Basin, South Australia**

Production from the Burruna Field for the quarter was 10,917 barrels of oil, net to Orca, with the number of barrels sold, net to Orca, being 10,609. Income received from barrels sold was \$1,080,029 with total revenue for the quarter being \$1,561,000, which included payments for barrels sold the previous quarter.

Over the last few months the water cut has climbed and recent oil production has been constrained due to the current facility liquid capacity at Burruna being limited to approx. 4,500bfpd. With the current Electrical Submersible Pump (ESP) the Burruna-2 well is capable of producing more fluid. Since the quarter end, a processing facility upgrade has been approved, which will be completed in two phases. Phase I will bring the facility capacity to approx. 6,000bfpd and is expected to be completed in November. Phase II will further lift the facility capacity to approx. 10,000bfpd and is expected to take place in the coming months.

These facility upgrades are considered to be adequate in the near term to substantially increase the oil production from the field. The Operator will continue to consider further debottlenecking or additions in the future to optimise the NPV of the project. One possible addition currently being considered for 2015 to further increase the capacity is the installation of a 4<sup>th</sup> 1,000bbl tank.

#### **BOARD & MANAGEMENT**

Mr Greg Bandy  
MANAGING DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Nathan Rayner  
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti  
COMPANY SECRETARY

#### **REGISTERED OFFICE**

Level 1  
35 Richardson Street  
West Perth WA 6005

#### **POSTAL ADDRESS**

PO Box 1440  
West Perth WA 6872

#### **CONTACT DETAILS**

Tel: +61 8 9212 0102

#### **WEBSITE**

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

#### **SHARE REGISTRY**

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009

#### **ASX CODE**

OGY



In addition to the facility upgrade work currently being undertaken at Burruna, consideration is being given to the installation of a hydraulic pumping unit and a 2" flowline at Fury-1 to "tie back" to the Burruna facility.

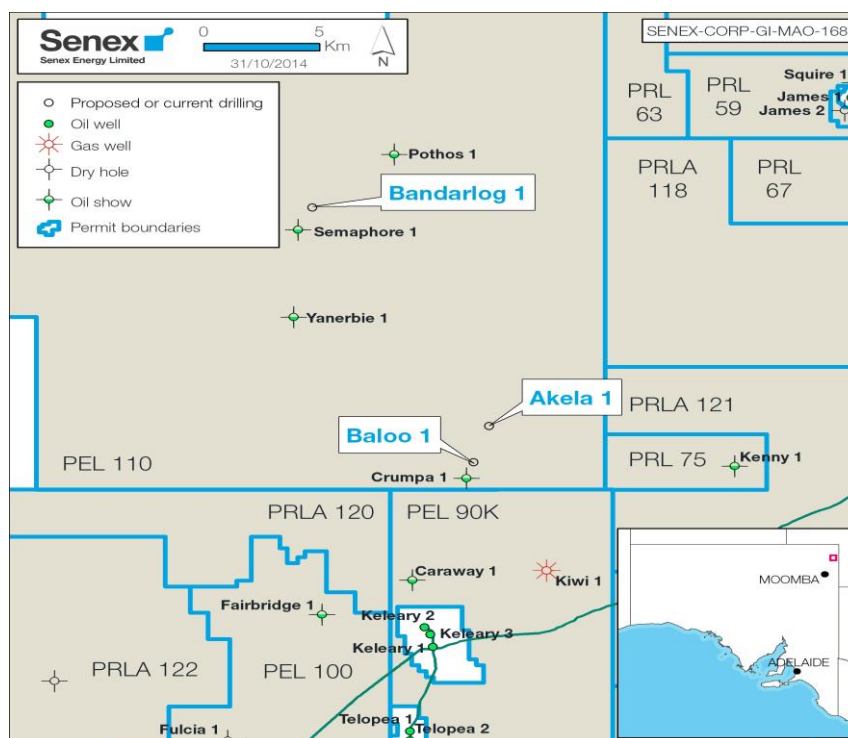
### **PEL 110 - Cooper Basin, South Australia**

Subsequent to the quarter end, Orca announced the commencement of the 2014 drilling program for PEL 110, located in the South Australian Cooper Basin (OGY 20%).

The program will commence with the drilling of Akela-1 (refer Figure 1), which is expected to begin during the last week of October. The drilling of Baloo-1 is contingent on the results of Akela-1 with the JV hopeful of geological justification for the drilling of this well. The JV partners have deferred the decision on whether to drill Bandaralog-1 until later in the program.

The PEL 110 license is located north of the Keleary oil field and west of the James oil field. The Akela and Baloo prospects are located in the south-east portion of PEL 110 with the Bandaralog prospect located some 13km to the north-west. Akela-1 is located 2.9km north and up dip of the Crumpa-1 well, which was drilled based on 2D seismic in the 1990's and although it was not a discovery, exhibited good reservoir quality and oil shows in each of the target horizons.

The PEL 110 prospects were identified during interpretation of the Dundinna 3D seismic survey, which was acquired in late 2013 and processed and interpreted in 2014. 3D seismic has been very successful in identifying valid closures and has enhanced the success rate to over 50% in the western margin of the Cooper Basin. Similar to the western margin, the PEL 110 prospects are proximal to the Permian edge that significantly influences the oil migration in the basin. The full Dundinna 3D survey covered an area in excess of 1,000km<sup>2</sup> and was recorded over 7 licences, including a portion of PEL 110 by Operator, Senex Energy Limited (ASX: SXY). 177km<sup>2</sup> of seismic was acquired in PEL 110 and Orca was fully carried through the seismic acquisition and processing costs of the survey.



**Figure 1 – PEL 110 Well Locations (Source Senex Energy Limited)**



## **Seabiscuit – Texas**

Subsequent to the quarter end, Neu Oil & Gas LLC and Highland Minerals Inc (the “Project Generators”) officially advised Orca of a) the need to appoint a successor Operator under the JOA; b) offered to re-assign the interest in the oil and gas leases acquired from Dan A. Hughes to the working interest owner who agrees to be the successor Operator under the JOA; and c) the current status of the joint owners’ leasehold position in the prospect based on information received from Hughes to date.

Orca is still considering its position, rights and obligations with respect to this project and will advise the market of its plans moving forward in due course.

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**  
**Managing Director**

## Appendix 5B

### Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

ORCA ENERGY LIMITED

ABN

25 009 121 644

Quarter ended ("current quarter")

30 September 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	1,561	1,561
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(100) (597) - (101)	(100) (597) - (101)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	3
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>766</b>	<b>766</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (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)	766	766

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	766	766
	<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 (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	766	766
1.20	Cash at beginning of quarter/year to date	2,769	2,769
1.21	Exchange rate adjustments to item 1.20	107	107
1.22	<b>Cash at end of quarter</b>	3,642	3,642

**Payments to directors of the entity, associates of the directors, 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	55
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments of Directors Fees and Remuneration - \$55k

**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

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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

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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		
3.2 Credit standby arrangements		

### 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
<b>Total</b>	<b>600</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	3,642	2,799
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>3,642</b>	<b>2,799</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	See additional information Appendix 1		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	See additional information Appendix 1		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas 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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	451,382,876	451,382,876		
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>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> - <i>Unlisted Options</i>	500,000 28,000,000		<u>Exercise Price</u> \$0.16 \$0.03	<u>Expiry Date</u> 3 Dec 14 31 Dec 15
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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

Sign here:   
(Company secretary)

Date: 31 October 2014

Print name: Aaron Bertolatti

## 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 and petroleum 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 or petroleum 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.



**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

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**Appendix 1 – Interests in mining tenements held**

*Oil & Gas Beneficial percentage interests held in farm-in or farm- out agreement*

<b>Tenement Reference</b>	<b>Location</b>	<b>Working Interest at Beginning of Quarter</b>	<b>Acquired/ Disposed</b>	<b>Working Interest at End of Quarter</b>
PPL251 (Previously Fury JV of PEL 115)	Cooper Basin, South Australia	20%	N/A	20%
PRL117 (Previously Fury JV 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%

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+ See chapter 19 for defined terms.