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FOR IMMEDIATE RELEASE

Orca Exploration Announces Completion of its Q1 2017 Interim Filings

TORTOLA, British Virgin Islands May 25, 2017: Orca Exploration Group Inc. ("Orca" or "the Company") announces that it has filed its condensed consolidated interim financial statements and management's discussion and analysis for the three month period ended March 31, 2017 with the Canadian securities regulatory authorities.

Operating and Financial Highlights

- Revenue for the quarter decreased by 2% to US\$15.5 million from US\$15.8 million in Q1 2016. Additional Gas deliveries and sales for the quarter averaged 43.5 million standard cubic feet per day ("MMcfd") a decrease of 6% over 46.3 MMcfd in Q1 2016. The decrease in Additional Gas volumes quarter over quarter is primarily the result of reduced nominations of natural gas volumes by TANESCO arising from cessation of a power generation contract with an independent power producer who was using the Company's Additional Gas. The decrease in volumes having been offset by a 2% rise in the weighted average price to US\$4.68/mcf from US\$4.61/mcf in Q1 2016.
- Cash flows from operations decreased by 33% to US\$5.9 million (US\$0.17 per share diluted) from US\$8.8 million (US\$0.25 per share diluted) in Q1 2016. The decrease was primarily the result of an increase in current income taxes during the quarter to US\$3.4 million from US\$2.0 million in Q1 2016, an increase in interest expense to US\$2.2 million from US\$1.0 million in Q1 2016 and an increase in cash payments based on the exercise of restricted stock units and stock appreciation rights to US\$1.0 million from US\$0.1 million in Q1 2016.
- Net income for the quarter was US\$2.8 million (or US\$0.08 per share diluted) compared to a net loss of US\$5.6 million in Q1 2016 (or US\$0.16 loss per share diluted). The net loss in Q1 2016 was primarily the result of a US\$8.0 million provision against the TANESCO receivable and a US\$2.8 million charge for stock based compensation. In the current quarter, there was no provision made against the TANESCO receivable (see comment below) and the charge for stock based compensation was US\$0.8 million.
- The increase in capital expenditures for the quarter were US\$7.5 million compared to US\$14.0 million in Q1 2016. The capital expenditures in Q1 2017 were primarily a result of transferring US\$7.4 million of the Songas share of workover costs originally incurred in 2015 from accounts receivable to property plant and equipment. This represents the value which will be recovered via the Production Sharing Agreement revenue sharing mechanism. The costs will remain in the cost pool until such time as payment is received from Songas. In Q1 2016 the expenditures related to completing the drilling of well SS-12 which was started in December 2015 and completed in February 2016.
- Working capital as at March 31, 2017 was US\$68.1 million, a decrease of 5% compared to US\$72.0 million as at December 31, 2016. The decrease is primarily the consequence of the decrease in the Songas receivable offset by the increase in cash balances due to the continued receipts from TANESCO. The cash balance at March 31, 2017 was US\$87.8 million compared to US\$80.9 million as at December 31, 2016.

- At March 31, 2017 TANESCO owed the Company US\$76.2 million excluding interest (including arrears of US\$74.4 million) compared to US\$80.1 million (including arrears of US\$74.4 million) as at December 31, 2016. Current TANESCO receivables as at March 31, 2017 amounted to US\$1.8 million compared to US\$5.7 million as at December 31, 2016. Since the quarter end TANESCO has paid the Company US\$6.5 million, and as at the date of this news release the total TANESCO receivable is US\$74.4 million all of which has been provided for.

Financial and Operating Highlights

	THREE MONTHS ENDED MARCH 31	
<i>(Expressed in US\$ unless indicated otherwise)</i>	2017	2016
OPERATING		
Daily average gas delivered and sold (MMcfd)		
Additional Gas	43.5	46.3
Industrial	11.6	10.7
Power	31.9	35.6
Average price (US\$/mcf)		
Industrial	7.75	8.15
Power	3.57	3.55
Weighted average	4.68	4.61
Operating netback (US\$/mcf)⁽¹⁾	3.34	3.08
FINANCIAL		
Revenue	15,542	15,810
Net cash flows from (used in) operating activities	8,787	(1,154)
per share - basic and diluted (US\$)	0.25	(0.03)
Net income (loss)	2,840	(5,638)
per share - basic and diluted (US\$)	0.08	(0.16)
Cash flows from operations⁽¹⁾	5,926	8,848
per share - basic and diluted (US\$)	0.17	0.25
Capital Expenditures	7,742	13,977
	AS AT	AS AT
	MARCH 31, 2017	DECEMBER 31, 2016
Working capital (including cash)	68,112	71,989
Cash	87,821	80,895
Long-term loan	58,399	58,399
Outstanding Shares ('000)		
Class A	1,751	1,751
Class B	33,106	33,106
Total shares outstanding	34,857	34,857
Weighted average diluted Class A and Class B shares	34,857	34,857

⁽¹⁾ The cash flow from operations and operating netback are non-GAAP measures which may not be comparable to other companies. Please refer to the Management Discussion and Analysis ("MD&A") for Information on non-GAAP measures.

The complete condensed consolidated unaudited interim financial statements and management's discussion & analysis for the three month period ending March 31, 2017 and the Annual Information Form for 2016 may be found on the Company's website www.orcaexploration.com or on the Company's profile on SEDAR at www.sedar.com.

Orca Exploration Group Inc.

Orca Exploration Group Inc. is an international public company engaged in natural gas exploration, development and supply in Tanzania through the wholly-owned subsidiary PanAfrican Energy Tanzania Limited, as well as oil and gas appraisal in Italy. Orca trades on the TSX Venture Exchange under the trading symbols ORC.B and ORC.A.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Abbreviations

Mcf	thousand cubic feet
MMcfd	million cubic feet per day

Reader Advisory

The Company discloses several financial measures herein that do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS"). These financial measures include funds flow from operating activities and funds flow per share. Funds flow from operating activities represents cash flow from operations before working capital changes and demonstrates the Company's ability to generate cash necessary to achieve growth through capital investments. Funds flow from operating activities per share is calculated on the basis of funds flow from operating activities divided by the weighted average number of shares outstanding. Management believes that these financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Investors should be cautioned that these measures should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with IFRS. The Company's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Company's management's discussion and analysis, which is available at www.sedar.com for additional information about these financial measures.