



Orca Exploration provides operational update

TORTOLA, British Virgin Islands, July 24, 2019 -- Orca Exploration Group Inc. (TSX-V: ORC.A, ORC.B) ("Orca" or the "Company"), operator of the Songo Songo gas field in Tanzania is pleased to provide an operational update on its current activities in Tanzania.

In early July 2019, Orca's subsidiary, Pan African Energy Tanzania Limited ("PAET"), completed the installation of a refrigeration package within the Songas facilities. The unit is now operational, which has enabled PAET to increase the volumes that can be processed and transported to Dar es Salaam through the Songas facilities to 90 million standard cubic feet per day (MMscfd). This will be optimised in the coming months and is expected to increase ultimate capacity to 100 MMscfd. Under the terms of the Gas Sales Agreement, signed with the Tanzania Petroleum Development Corporation ("TPDC") in May 2019, we continue to sell volumes over and above the Songas facilities throughput of up to 20 MMscfd through the National Natural Gas Infrastructure ("NNGI").

The on-site work has been undertaken during the rainy season when the run of river hydroelectricity plants operate at capacity and demand for electricity from the gas fired plants tends to be lower. Despite this, we experienced a significant increase of 23 MMscfd of Additional Gas demand during the second quarter over volumes recorded in Q2 2018. It is expected that a new 185 Megawatt ("MW") gas fired generation facility will be commissioned at Kinyerezi in Dar es Salaam in the second half of 2019. PAET is optimally placed to deliver additional volumes to this unit via the NNGI.

During Q2, the Company commenced a low-cost work programme to optimise the configuration of the flow lines that feed gas from the wells to the Songas facilities and/or the NNGI. This is expected to increase overall production capacity by approximately 10 MMscfd. In addition, PAET progressed front end engineering and design work for compressors that are expected to be installed on the Songas facilities mid-2021. These initiatives will help sustain production.

Nigel Friend, Chief Executive Officer of Orca Exploration commented:

"Given the projected increase in gas demand by the power sector in Tanzania over the next year, the installation of the refrigeration facility is an important milestone for us. We continue to work closely with TPDC and the electricity utility, Tanzania Electric Supply Company, to ensure we are in a position to supply natural gas from the Songo Songo field to fuel the development of Tanzania's growing industrial economy."

About Orca Exploration Group Inc.

Orca is an international public company engaged in natural gas exploration, development and supply in Tanzania through its subsidiary PAET. Orca trades on the TSX Venture Exchange under the trading symbols ORC.A and ORC.B. The Company's Project Agreements are more fully described in the Company's 2016 Annual Information Form, and available on www.orcaexploration.com.

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Forward Looking Information

This news release contains forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. More particularly, this news release contains, without limitation: forward-looking

statements pertaining to forecast increases in gas processing capacity, the results of Orca's optimization of the Songas facilities, the installation of 185 MWs of new power generation capacity at Kinyerezi in Tanzania, Orca's ability to supply Additional Gas for these new facilities, the effects of Orca's work programmes regarding sustaining production, and PAET's positioning to deliver additional volumes via the NNGI. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies.

These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Group's control, and many factors could cause the Group's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Group, including, but not limited to, the potential negative effect on the Group's business in Tanzania as a result of recently enacted and future legislation, as well as the risk that such legislation will create additional costs and time connected with the Group's business in Tanzania; risks regarding the uncertainty around evolution of Tanzanian legislation; the impact of general economic conditions in the areas in which the Group operates; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations, impact of new local content regulations and changes in how they are interpreted and enforced; and unanticipated changes to legislation and the effect on the Group's operations; and risks associated with the operation of refrigeration on the Songas processing plant. In addition, there are risks and uncertainties associated with oil and gas operations. Therefore the Group's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what benefits the Group will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive.

Such forward-looking statements are based on certain assumptions made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Group believes are appropriate in the circumstances, including, but not limited to, that the Tanzania National Natural Gas Infrastructure ("NNGI") is completed; the TPDC, the Ministry Energy and Mines and the Group are able to agree on commercial terms for future incremental gas sales and the Group can expand Songo Songo development beyond the existing Songas infrastructure and supply gas to the NNGI; that there will continue to be no restrictions on the movement of cash from Mauritius or Tanzania; that the Group will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Group will have adequate funding to continue operations; that the Group will successfully negotiate agreements; receipt of required regulatory approvals; the ability of the Group to increase production at a consistent rate; infrastructure capacity; commodity prices will not further deteriorate significantly; the ability of the Group to obtain equipment and services in a timely manner to carry out exploration, development and exploitation activities; future capital expenditures; availability of skilled labour; timing and amount of capital expenditures; uninterrupted access to infrastructure; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; that the Group's appeal of various tax assessments will be successful; that the enactment of the Act in Tanzania will not impair the Group's rights to develop and market natural gas in Tanzania; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; and other matters.

The forward-looking statements contained in this news release are made as of the date hereof and the Group undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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