



31 October 2013

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

By E-Lodgement

Quarterly Activities Report for the Period Ending 30 September 2013

Highlights

- Significant oil discovery made at Burruna-2 exploration well
- Flow rates in excess of 3,600 bopd achieved from Namur Sandstone with 400,000 barrels of recoverable oil estimated within Burruna structure
- Burruna-3 appraisal well to be drilled in November
- Fury-1 successfully recompleted as long-term producer
- PEL 110 seismic acquisition completed
- “Seabiscuit” Project in East Texas to be drilled in January

Cooper Basin – PEL 115

In June, the Company announced that it has agreed to sell its 20% participating interest in PEL 115 to Senex Energy in exchange for a package of benefits worth approximately \$7 million that includes a free carry for oil exploration and development in the southern Cooper Basin. Under the terms of the agreement with Senex, Orca retained its 20% interest in two key assets within PEL 115, namely the Fury Joint Venture, where a significant discovery was made during the quarter and substantial development and production is now underway.

Burruna-2 (OGY 20%)

In August, Orca announced to the market that it had made a significant oil discovery at the Burruna-2 exploration well, located within the newly formed “Fury Joint Venture” area (refer Figure 1.) Wireline logs confirmed a net pay interval in the mid Namur Formation of 5.3 metres and a subsequent drill stem test resulted in oil free-flowing to surface at a rate of over 750 barrels per day with no associated water.

BOARD & MANAGEMENT

Mr Greg Bandy
EXECUTIVE DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Jeremy King
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford
Ms Shannon Robinson
JOINT COMPANY SECRETARY

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SHARE REGISTRY

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ASX CODE

OGY



The well was drilled to a total depth of 1,916 metres by Joint Venture partner and Operator, Senex Energy Limited (ASX: SXY) and as per the Sale Agreement announced on the 13th June 2013, Orca was free carried for all costs associated with drilling, casing and completing the well.

An extended production test has commenced and produced oil at a free-flow rate of more than 3,600 barrels of oil per day (bopd) on a 40/64" choke from Namur Sandstone. Production has been restricted to approximately 800 bopd in the near term to allow for transportation scheduling and oil storage optimisation.

The extended production test will provide information to allow correct sizing of pumps and surface facilities for artificial lift and long term production planning.

Subject to successful appraisal, the Namur Sandstone is estimated to contain approximately 400,000 barrels of recoverable oil within the Burruna structure. The Primary target of Burruna-2, the Murta Formation, is still being appraised with core analysis expected to add significant information about the Murta Formation resource.

Burruna-3

Following the success of Burruna-2, the joint venture will now drill the Burruna-3 appraisal well in early November. The primary target for Burruna-3 will be the Namur Sandstone with additional targets in the Murta and Birkhead Formations.

Burruna-3 will be located approximately 564 metres south east of Burruna-2 (refer Figure 1.) and will be positioned to evaluate the southern extent of the Namur and Birkhead structural closures. This is intended to accelerate production and provide a second drainage point for the mid Namur oil pool.

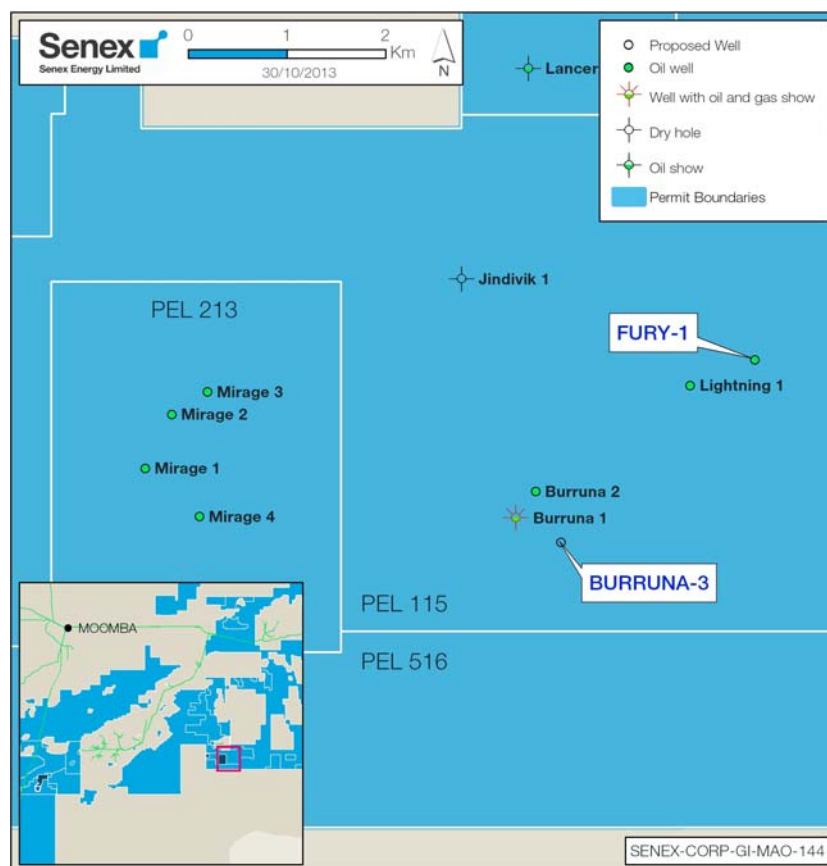


Figure 1.



Fury-1 (OGY 20%)

During the quarter Orca announced that the Fury-1 oil exploration well was re-completed and placed on a 10 day initial production test (IPT) to evaluate deliverability of the resource within the Fury oil field. Re-entry of the well successfully perforated and tested an 18-metre gross oil column within the Murta Formation with initial flow rates of up to 75 barrels of oil per day. A hydraulic pump unit and surface facilities have been installed and test results are being evaluated with a view to bringing the well on line for long-term production.

Background

Victoria Petroleum drilled the Fury-1 oil discovery in 2009 to assess the oil charged Murta Member. The presence of an oil column over an 18m gross interval was interpreted from the wire line logs, MDT data and sidewall cores. An additional oil sand was also confirmed in the Permian Epsilon Formation. Production testing was to begin once a workover rig became available and the close proximity of the Mirage Oil Field production facilities offered the opportunity for a pipeline connection from the Fury-1 oil discovery to the Mirage Oil Field. The testing program was delayed, however, due to abnormally high rains that saw large parts of the Cooper Basin under water for over a year. Subsequent review and analysis by Senex concluded that an additional 11 metres of oil column (within 18m gross interval) could be accessed via a recompletion and extra perforations.

Cooper Basin – PEL 110

During the quarter Orca's JV partner and operator, Senex Energy, advised the completion of the data acquisition phase of the Dundinna 3D seismic program targeting conventional oil and gas across the northern Cooper Basin. Data processing will commence in the December quarter.

Approximately 176.7km² of 3D seismic was acquired across PEL 110 (OGY 20%), which currently has 7 leads and prospects identified in the Birkhead and Hutton Formations, with good stratigraphic similarities to nearby discoveries along the margin. Under the sales agreement announced with Senex on 13th June, Orca will be free carried through this entire program.

The PEL 110 project is located north of the Keleary and Telopea oil and gas fields and west of the James oil field (refer Figure 2.) Completion of this 3D seismic survey will be a significant further step forward in the exploration of PEL 110.

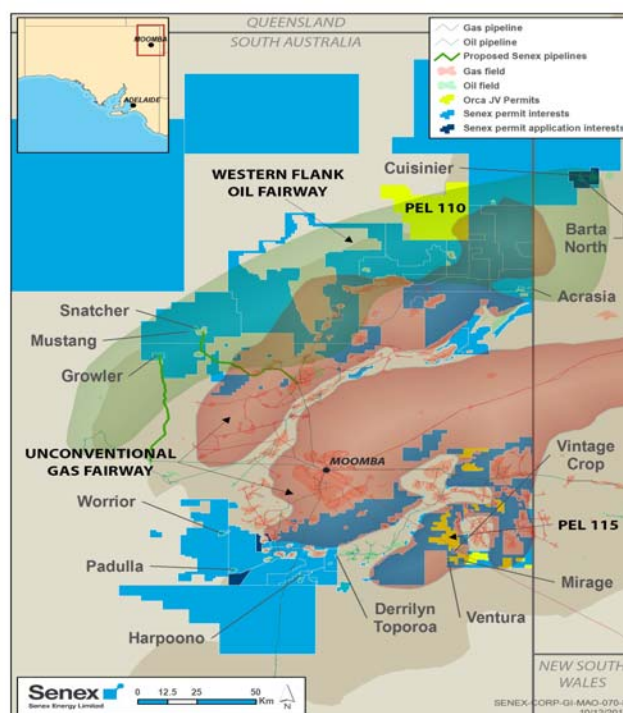


Figure 2.



“Seabiscuit” (Matagorda) Project, Texas - OGY 20%

After considerable delay and postponement of the “Seabiscuit” project JV partner and operator, Dan A. Hughes Company, has recently begun working on this prospect again. Hughes has begun site works and construction operations with an aim of drilling in Q1 2014.

The project covers an area of approx. 1,750 acres and has the potential to contain up to 1Tcf of gas and 10MMbo.

Corporate

Subsequent to the quarter end the Company announced that it had completed the sale of its 20% participating interest in South Australian petroleum exploration licence (PEL) 115 to Senex Energy Limited (Senex, ASX: SXY).

Following the sale completion, and in accordance with the transaction, Orca bought back and cancelled Senex’s shares in the company, being 115,000,000. Orca’s issued capital is now 460,033,775 shares with the company’s cash balance in excess of \$3m.

Mr Denis Patten resigned as a Director together with his alternate, Mr Arthur Pitts, as per the Sales Agreement.

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 September 2013

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	7	7
1.2	Payments for (a) exploration & evaluation	(2)	(2)
	(b) development	-	-
	(c) administration	(144)	(144)
	(d) production	-	-
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	12	12
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	4	4
Net Operating Cash Flows		(123)	(123)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) project acquisition	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) Sale of 20% PEL115	1,655	1,655
	(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)	-	-
Net investing cash flows		1,655	1,655
1.13	Total operating and investing cash flows (carried forward)	1,532	1,532

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	1,532	1,532
	Cash flows related to financing activities		
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 Cost of Issue	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	1,532	1,532
1.20	Cash at beginning of quarter/year to date	1,601	1,601
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,133	3,133

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	23
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 23
Payments to Director Related Companies -

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	200
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	350

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	3,133	1,601
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,133	1,601

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				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B

Mining 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	Preference securities (description)	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	575,033,775		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	
7.5	*Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7	Options (description and conversion factor)	500,000		Exercise Price \$0.16	Expiry Date 3 Dec 14
7.8	Issued during quarter	Nil	Nil		Nil
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil			

+ 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 give a true and fair view of the matters disclosed.



GREG BANDY
Executive Director
31 October 2013

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.== == == == ==

+ See chapter 19 for defined terms.