



17 April 2013

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

*By E-Lodgement*

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## Quarterly Activities Report for the Period Ending 31 March 2013

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The Board of Orca Energy Limited (**Orca** or the **Company**) is pleased to provide the following commentary for the period ending 31 March 2013.

### Highlights

- **First unconventional gas exploration well, Kingston Rule-1, successfully drilled and fracture stimulated in block PEL 115**
- **Kingston Rule-1 flows gas at 1.4 million cubic feet per day (mmscfd)**
- **Second unconventional gas exploration well, Hornet-1, successfully re-entered and fracture stimulated**
- **Hornet-1 flows gas at over 2 mmscfd**
- **Orca free carried by JV partner and operator, Senex Energy Limited (Senex, ASX: SXY) on Kingston Rule-1 as part of a multi-well unconventional gas program**

### Cooper Basin

Orca has an interest in two quality licences in the onshore Cooper Basin, a prolific oil and gas production region with significant tight sand and shale gas potential:

#### **PEL 115 – OGY 20%**

In January 2012, Orca entered into an agreement to farm-out 22% of its Cooper Basin block, PEL 115, to joint venture partner and operator, Senex Energy Limited (ASX: SXY) in return for a dedicated unconventional gas exploration well and a portion of the fracture stimulation program. The location of block PEL 115 is significantly strategic as it is surrounded by PEL 516, where independent experts MHA Petroleum Consultants (MHA) have estimated Gas-in-Place of more than 100 trillion cubic feet (Tcf) from the shales and coals alone (Figure 1).

#### BOARD & MANAGEMENT

Mr Greg Bandy  
EXECUTIVE DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Jeremy King  
NON-EXECUTIVE DIRECTOR

Mr Denis Patten  
NON-EXECUTIVE DIRECTOR

Mr Arthur Pitts  
ALTERNATE DIRECTOR

Ms Rebecca Sandford  
Ms Shannon Robinson  
JOINT COMPANY SECRETARY

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#### SHARE REGISTRY

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009

#### ASX CODE

OGY



During the quarter Senex successfully completed a hydraulic fracture stimulation of the unconventional gas exploration well, Kingston Rule-1 (Senex 80% and Operator, Orca 20%), which was drilled in 2012. A total of five zones were fracture stimulated as part of the program; four zones in the Patchawarra Formation tight gas sands and one zone in the Epsilon Formation.

Orca announced on the 11th March that gas was flowing to surface at Kingston Rule-1 unconventional gas exploration well at a constrained rate of 1.2 mmscfd during clean up and flow back activities. Gas flow from the well had been constrained by a 32/64-inch choke and wellhead pressure continued to increase. Further testing has confirmed gas flows of up to 1.4 mmscfd with condensate produced at a rate of 10 to 20 barrels per million cubic feet of gas. The well has been suspended and the results of initial flow testing will be incorporated into the completion design for longer term production testing.

On the 25<sup>th</sup> March Orca announced that the Joint Venture had successfully completed fracture stimulation operations at Hornet-1. In total six zones were stimulated in the Patchawarra Formation between the depths of 2,484 metres and 2,678 metres. Victoria Petroleum (now Senex) drilled Hornet-1 in 2004 and gas shows were observed in the Epsilon and Patchawarra Formations with gross calculated gas-bearing sandstones of 56 metres. Two drill stem tests were conducted on this well and resulted in gas flowing to surface.

Subsequent to the quarter end it was announced that gas was flowing to surface at Hornet-1 at a rate of more than 2 mmscfd during clean up and flow back activities. Flow testing and pressure monitoring will continue during April when production logging and build-up survey operations will take place. It is anticipated that the well will be suspended pending design of surface facilities to allow for longer term production testing.

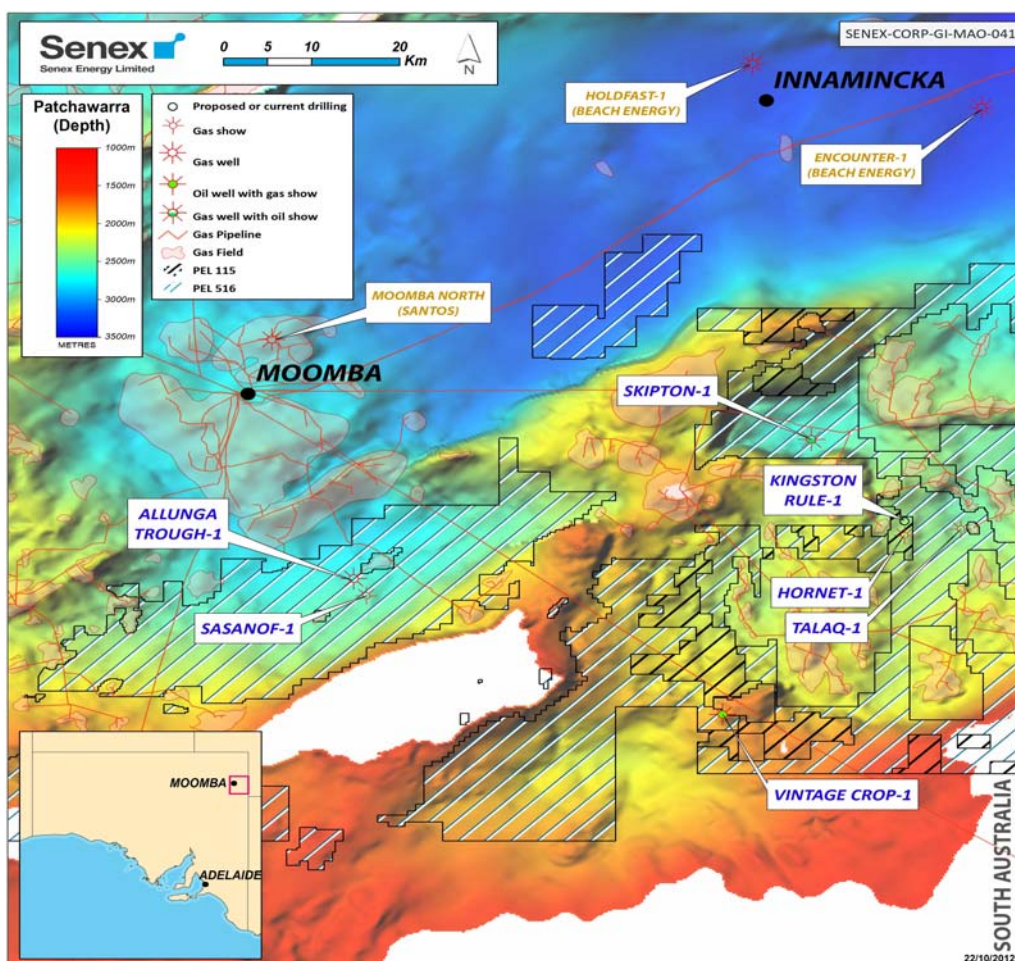


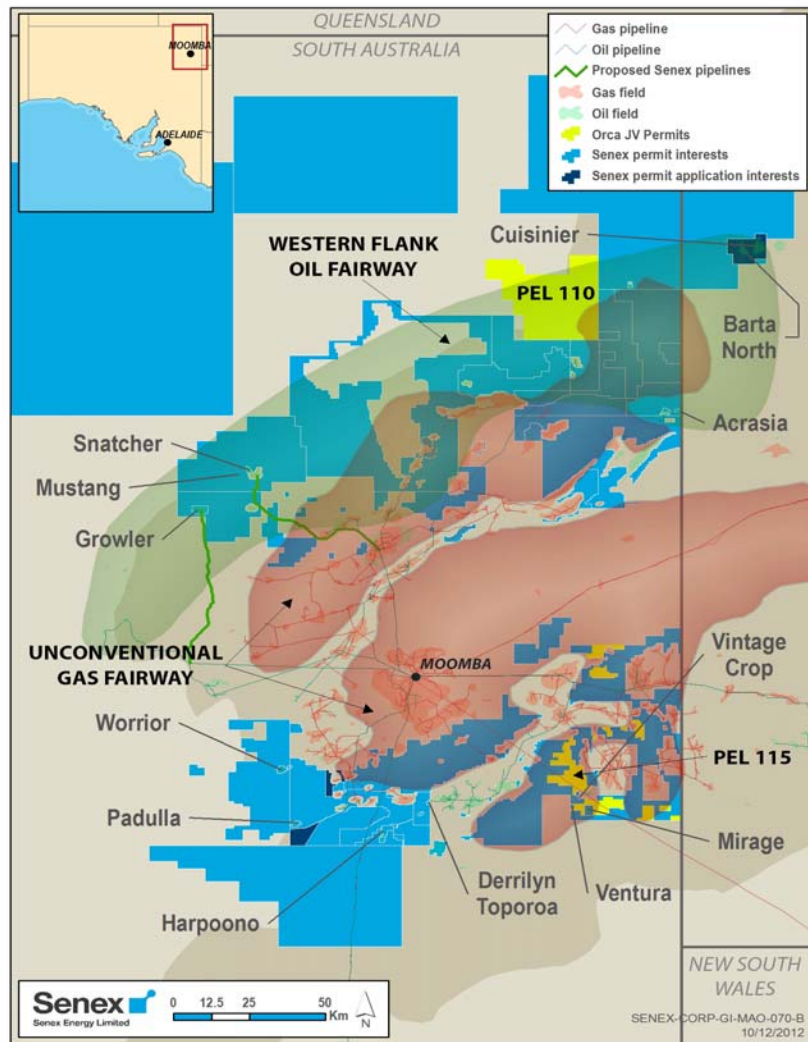
Figure 1: Project Location Map



## **PEL 110 – OGY 20%**

The PEL 110 project is located north of the Keleary 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 stratigraphic similarities to nearby discoveries along the northwest margin of the Patchawarra Trough. PEL 110 is considered to be in a valuable position on the western flank of the South Australian Cooper Basin and is majority owned by Senex which holds a 60% interest in the block.

The joint venture parties are currently finalising plans to commence work on a 176.7km<sup>2</sup> 3D seismic program in late April 2013 targeting conventional oil and gas. Completion of this 3D seismic survey will be a significant further step forward in the exploration of PEL 110.



**Figure 2: PEL 115 –Surrounded by Senex’s 100% owned PEL 516**



## **Seabiscuit (Matagorda) Project - Texas**

Orca's JV partner and operator, Dan A. Hughes Company, continues to delay the spud date of this highly prospective exploration project. With gas prices improving, the Operator plans to re-assess the spud date in Q3 2013 with drilling operations to begin shortly thereafter. The JV continues to keep all leases in good standing and is extending leases on an as needs basis. Orca remains committed to the project that covers an area of approx. 1,750 acres and has the potential to contain up to 1Tcf of gas and 10MMbo. Orca will continue to provide updates as they become available

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**  
**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")

31 March 2013

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	(1,657)	(1,657)
(c) administration	(129)	(478)
(d) production	-	-
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	24	89
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>(1,762)</b>	<b>(2,046)</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	-	-
1.9 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)	<b>(1,762)</b>	<b>(2,046)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,762)	(2,046)
<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 Cost of Issue	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,762)	(2,046)
1.20	Cash at beginning of quarter/year to date	3,651	3,935
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,889	1,889

**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	53
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 53 Payments to Director Related Companies -
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**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**

+ See chapter 19 for defined terms.

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

*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	750
4.2 Development	
4.3 Production	
4.4 Administration	150
<b>Total</b>	<b>900</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	1,889	3,651
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>1,889</b>	<b>3,651</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			
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 <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>	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 <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>	500,000		<i>Exercise Price \$0.16</i>	<i>Expiry Date 3 Dec 14</i>
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</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	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**  
17 April 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.

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