



**ORCAENERGY**

**AND CONTROLLED ENTITIES**

ABN 25 009 121 644

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2015**

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## **CORPORATE DIRECTORY**

### **Directors**

Mr. Greg Bandy – Managing Director  
Mr. Jason Bontempo – Non-Executive Director  
Mr. Nathan Rayner – Non-Executive Director

### **Company Secretary**

Mr. Aaron Bertolatti

### **Registered Office**

First Floor  
35 Richardson Street  
West Perth WA 6005

### **Share Registry**

Advanced Share Registry Pty Ltd  
110 Stirling Highway  
NEDLANDS WA 6009

### **Auditors**

Stantons International Audit and Consulting Pty Ltd  
Level 2, 1 Walker Avenue  
West Perth WA 6005

### **Solicitors**

Occam Legal  
Unit 8, 448 Roberts Road  
Subiaco WA 6008

### **Stock Exchange**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
ASX Code: **OGY**

### **Website**

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



## Directors' Report

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The Directors present their report for Orca Energy Limited ("Orca Energy", "Orca" or "the Company") and its subsidiaries ("the Group") for the half year ended 31 December 2015.

### Directors

The persons who were directors of Orca Energy Limited during the half year and up to the date of this report are:

- Mr. Greg Bandy (Managing Director)
- Mr. Jason Bontempo (Non-Executive Director)
- Mr. Nathan Rayner (Non-Executive Director)

### Review of Operations for the Half Year ended 31 December 2015

#### Acquisition of Mobimedia International Pte. Ltd

Orca announced during the period that it had entered into a binding term sheet to acquire 100% of Mobimedia International Pte. Ltd. (Mobimedia) (the Transaction).

Mobimedia is a telecommunication mobile technology business that is operationally based in Singapore, Pacific Islands, Cambodia, Bangladesh and India with corporate headquarters in Australia. Mobimedia supplies mobile Value Added Services (VAS) and data products across the full mobile functionality spectrum (2G to 4G). VAS are products and services provided by telecommunications carriers (Telcos) to their subscribers in addition to voice.

The business has operated profitably for 7 years with only one contracted telecommunications carrier and is currently undergoing a significant expansion phase. In 2015 Mobimedia substantially expanded its accessible subscriber base of 3 million from one carrier to over 43 million by contracting with 8 additional Telcos in 7 countries with a population base of over 300 million people.

In November 2015, Osiris Asia Impact Fund (Osiris) from the Osiris Group, a frontier market private equity firm helping innovative Asian companies scale entrepreneurial solutions, invested A\$3.5m into Mobimedia for an approximate 12% interest in the company. A representative from Osiris will be joining the Mobimedia Board and utilising the fund's deep relationships in various emerging markets to assist the expansion of Mobimedia.

The Transaction is subject to a number of conditions precedent, including:

- Orca consolidating its existing issued capital on the basis of 1 new share for every 10 existing shares (Consolidation);
- Orca obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- Mobimedia and Orca each conducting due diligence enquiries to their satisfaction;
- execution of formal share sale agreements for the Transaction;
- there being no material adverse change in respect of Mobimedia and Orca;
- the parties obtaining any governmental and third party consents, approvals or waivers required for completion of the Transaction; and
- to the extent required by the ASX or the ASX Listing Rules, the relevant parties entering into restriction agreements as required by ASX in respect of the Consideration Securities and Advisor Securities, or in the event escrow of less than 24 months is applied to the relevant securities, execution of voluntary restriction agreements as required by Orca.

As consideration for the acquisition of 100% of Mobimedia, the Company will issue the following securities to the vendor (on a post-Consolidation basis) (Consideration Securities):

- up to 196,666,667 shares (Consideration Shares);
- 50,000,000 performance shares subject to the following milestones (Performance Shares):
  - 16,666,667 Performance Shares that convert upon the achievement of consolidated EBITDA of \$5.0 million by Mobimedia during any 12-month reporting period that ends on or prior to the date that is 2 years and 6 months after Completion;
  - 16,666,667 Performance Shares that convert upon the achievement of consolidated EBITDA of \$10.0 million by Mobimedia during any 12 month reporting period that ends on or prior to the date that is 3 years and 6 months after Completion; and
  - 16,666,666 Performance Shares upon the achievement of contracts that enable the sale of Mobimedia's content (including existing and new contracts) with customers with a verifiable total aggregated available subscriber base of greater than 200 million subscribers within 3 years after Completion.

The term sheet contemplates payment of a cash consideration component of up to \$2.5m (Cash Consideration) in return for a reduction in the total number of Consideration Shares. Payment of any Cash Consideration will be subject to the ASX Listing Rules and the Company's working capital requirements. If any Cash Consideration is paid, the total number of Consideration Shares may reduce by up to 16,666,667 Consideration Shares to a total of 180,000,000 Consideration Shares.



It is proposed that on Completion of the Transaction three new Directors, to be nominated by Mobimedia and Osiris, will join the Board of Orca. One of the new Directors will be Mr David van Herwaarde, who will assume the role of Managing Director (MD).

Mr van Herwaarde, current MD and CEO of Mobimedia, has extensive experience in rapidly growing businesses and significant transaction specific experience gained from 10 years with Accor Asia Pacific and 12 years with KPMG, 6 as an equity partner. David has a significant equity stake in Mobimedia and has transformed the company from a local company operating in the small Pacific market, to now one of the largest value added services businesses in Asia.

The Transaction is expected to complete during March 2016.

### **Seabiscuit – Texas**

With the current depressed state of the Oil & Gas industry in the US, the project generators of “Seabiscuit” have had little interest from general market participants to invest the requisite funding to either operate or drill the prospect. As a result of this, and the difficult current commodity price environment, the Board assessed the fair value of the asset to be nil at the end of the period.

### **Corporate**

On 18 September 2015, 708 Capital Pty Ltd (708 Capital) was appointed as the Company’s Broker to provide corporate services to Orca over a 12 month period commencing 1 September 2015. The Company issued 12,000,000 fully paid Orca shares pursuant to a Corporate Services Mandate entered into with 708 Capital.

On 31 December 2015 28,000,000 unlisted options, exercisable at \$0.03 expired unexercised.

### **Events subsequent to Reporting Date**

There have been no other significant events subsequent to the half-year to the date of this report.

### **Auditor’s Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors’ report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Greg Bandy  
Managing Director

Perth, Western Australia,  
28 January 2016

28 January 2016

Board of Directors  
Orca Energy Limited  
Level 1  
35 Richardson Street  
West Perth WA 6005

Dear Sirs

**RE: ORCA ENERGY LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Orca Energy Limited.

As Audit Director for the review of the financial statements of Orca Energy Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**



## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015

	Note	31 December 2015 \$	31 December 2014 \$
Revenue	3	-	1,872,573
Cost of Sales	4	-	(1,589,637)
<b>Gross Profit</b>		-	<b>282,936</b>
Other income		12,215	4,131
General and administrative expenses		(42,762)	(29,825)
Compliance and regulatory expenses		(69,632)	(73,266)
Consultancy costs		(96,000)	(84,258)
Employee benefits expense		(157,029)	(115,260)
Exploration expenditure impaired/written off		(300,000)	(1,274,951)
Write back of provision		102,876	-
Share based payments expense		(156,000)	-
Realised foreign exchange gain		200,075	-
Unrealised foreign exchange gain		-	444,720
<b>Loss before income tax expense</b>		<b>(506,257)</b>	<b>(845,773)</b>
Income tax expense		-	-
<b>Loss after income tax expense</b>		<b>(506,257)</b>	<b>(845,773)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to Profit or Loss		-	-
Items that may be reclassified subsequently to Profit or Loss		-	-
Total other comprehensive income for the period after income tax		-	-
Total comprehensive loss for the period		<b>(506,257)</b>	<b>(845,773)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(506,257)	(845,773)
Non-controlling interests		-	-
		<b>(506,257)</b>	<b>(845,773)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		(506,257)	(845,773)
Non-controlling interests		-	-
		<b>(506,257)</b>	<b>(845,773)</b>
Basic and diluted loss per share (cents per share)		(0.11)	(0.19)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



**Consolidated Statement of Financial Position as at 31 December 2015**

	Note	31 December 2015 \$	30 June 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		4,727,360	4,858,280
Trade and other receivables	5	17,402	34,116
Other financial assets		100	400
<b>Total Current Assets</b>		<b>4,744,862</b>	<b>4,892,796</b>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	6	-	300,000
<b>Total Non-Current Assets</b>		<b>-</b>	<b>300,000</b>
<b>Total Assets</b>		<b>4,744,862</b>	<b>5,192,796</b>
<b>Current Liabilities</b>			
Trade and other payables	7	92,377	210,823
Provisions		33,453	12,684
<b>Total Current Liabilities</b>		<b>125,830</b>	<b>223,507</b>
<b>Total Liabilities</b>		<b>125,830</b>	<b>223,507</b>
<b>Net Assets</b>		<b>4,619,032</b>	<b>4,969,289</b>
<b>Equity</b>			
Issued capital	8	28,786,786	28,630,786
Reserves	9	2,277,438	2,277,438
Accumulated losses		(26,445,192)	(25,938,935)
<b>Total Equity</b>		<b>4,619,032</b>	<b>4,969,289</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



**Consolidated Statement of Changes in Equity for the half-year ended 31 December 2015**

	Issued capital \$	Accumulated losses \$	Option reserve \$	Total \$
<b>As at 1 July 2014</b>	<b>28,630,786</b>	<b>(23,263,858)</b>	<b>2,255,331</b>	<b>7,622,259</b>
<b>Total comprehensive income for the period</b>				
Loss for the period	-	(845,773)	-	(845,773)
Other Comprehensive Income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(845,773)</b>	<b>-</b>	<b>(845,773)</b>
<b>Transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 December 2014</b>	<b>28,630,786</b>	<b>(24,109,631)</b>	<b>2,255,331</b>	<b>6,776,486</b>
<b>Balance at 1 July 2015</b>	<b>28,630,786</b>	<b>(25,938,935)</b>	<b>2,277,438</b>	<b>4,969,289</b>
<b>Total comprehensive income for the period</b>				
Loss for the period	-	(506,257)	-	(506,257)
Other Comprehensive Income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(506,257)</b>	<b>-</b>	<b>(506,257)</b>
<b>Transactions with owners in their capacity as owners</b>				
Share based payments	156,000	-	-	156,000
<b>Balance at 31 December 2015</b>	<b>28,786,786</b>	<b>(26,445,192)</b>	<b>2,277,438</b>	<b>4,619,032</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**Consolidated Statement of Cash Flows** *for the half-year ended 31 December 2015*

	31 December 2015 \$	31 December 2014 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (including cost of sales)	(343,209)	(1,241,278)
Receipts from sales and related debtors	-	2,272,094
Interest received	12,215	4,131
<b>Net cash (used in)/provided by operating activities</b>	<b>(330,994)</b>	<b>1,034,947</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	-	(825,563)
Payment for development of oil and gas properties	-	(275,233)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(1,100,796)</b>
Net decrease in cash and cash equivalents	(330,994)	(65,849)
Cash and cash equivalents at beginning of the period	4,858,280	2,768,502
Effects of exchange rate changes on cash and cash equivalents	200,074	444,721
<b>Cash and cash equivalents at the end of the period</b>	<b>4,727,360</b>	<b>3,147,374</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



# Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Orca Energy Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

### b) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has considered the implications of new and amended Accounting Standards that became applicable for reporting periods commencing after 1 July 2015 but determined that their application to the financial statements is either not relevant or not material.

## 2. ACCOUNTING POLICIES

### a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Orca Energy Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

	31 December 2015	31 December 2014
	\$	\$
<b>3. REVENUE</b>		
Revenue for the period	-	1,872,573
	<u>-</u>	<u>1,872,573</u>
<b>4. COST OF SALES</b>		
Cost of sales for the period	-	1,589,637
	<u>-</u>	<u>1,589,637</u>



**Condensed Notes to the Financial Statements**  
for the half-year ended 31 December 2015

	31 December 2015	30 June 2015
	\$	\$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
GST receivable	17,402	34,116
	<b>17,402</b>	<b>34,116</b>

**6. EXPLORATION AND EVALUATION EXPENDITURE**

Opening Balance	300,000	2,473,570
Expenditure capitalised during the year	-	712,219
Expenditure written off during the year	(300,000)	(2,885,789)
Closing balance	-	<b>300,000</b>

<sup>1</sup> The project generators, NEU Oil & Gas LLC and Highland Minerals Inc., advised Orca that they were unable to find another JV partner willing to participate in the drilling of the Seabiscuit prospect, either as a financier or operator. As a result of this, and the difficult current commodity price environment, the Board assessed the fair value of the asset to be nil at the end of the period.

**7. TRADE AND OTHER PAYABLES**

Trade payables	67,958	67,241
Other payables and accruals	24,419	143,582
	<b>92,377</b>	<b>210,823</b>

**8. ISSUED CAPITAL**

**(a) Issued and paid up capital**

Issued and fully paid	28,785,986	28,629,986
Converting preference shares	800	800
	<b>28,786,786</b>	<b>28,630,786</b>

	31 December 2015		30 June 2015	
	No.	\$	No.	\$
<b>(b) Movements in ordinary shares on issue</b>				
Opening balance	451,382,876	28,629,986	451,382,876	28,629,986
Share based payment <sup>1</sup>	12,000,000	156,000	-	-
Closing balance	<b>463,382,876</b>	<b>28,785,986</b>	<b>451,382,876</b>	<b>28,629,986</b>

<sup>1</sup> On 18 September 2015, 708 Capital Pty Ltd (708 Capital) was appointed as the Company's Broker to provide corporate services to Orca over a 12 month period commencing 1 September 2015. The Company issued 12,000,000 fully paid Orca shares pursuant to a Corporate Services Mandate entered into with 708 Capital.

**(c) Converting preference shares**

Opening balance	2,006	800	2,006	800
Closing balance	<b>2,006</b>	<b>800</b>	<b>2,006</b>	<b>800</b>

	31 December 2015	30 June 2015
	\$	\$
<b>9. RESERVES</b>		
Option, share based payments and option premium reserves	2,277,438	2,277,438
	<b>2,277,438</b>	<b>2,277,438</b>

The share based payments reserve arises on the grant of share options to Directors, Executives and senior employees as part of their remuneration and to consultants for services provided. This reserve also includes options issued at a premium on equity raising.

**10. SEGMENT INFORMATION**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being development, exploration and evaluation of oil and gas. During the half year ended 31 December 2015 the consolidated entity operated in the following Geographic Segments: Australia and USA. (2014: Australia and USA).



**Condensed Notes to the Financial Statements**  
for the half-year ended 31 December 2015

	31 December 2015	31 December 2014
	\$	\$
<b>(a) Revenue/ other income by geographical region</b>		
Revenue/ other income attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	-	1,872,573
USA	-	-
Unallocated items – interest and other income	12,215	4,131
<b>Total revenue</b>	<b>12,215</b>	<b>1,876,704</b>

**(b) Loss by geographical region**

Loss attributable to external customers is disclosed below, based on the location of the external customer:

Australia	(218,472)	(849,904)
USA	(300,000)	-
Unallocated items – interest and other income	12,215	4,131
<b>Total Loss</b>	<b>(506,257)</b>	<b>(845,773)</b>

	31 December 2015	30 June 2015
	\$	\$
<b>(c) Assets by geographical region</b>		
The location of the segment assets is disclosed below by geographical location of the assets:		
Australia	4,744,862	4,892,796
USA	-	300,000
<b>Total Assets</b>	<b>4,744,862</b>	<b>5,192,796</b>

**(d) Liabilities by geographical region**

The location of the segment liabilities is disclosed below by geographical location of the assets:

Australia	125,830	223,507
USA	-	-
<b>Total Liabilities</b>	<b>125,830</b>	<b>223,507</b>

**11. DIVIDENDS**

No dividend has been declared or paid during the period ended 31 December 2015.

**12. PROPOSED ACQUISITION OF MOBIMEDIA INTERNATIONAL PTE. LTD**

Orca announced during the period that it had entered into a binding term sheet to acquire 100% of Mobimedia International Pte. Ltd. (Mobimedia) (the Transaction).

As consideration for the acquisition of 100% of Mobimedia, the Company will issue the following securities to the vendor (on a post-Consolidation basis) (Consideration Securities):

- up to 196,666,667 shares (Consideration Shares);
- 50,000,000 performance shares subject to the following milestones (Performance Shares):
  - 16,666,667 Performance Shares that convert upon the achievement of consolidated EBITDA of \$5.0 million by Mobimedia during any 12-month reporting period that ends on or prior to the date that is 2 years and 6 months after Completion;
  - 16,666,667 Performance Shares that convert upon the achievement of consolidated EBITDA of \$10.0 million by Mobimedia during any 12 month reporting period that ends on or prior to the date that is 3 years and 6 months after Completion; and
  - 16,666,666 Performance Shares upon the achievement of contracts that enable the sale of Mobimedia's content (including existing and new contracts) with customers with a verifiable total aggregated available subscriber base of greater than 200 million subscribers within 3 years after Completion.

The term sheet contemplates payment of a cash consideration component of up to \$2.5m (Cash Consideration) in return for a reduction in the total number of Consideration Shares. Payment of any Cash Consideration will be subject to the ASX Listing Rules and the Company's working capital requirements. If any Cash Consideration is paid, the total number of Consideration Shares may reduce by up to 16,666,667 Consideration Shares to a total of 180,000,000 Consideration Shares.



## Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

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### 13. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no other significant events subsequent to the half-year to the date of this report.

### 14. CONTINGENT LIABILITIES

The Directors are not aware of any new contingent liabilities as at 31 December 2015. There has been no change in contingent liabilities since the last annual reporting date.

### 15. SUBSIDIARIES

The consolidated financial statements include the financial statements of Orca Energy Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 31 December 2015	% Equity Interest 30 June 2015
Komodo Energy Pty Ltd	Australia	100%	100%
Sugarbay Investments Pty Ltd	Australia	100%	100%
Crestwood Pty Ltd <sup>1</sup>	Australia	100%	100%



## Directors' Declaration

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The Directors of the Company declare that:

1. The condensed financial statements and notes as set out on pages 5 to 12 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
  - (b) give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2015 to 31 December 2015.
2. At the date of this statement, in the Directors' opinion, there are reasonable grounds to believe that Orca Energy Limited will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors made pursuant to S.303(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Greg Bandy', written in a cursive style.

Greg Bandy  
Managing Director

Perth, Western Australia,  
28 January 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ORCA ENERGY LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Orca Energy Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Orca Energy Limited (the consolidated entity). The consolidated entity comprises both Orca Energy Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Orca Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orca Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Orca Energy Limited on 28 January 2016

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orca Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International*  
*Samir*

**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
28 January 2016