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ORCAENERGY

AND CONTROLLED ENTITIES

ABN 25 009 121 644

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

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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

Edwards Mac Scovell
 Level 7
 140 St Georges Terrace
 Perth WA 6000

Stock Exchange

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

Website

orcaenergy.com.au

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Directors' Report

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 2017.

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 2017

During the period, Orca Energy reviewed a large number of projects, assets and opportunities for the purpose of entering into a transaction that would see its shares re-admitted to trading.

The Board is currently finalising documentation in relation to a significant transaction which, on successful completion, will include a capital raising and re-compliance by the Company with Chapters 1 and 2 of the Listing Rules to allow Orca's securities to be reinstated to trading on the ASX. While discussions are still at an early stage, the Company is excited about the nature of these projects and the value proposition they present.

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 2017.

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,
25 January 2018

25 January 2018

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 2017, 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

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
Continuing Operations		
Other income	30,755	15,602
Other expenses	(19,824)	(22,390)
Corporate compliance expenses	(49,250)	(52,840)
Consultancy fees	(46,000)	(51,000)
Employee benefits expense	3 (117,473)	(143,183)
Loss before income tax from continuing operations	(201,792)	(253,811)
Income tax expense	-	-
Loss after income tax from continuing operations	(201,792)	(253,811)
Other comprehensive income		
Items that may be reclassified to profit and loss	-	-
Other comprehensive income for the half-year net of tax	-	-
Total comprehensive loss for the half-year	(201,792)	(253,811)
Loss attributable to:		
Owners of the parent	(201,792)	(253,811)
Non-controlling interests	-	-
	(201,792)	(253,811)
Total comprehensive loss attributable to:		
Owners of the parent	(201,792)	(253,811)
Non-controlling interests	-	-
	(201,792)	(253,811)
Basic and diluted loss per share (cents per share)	(0.04)	(0.06)

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 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents		3,692,220	3,885,060
Trade and other receivables		3,208	6,125
Other assets		-	8,667
Other financial assets		100	100
Total Current Assets		3,695,528	3,899,952
Total Assets		3,695,528	3,899,952
Current Liabilities			
Trade and other payables	4	24,038	33,593
Provisions	5	61,145	54,222
Total Current Liabilities		85,183	87,815
Total Liabilities		85,183	87,815
Net Assets		3,610,345	3,812,137
Equity			
Issued capital	6	28,786,786	28,786,786
Reserves	7	2,297,449	2,297,449
Accumulated losses		(27,473,890)	(27,272,098)
Total Equity		3,610,345	3,812,137

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 2017**

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance at 1 July 2016	28,786,786	(26,798,980)	2,297,449	4,285,255
Total comprehensive income for the period				
Loss for the period	-	(253,811)	-	(253,811)
Other Comprehensive Income	-	-	-	-
Total comprehensive loss for the period	-	(253,811)	-	(253,811)
Balance at 31 December 2016	28,786,786	(27,052,791)	2,297,449	4,031,444
Balance at 1 July 2017	28,786,786	(27,272,098)	2,297,449	3,812,137
Total comprehensive income for the period				
Loss for the period	-	(201,792)	-	(201,792)
Other Comprehensive Income	-	-	-	-
Total comprehensive loss for the period	-	(201,792)	-	(201,792)
Balance at 31 December 2017	28,786,786	(27,473,890)	2,297,449	3,610,345

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

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Consolidated Statement of Cash Flows *for the half-year ended 31 December 2017*

	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(223,595)	(259,201)
Interest received	30,755	15,602
Net cash used in operating activities	(192,840)	(243,599)
Net decrease in cash and cash equivalents	(192,840)	(243,599)
Cash and cash equivalents at beginning of the period	3,885,060	4,349,753
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the period	3,692,220	4,106,154

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

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Condensed Notes to the Financial Statements

for the half-year ended 31 December 2017

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 2017 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 2017, 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 January 2017 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 2017	31 December 2016
\$	\$

3. LOSS FROM OPERATIONS

Employee benefits expense

Directors Fees	103,425	127,710
Superannuation	7,125	8,550
Annual leave expense	6,923	6,923
	117,473	143,183

31 December 2017	30 June 2017
\$	\$

4. TRADE AND OTHER PAYABLES

Trade payables	11,896	11,893
Other payables and accruals	12,142	21,700
	24,038	33,593

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Condensed Notes to the Financial Statements

for the half-year ended 31 December 2017

	31 December 2017	30 June 2017
	\$	\$

5. PROVISIONS

Current Provisions

Employee benefits	61,145	54,222
	61,145	54,222

6. ISSUED CAPITAL

(a) Issued and paid up capital

Issued and fully paid	28,785,986	28,785,986
Converting preference shares	800	800
	28,786,786	28,786,786

	31 December 2017		30 June 2017	
	No.	\$	No.	\$

(b) Movements in ordinary shares on issue

Opening balance	463,382,876	28,785,986	463,382,876	28,785,986
Movements	-	-	-	-
Closing balance	463,382,876	28,785,986	463,382,876	28,785,986

(c) Converting preference shares

Opening balance	2,006	800	2,006	800
Closing balance	2,006	800	2,006	800

	31 December 2017	30 June 2017
	\$	\$

7. RESERVES

Option, share based payments and option premium reserves	2,297,449	2,297,449
	2,297,449	2,297,449

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.

8. DIVIDENDS

No dividend has been declared or paid during the period ended 31 December 2017.

9. EVENTS SUBSEQUENT TO REPORTING DATE

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

10. CONTINGENT LIABILITIES

The Directors are not aware of any new contingent liabilities as at 31 December 2017. There has been no change in contingent liabilities since the last annual reporting date.

11. 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 2017	% Equity Interest 30 June 2017
Komodo Energy Pty Ltd	Australia	100%	100%
Sugarbay Investments Pty Ltd	Australia	100%	100%
Crestwood Pty Ltd	Australia	100%	100%

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Directors' Declaration

In accordance with a resolution of the Directors of Orca Energy Limited, I state that:

1. In the opinion of the Directors:
 - a) the condensed financial statements and notes of Orca Energy Limited for the half-year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's consolidated financial position as at 31 December 2017 and of its performance for the period ended on that date; and
 - ii. complying with Accounting Standards AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
 - b) the condensed financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Greg Bandy
Managing Director

Perth, Western Australia,
25 January 2018

**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 2017, 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 2017 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.

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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 25 January 2018.

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 2017 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 Tirodkar

Samir Tirodkar
Director

West Perth, Western Australia
25 January 2018

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