

Orca Energy Group Inc. announces arbitrations against the Tanzania and Tanzania Petroleum Development Corp. over US\$1.2 billion Project

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[Orca Energy Group Inc.](#) ("Orca" or the "Company" and includes its subsidiaries and affiliates) (TSX-V: ORC.A, ORC.B) announces that:

- its subsidiary, Pan African Energy Corporation (Mauritius) ("PAEM"), submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("ICSID"), an arm of the World Bank, against the United Republic of Tanzania ("Tanzania") for various breaches by Tanzania of the investment protections provisions of the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the Government of the United Republic of Tanzania (the "BIT"); and
- its subsidiary, PanAfrican Energy Tanzania Limited (Jersey) ("PAET"), submitted two separate Requests for Arbitration to ICSID against Tanzania and Tanzania Petroleum Development Corporation ("TPDC"), a petroleum corporation owned and controlled by Tanzania, for breaches of:
 1. the Production Sharing Agreement between the Government of Tanzania (the "GoT"), TPDC, and PAET dated October 11, 2001 (the "PSA"); and
 2. the Gas Agreement between the GoT, TPDC, Songas Limited ("Songas") and PAET dated October 11, 2001 (the "GA").

The three claims (the "Claims") arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Songo Songo Gas-to-Electricity Project (the "Project") and breach multiple obligations under the BIT, the PSA and the GA. These breaches include:

- *Failing to extend the Songo Songo Development Licence (the "Licence")*: In April 2023, PAET formally requested that TPDC apply for an extension of the Licence, which is set to expire on 10 October 2026. TPDC is contractually required to make such application upon a request from the Company. TPDC failed to submit the application in a timely manner. When it eventually did so in late November 2024, it acted unilaterally - without consulting PAEM or PAET - and proposed terms that would render the Project commercially unviable. Since then, Tanzania has refused to engage in any substantive dialogue on the status or terms of the application. These actions are a coordinated effort to pressure the Company to exit the Project.
- *Forcing continuation of the Protected Gas regime*: Protected Gas, as defined in the PSA, was owned by TPDC and sold to Songas and Tanzania Portland Cement PLC until July 31, 2024. Following July 31, 2024 Protected Gas ceased and all production from the Songo Songo Gas Field constituted Additional Gas (as defined in the PSA), which PAET and TPDC are entitled to sell on commercial terms until the expiry of the PSA in October 2026. Contrary to the express terms of the PSA and the GA, TPDC - under the direction of the GoT - imposed the continued application of the Protected Gas regime on the Project, undermining the commercial balance agreed in the Project agreements.
- *Failing to pay royalties*: TPDC has failed to pay royalties owing under the Project's contractual framework, which it was required to do, and has instead attempted to compel PAET to cover these unpaid obligations, in direct violation of the PSA and the GA.
- *Broader pattern of harassment*: On an ongoing basis, various Tanzanian state agencies have subjected PAET to regulatory and administrative pressures and harassment, further eroding the stability and security of the investment environment for the Project, PAEM and PAET.

Prior to pursuing the Claims through arbitration proceedings, on 7 August 2024, PAEM and PAET jointly issued a Notice of Dispute under the BIT, PSA, and GA to Tanzania and TPDC. Over the subsequent year, PAEM and PAET made extensive efforts to resolve these issues amicably. However, the lack of meaningful engagement from Tanzania and TPDC has left PAEM and PAET with no alternative but to pursue formal arbitration proceedings.

While the precise amount of damages for the Claims will be determined in the course of the arbitration

proceedings, the Company currently values the Project at approximately US\$1.2 billion. As the arbitration proceeds, PAEM and PAET expect to appoint a quantum expert to prepare a professional damages assessment for the arbitration tribunal. The Company will update shareholders as this evolves.

In all three proceedings, PAEM and PAET are represented by Boies Schiller Flexner LLP, an international law firm with a strong track record in international arbitration, including successful claims against Tanzania.

Jay Lyons, Chief Executive Officer of Orca, comments on this announcement: "Following a mutually successful partnership over the past twenty years, we were disappointed to have to have been compelled to initiate international arbitration proceedings against the United Republic of Tanzania and Tanzania Petroleum Development Corporation. Since formally submitting our application for extension of the Licence in April 2023, the Company has made every reasonable effort to engage in a constructive dialogue with all parties, with the aim of continuing and expanding operations under the Licence. Our goal remains clear: to unlock the full value of this vital project for all stakeholders - including the Government of Tanzania, its citizens, and local communities. Despite our continued willingness to reach an amicable resolution, the lack of meaningful progress has left us with no viable alternative but to take decisive legal action to protect the rights of PAET and PAEM, and the interests of our shareholders. We will provide further updates in due course."

Orca Energy Group Inc.

Orca Energy Group Inc. is an international public company engaged in natural gas development and supply in Tanzania through its subsidiary, PAET. Orca trades on the TSX Venture Exchange under the trading symbols ORC.B and ORC.A.

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.

Forward-Looking Information

This press release contains forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact included in this press release, which address activities, events or developments that Orca expects or anticipates to occur in the future, are forward-looking statements. Forward-looking statements often contain terms such as may, will, should, anticipate, expect, continue, estimate, believe, project, forecast, plan, intend, target, outlook, focus, could and similar words suggesting future outcomes or statements regarding an outlook.

More particularly, this press release contains, without limitation, forward-looking statements pertaining to the following: the Company's estimates in respect of the amount of damages. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, access to resources, results of negotiation, results from arbitration, amount of damages or costs incurred by the Company relating to negotiations and/or arbitration, 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 Company's control, and many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company, including, but not limited to: risk that the Company may incur losses and legal expenses as a result of the Claims; Tanzania's response to the Claims; the ability to finance the arbitration process; impact of local content regulations and variances in the interpretation and enforcement of such regulations; uncertainty regarding the amount of damages that could be payable to the Company; uncertainty regarding results through arbitration; changes in national and local government legislation, taxation, controls, or regulations and/or changes in the administration of laws, policies, and practices, expropriation or nationalization of property and political or economic developments in Tanzania; lack of certainty with respect to foreign legal systems, corruption, and other factors that are inconsistent with the rule of law; risk of loss due to acts of war, terrorism, sabotage and civil disturbances; timing of receipt of, or failure to comply with, necessary permits and approvals; and potential damage to the Company's reputation due to the actual or perceived

occurrence of any number of events, including negative publicity with respect to the Company's dealings with the Tanzania and TPDC, whether true or not. Therefore, the Company'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 Company 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 Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but not limited to: the Company's relationship with TPDC and Tanzania; accurate assessment by the Company of the merits of its Claims; that the amount of damages recoverable by the Company will be in line with expectations; and other matters.

The forward-looking statements contained in this press release are made as of the date of this news release and the Company 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.

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