ORCA GOLD INC.

SECOND QUARTER REPORT

For the Six Months Ended

June 30, 2013

ORCA GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SIX MONTHS ENDED JUNE 30, 2013
(Amounts in United States Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Orca Gold Inc. ("Orca" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2013 and the December 31, 2012 year end audited consolidated financial statements and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's consolidated interim financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is August 28, 2013. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.orcagold.com.

Orca is a junior exploration company focused on the acquisition and exploration of mineral properties in Africa. Its current exploration focus is on three properties in the Arabian Nubian Shield (Blocks 14, 67 and 68) in the north of Sudan. These properties are located 700 km north of Khartoum and 100 km west of the Red Sea, and stretch 300 km due west across the northernmost part of Sudan. The nearest significant population centre is the town of Abu Hamad located 160kilometres due south of the Block 14 prospecting license perimeter. These three licenses total 20,022 km^2 in area.

All exploration and mining projects in Sudan are subject to The Mineral Resources Development and Mining Act, 2007 which sets forth the legal and fiscal framework for the administration of the country's mineral industry by the Ministry of Energy and Mining. Industrial levels of exploration and mining rights are provided for in the Mining Code, defined by concession agreements and granted under exclusive prospecting licenses and the mining leases (the "Concession Agreement").

Blocks 67 and 68 are covered by a joint Concession Agreement dated July 17, 2011. Block 14 is covered by a Concession Agreement dated 19th May 2010. The licenses for Blocks 67 and 68 were originally granted to Sand Metals Company Ltd. ("SMCL"), a subsidiary of Orca, on July 17, 2011 and are in good standing and currently in their second exploration year.

The license for Block 14 was originally granted to Orca's partner, Meyas Nub Multiactivities Co. Ltd. ("Meyas Nub") on 19th May 2010. The license is currently held by Meyas Sand Minerals Company Ltd ("MSMCL"), a company owned by SMCL and Meyas Nub, and is in good standing and currently in its third exploration year. Details of the agreement between SMCL and Meyas Nub whereby SMCL has the right to earn a 70% interest in Block 14 are summarized in the "Liquidity and Capital Resources" section of this MD&A.

The technical contents of this MD&A have been reviewed by Stuart Mills, BSc.Geology, MSc Mineral Exploration and Mining Geology, Chartered Geologist and Member of the Institute of Materials, Mining and Metallurgy, a Qualified Person pursuant to NI 43-101. Mr. Mills holds the position of Country Manager, Sudan. Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

CORPORATE TRANSACTIONS

On April 4, 2013, the Company completed a major restructuring as a result of closing the following transactions (collectively, the "Transaction"):

- a spinout transaction by way of a plan of arrangement (the "Spinout"). The legal form of the Spinout provided that the Company
  a) transfer materially all of its assets and liabilities, including its Tanzanian exploration properties and related activities, to East Africa Metals Inc. ("EAM"), a newly formed wholly-owned subsidiary, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at April 4, 2013; and
  b) distribute all of the shares of EAM to its shareholders immediately prior to giving effect to the Acquisition;
- a share purchase agreement with Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012 (the "Acquisition"). Under the Acquisition, the Company acquired all of the outstanding common shares of Shark, a tightly controlled private company with active exploration projects in Sudan, in exchange for the issuance of 118,584,735 of its common shares;
- a share consolidation on the basis of one (1) new share for three (3) existing shares (the "Consolidation") resulting in issued capital of 106,834,124 common shares. As of closing of the Acquisition and Consolidation, the Company became 63% owned by its former shareholders and 37% owned by former Shark shareholders and changed its name to Orca.

As a result of the Transaction, the Company changed its board and senior management and the focus of its exploration activities from Tanzania to Sudan. Richard P Clark, Simon Jackson, Robert Chase and Alexander Davidson were appointed to the board of directors of Orca, joining incumbent directors Dr. Jingbin Wang and Shuixing Fu. A new management team was appointed including Simon Jackson (President & Chief Executive Officers), Alessandro Bitelli (Chief Financial Officer) and Hugh Stuart (Vice President, Exploration).

Under applicable International Financial Reporting Standards ("IFRS"), the substance of the Acquisition is a reverse takeover of a non-operating company whereby Shark, the legal subsidiary, has been determined to have acquired effective control of Orca on acquisition date and to be the acquirer for accounting purposes. The transaction does not constitute a business combination as Orca prior to the Acquisition did not meet the definition of a business under IFRS. Accordingly, the Acquisition has been accounted for as an acquisition by Shark of Orca's remaining net assets following the Spinout.

In accordance with the principles of reverse takeover accounting, the Company will report the operations of Shark and its related historical comparatives as its continuing business, except for the legal capital shown in the Condensed Interim Consolidated Statements of Shareholders' Equity, which has been adjusted retroactively to reflect the legal capital of Orca.

Orca's financial reporting year end will be December 31 and the June 30, 2013 interim condensed consolidated financial statements for the three and six months ended on June 30 include the assets and liabilities and income and expenses of Orca from April 4, 2013. The comparative financial information presented in these financial statements (December 31, 2012 balance sheet, statements of operations for the three and six months ended June 30, 2012 and statement of cash flows for the six months ended June 30, 2012) is that of Shark.

The acquisition consideration deemed to have been transferred by Shark, the legal subsidiary, is in the form of equity instruments issued by Orca, the legal parent company. The acquisition date fair value of the deemed consideration was determined by reference to the fair value of the net assets acquired which are listed in the table below.

(in thousands of dollars)	As at April 4, 2013
Cash and short-term deposits	60,622
Accounts receivable	222
listing expense *(Note)*	800
Accounts payable	(844)
Total net assets acquired	60,800

Note: under IFRS, the Company was required to estimate the value of the listing expense obtained as part of the Acquisition and then expense it in the same period.

The fair value of the consideration was allocated to the deemed equity instruments, net of transaction costs of $444,800 incurred by Shark, as follows:

	As at April 4, 2013 (in thousands)		
Common shares	59,763	(445)	59,319
Options (see Note 9(b))	1,037	-	1,037
	60,800	(445)	60,355

SECOND QUARTER OPERATING HIGHLIGHTS

In addition to completing the corporate transactions described above, Orca maintained very active exploration on the Block 14 permit in Sudan. Initial promising results were released by Shark in January 2013 (see News Release dated January 21, 2013), which showed a virgin discovery at its Galat Sufar South ("GSS") prospect on Block 14. Gold mineralization was intersected in each of the first 15 holes drilled. This initial drilling indicated two distinct zones at GSS, the Main Zone and the Eastern Zone. A significant exploration program was planned and carried out during the first half of 2013 including a total of 23,794 metres of drilling focusing on expanding the footprint of mineralization at GSS. This program was completed on schedule in July 2013.

Partial results from this program were released in April and May (see News Releases dated April 15 and May 16, 2013). Significant intercepts which highlighted multiple zones of mineralization at GSS are outlined in the table below.

Hole	Type	From	To	Metres	Au g/t Uncut	Au g/t Cut to 10g/t	Zone
GSDD001	DD	80	161	81	1.22		Main
GSDD002	DD	11	31	20	1.88		Main
		35	74	39	3.19	2.74	
		77	98	21	1.36		
		136	148	12	0.80		
		161	174	13	1.74		
		210	222	12	1.64		
GSDD003A	DD	241	251	10	1.97		Main
		298	311	13	2.07		
		322	352	30	1.38		
GSRC001	RC	26	85	59	2.67		Main
		94	120	26	2.48		
GSRC002	RC	5	21	16	5.02	3.59	Main
		42	49	7	1.17		
		54	95	41	2.30		
GSRC003	RC	0	10	10	4.61	4.24	Main
		27	36	9	5.42	4.13	
		101	120	19	13.60	6.39	

GSRC081	RC	32	35	3	1.41		Main
		52	71	19	15.29	6.24	
		77	80	3	3.62		
		98	101	3	12.36	7.70	
		136	144	8	6.12	5.35	
		149	159	10	1.79		
		162	187	25	7.60	6.30	
GSRC082	RC	1	5	4	3.47		Main
		9	57	48	1.79		
		62	68	6	0.94		
		71	85	14	15.78	6.01	
		87	95	8	1.10		
		97	101	4	2.26		
		109	116	7	1.33		
		152	165	13	1.76		
GSRC011	RC	0	35	35	3.65	3.60	East
		47	51	4	0.56		
		57	72	15	3.27	3.03	
		76	79	3	1.40		
GSRC012	RC	0	63	63	2.39	2.03	East
		66	84	18	0.76		
		89	94	5	2.61		
		99	106	7	0.84		
GSRC017	RC	36	47	11	0.92		East
		123	140	17	2.58		
GSRC021	RC	1	4	3	0.96		East
		7	39	32	1.45		
		44	48	4	1.57		
		57	65	8	1.71		
		80	87	7	2.33		
		93	98	5	2.80		
GSRC023	RC	0	52	52	1.90		East
		62	67	5	0.97		
		70	81	11	1.01		
		83	109	26	1.07		
		112	120	8	2.06		
GSRC024	RC	13	16	3	0.97		East
		19	36	17	7.46	6.90	
		40	58	18	1.33		
GSRC027	RC	8	28	20	2.08		Far East
		45	56	11	2.02		
		98	104	6	2.03		
		127	134	7	0.71		

Following the end of the quarter, exploration activity at site was reduced during Ramadan. Results continued to be received throughout and subsequent to the end of the quarter. The Company is now collating and analyzing them. A full exploration update is expected to be released in early September 2013 with details of planned future activity and budgeted expenditures.

RESULTS FROM OPERATIONS

As a junior exploration company, Orca has no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit. Orca incurred a loss of $7.2 million and $14.2 million for the three and six months ended June 30, 2013 respectively (2012: $2.0 million and $3.3 million). In Q2 2013, the loss includes stock-based compensation of $1.8 million and a loss of $0.8 million for the impairment of the fair value of the listing acquired on April 4, 2013, for a total of $2.6 million. In addition, in Q1 2103 the Company reported a $3.9 million write-down of the acquisition costs of two exploration permits. These are all non-cash expenditures.

Exploration costs are the most significant expenditure of the Company. Drilling accounted for approximately half of the exploration costs with technical staff in support of all of aspects of exploration activities being the second largest costs. In addition, due to the remoteness of the properties, costs related to logistics and infrastructure are high in periods of intense activities such as in Q1 and Q2 2013.

Excluding stock-based compensation of $1.5 million, administration costs were $0.6 million and $0.8 million for the three and six months ended June 30, 2013 (2012: $48,000 and $93,000). There was a step change in administrative costs in Q2 2013. In 2012, these costs reflected the support costs of Shark, a privately held company in its formative stages at the time; in 2013, following completion of the Transaction, administration costs reflect the necessary complement of ongoing head office expenses of a public company.

Stock-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period. Options granted in Q2 2013 will vest over two years. The calculation of the fair value of options is based to a large degree on the Company's share price and its volatility. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of Orca's shares if and when the options are exercised.

Interest income of $0.1 million and $0.1 million (2012: $5,000 and $14,000) reflect the interest earned from cash held on deposit and invested in short-term money market instruments. Foreign exchange gains of $0.1 million and $0.1 million (2012: $nil and $22,000) reflect the short-term fluctuations of foreign currencies used in operations against the Canadian dollar in the first half of the year.

No tax recovery is recognized as a result of the nature of activities and lack of expectations of profits in the near term.

The Company also reported gains of $20,000 and $47,000 for the three and six months ended June 30, 2013 respectively (2012: loss of $15,000 and $80,000) on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of the strengthening of foreign currencies against the Canadian dollar.

Key operating statistics and financial results for the last eight quarters are provided in the table below.

Three Months Ended	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
Exploration costs ($000's)	4,557	2,975	3,040	2,180	1,913	1,336	714	*note*
Total loss ($000's)	7,230	6,998	3,146	2,308	1,956	1,350	822	*note*
Net loss attributed to the Company's shareholders ($000's)	4,746	5,436	2,119	1,670	1,430	1,175	822	*note*
Net loss per share attributed to the Company's shareholders, basic and diluted ($)	0.05	0.14	0.06	0.05	0.05	0.06	1.60	*note*

Note: the Company was incorporated on October 21, 2011.

The nature and extent of exploration activities carried out under specific work programs affects the costs incurred and loss reported in any given quarter. Over the last seven quarters, Orca has been increasing its level of exploration in Sudan as a result of acquiring new properties directly or through option and advancing the evaluation of some of its properties to the drilling phase.

The loss in Q1 2013 also reflects the write-down of the acquisition costs of two properties relative to which Orca decided to cease further exploration on the basis of its continuous assessment of technical results and reprioritization of its mineral projects. The loss in Q2 2013 also includes stock-based compensation, the impairment loss of the fair value of the listing acquired on April 4, 2013, and increased administration costs. The higher administrative costs reflect the additional support and costs required as the result of the Company becoming a public company trading on the TSX-V following the Transactions described at the beginning of this MD&A.

The calculations of loss per share have been adjusted retroactively to reflect the impact of the Acquisition and the Consolidation on the continuity of the issued and outstanding common shares of Orca.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2013, the Company had cash and cash equivalents of $58 million and working capital of $56 million as compared to cash of $5.4 million and working capital of $4.4 million at December 31, 2012. The corporate transactions disclosed at the beginning of the MD&A resulted in a $60 million increase in the Company's treasury, which will be used to fund the Company's ongoing evaluation of its exploration properties in Sudan and pursue other project generation opportunities. Other than for general corporate and administrative costs, the majority of funds spent by Orca were directed towards exploration in Sudan.

Orca's interest on its most advanced property, Block 14, was acquired on March 1, 2012 when Sand Metals Company Ltd. ("SMCL"), a 100%-owned subsidiary of Orca, acquired the right and option to a 70% interest in Meyas Sand Minerals Co. Ltd. ("MSMCL"), a Sudanese company incorporated to hold the Block 14 exploration license. Under the purchase agreement, SMCL agreed to pay the holder of the license USD $9.5 million in three installments in exchange for an increasing ownership interest in MSMCL, as follows:

Date	Payment	Total ownership interest
March 1, 2012	USD $3.5 million (paid)	35.0%
September 30, 2013	USD $3.0 million	52.5%
September 30, 2014	USD $3.0 million	70.0%

The agreement stipulates that SMCL would forfeit its then current interest if it does not make the required remaining two payments by their respective due dates. Under the agreement, SMCL has agreed to fund all exploration, development and construction costs to commercial production.

Based on the Company's financial position at June 30, 2013, the Company believes it has a strong treasury to support its ongoing exploration expenditures in Sudan and general corporate activities.

RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the three and six months ended June 30, 2013, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), Sirocco Mining Inc. ("Sirocco"), Sirocco Gold CDI SARL ("SCDI"), and SinoTech (Hong Kong) Corporate Limited ("SinoTech"). Other than SinoTech, these companies are related by way of directors, officers and shareholders in common. SinoTech is related by virtue of its greater than 10% shareholding in the Company. Related party transactions are recorded at the exchange amounts.

Transactions with SCDI relate to expenses that are initially paid by SCDI and subsequently charged to Orca for reimbursement in the normal course of business. The amount shown in below represents the accounts payable balance outstanding as at June 30, 2013.

a) Services received from related parties

		Three months ended June 30,		Six months ended June 30,	
	Related party	**2013**	**2012**	**2013**	**2012**
Geological consulting	SinoTech	7,799	-	7,799	-
Geological consulting	HSEC	146,024	86,506	236,714	206,162
Management fees	HSEC	-	12,599	40,352	25,292
Support and administration	Sirocco	136,300	-	136,300	-
Total related parties costs		**290,123**	**99,105**	**421,165**	**231,454**

b) Related party balances

The amounts due from (to) related parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

	Related party	**June 30, 2013**	**December 31, 2012**
Accounts payable and accrued liabilities	SCDI	(46,785)	-
Accounts payable and accrued liabilities	Sirocco	(35,924)	(43,143)
Accounts payable and accrued liabilities	HSEC	(140,302)	(135,438)
Receivables and other assets	HSEC	47,961	48,534

c) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and vice-presidents.

The remuneration of key management personnel were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
Salaries and management fees	116,962	-	116,962	-
Short term benefits	2,529	-	2,529	-
Stock-based compensation	727,489	-	727,489	-
Total key management compensation	**846,980**	**-**	**846,980**	**-**

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements.

Areas of judgement and estimates that have the most significant effect on the amounts recognized in the financial statements are:

Reverse takeover accounting

The Company has accounted for the Transaction as a reverse takeover. Significant judgment and estimates were required to determine that the application of this accounting treatment was appropriate for the Transaction. These included, among others, the determination that Shark acquired effective control of Canaco, the basis for the calculation of the fair value of the consideration transferred and the estimate of the fair value of the listing expense.

Valuation of mineral properties

The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

Stock-based compensation

The fair value of stock options is determined using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management of the Company is required to make certain assumptions and estimates regarding the life of the options, volatility and forfeitures rates. Changes in the assumptions used could result in materially different results.

Income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Decommissioning and site restoration

The future obligations for site closure activities are estimated by the Company based on the laws and regulations of the countries in which it operates, with due consideration to the fact that the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The decommissioning and site restoration provisions are more uncertain the further into the future the site closure activities are to be carried out. In light of the early stage of its exploration activities, the Company has determined that its closure costs as at December 31, 2012 would not be material.

SIGNIFICANT ACCOUNTING POLICIES

Other than the adoption of the new or revised standards as described under the caption "Corporate transactions" and as noted below, Orca continues to follow the accounting policies described in Note 5 of the December 31, 2012 audited consolidated financial statements of Shark that were filed on Sedar on April 30, 2013. The Company has determined that the adoption of the following standards has not resulted in a material impact on the Company's consolidated financial statements:

IFRS 13, Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements and in many cases did not reflect a clear measurement basis or consistent disclosures.

IFRIC 20 – Stripping in the Production Phase of a Producing Mine

IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a producing mine. Stripping activity may produce two types of benefit: inventory produced and improved access to ore. Stripping costs associated with the latter are accounted for as an addition to or enhancement of an existing asset. The former is accounted for as a current production cost in accordance with IAS 2, *Inventories*.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IFRS 7, Financial Instruments: Disclosures, IAS 1, Presentation of Financial Statements, IAS 12, Income Taxes, and IAS 28, Investments in Associates and Joint Ventures. IFRS 7 requires additional disclosures in relation to the transfer of financial assets, including those in with which there is continuing involvement. IAS 1 requires changes to the grouping of items in the consolidated statement of comprehensive loss. Amendments to IAS 12 provide guidelines for determining the recovery of investment properties as it relates to the accounting for deferred income taxes. IAS 28 has been amended to include joint ventures in its scope and to address the changes to IFRS 10 –

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the immediate or short-term maturity of these financial instruments.
The Company's financial instruments are exposed to certain financial risks, including currency, credit and liquidity risk.

Currency risk

Foreign currency risk can arise when the Company or its subsidiaries transact in currencies other than their functional currencies.

(i) Sudanese operations

Ghazal, SMCL, and MSMCL incur costs in multiple foreign currencies and, therefore, they are exposed to foreign exchange risks arising from these transactions. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. Based on the approximate costs incurred in the three foreign currencies outlined below, a 10% variation in the exchange rate between these currencies and the European Euro, Ghazal, SMCL, and MSMCL's functional currency, would have resulted in the following change in costs:

		In thousands of dollars
	Percentage of total costs	**Change in costs resulting from a 10% variation in exchange rates**
Sudanese pound	31%	199
US dollar	42%	273
British pound	16%	104

As at June 30, 2013, Ghazal, SMCL, and MSMCL's only material foreign currency risk exposure is a US dollar net financial liability of an amount equivalent to approximately $659,000 Canadian dollars. A 10% change in the foreign exchange rate between the US dollar and the European Euro would give rise to increases/decreases of approximately $66,000 Canadian dollars in financial position/comprehensive loss.

ii) Canadian head office operations

At June 30, 2013, the Company's Canadian head office also held cash in foreign currencies and had net foreign currency financial assets. The estimated impacts of relative currency rate fluctuations between the foreign currencies and the Canadian dollar, the Company's functional currency, based on these total foreign currency exposures are as follows:

			In thousands of dollars
	Foreign currency cash held (in source currency)	**Net financial asset position**	**Change in net financial position from a 10% variation in exchange rates**
US dollar	522	576	58
European euro	310	444	44
British pounds	100	221	22

Credit risk

At June 30, 2013, the majority of the Company's cash was held through Canadian and Swiss financial institutions with high investment grade ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity requirements are managed based on expected cash flow to ensure that there is capital to meet short term and long term obligations.

Payments due on contractual obligations for the next five years are outlined in the table below.

(Amounts in thousands of dollars)	**Total**	**< 1 year**	**1 – 3 years**	**3- 5 years**	**> 5 years**
Accounts payable	2,385	2,385	-	-	-
Total	2,385	2,385	-	-	-

OUTSTANDING SHARE DATA

Share options totaling 3,323,334 expired unexercised three days after June 30, 2013. As at August 28, 2013, the Company had 107,405,754 common shares outstanding and 6,603,334 share options outstanding under its stock-based incentive plan and no share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The more significant risks include:

Exploration and Development Risks: The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties which even a combination of careful evaluation, experience and knowledge may not eliminate. There is no certainty that the expenditures to be made by the Company in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of commercially mineable deposits. Major expenses may be required to establish resources and reserves by drilling and to construct mining and processing facilities at a site. The Company's operations are subject to all of the hazards and risks normally incident to mineral exploration, mine development and operation, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

Estimation of Mineralization, Resources and Reserves: There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production.

Financial Markets: The Company must utilize external financing sources to finance its growth and sustain capital requirements. In time, the Company may be required to raise significant additional capital through the capital markets and/or incur significant borrowings to meet its capital requirements. There is no assurance that the Company will be successful in obtaining additional financing, if available, on a timely basis, in the amount required or on favorable terms.

Foreign Investments and Operations: The Company conducts its exploration and development activities in Sudan. The economy and political systems of Sudan, as with other countries in North and East Africa and many other mining jurisdictions, are subject to the risks normally associated with the conduct of business in these foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Resulting Issuer's profitability or the viability of its affected foreign operations. Risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual relations, foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. These risks could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial position.

Regulatory Risks: The Company's operations may be affected by other government regulations, in addition to the mining regime, with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, claims of artisanal miners, water use and safety regulations. Changes in these regulations due to a change in government, a change in the policies of the existing government, a change in political attitude or a change in the international policies may adversely affect the Company's business and its ability to conduct operations. The effect of these factors cannot be predicted.

Title Risk: The mining regulatory regime in Sudan is defined almost entirely by concession contracts with the government and the Company holds its mining interests through concession agreements with the government. In addition, any mining property may be subject to prior agreements, transfers, claims, including claims by artisanal miners currently working on the properties, and title may be affected such undetected defects. Although the Company has taken reasonable measures to ensure proper title to the properties in which it has an interest, no assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Environmental: The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas.

Competition: There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition and development of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Mineral Prices: Factors beyond the control of the Company such as inflation, foreign currency fluctuation, interest rates, supply and demand and industrial disruption may have an adverse impact on operating costs, commodity prices and stock market prices and may impact the Company's ability to fund its activities. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market will continue to exist for the sale of products from that ore as mineral prices have fluctuated widely, particularly in recent years.

No Operating History: Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from the Company's estimates. There can be no assurance that the underlying assumed levels of expenses for any activity or project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated.

Uninsured Risks: The mining business is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company may maintain insurance against certain risks associated with its business in amounts that it believes to be reasonable. Such insurance, however, would contain exclusions and limitations on coverage. There can be no assurance that such insurance would be available, would be available at economically acceptable premiums or would be adequate to cover any resulting claim.

Conflicts of Interest: Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Resulting Issuer with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

OUTLOOK

Orca is a Canadian resource company focused on exploration opportunities in Africa. As a result of the completion of the Transaction, the Company now has an experienced board of directors and management team, a strong balance sheet which includes $58 million in cash and an early stage, prospective gold discovery in Sudan. Management and board are mindful of the subdued equity market conditions for junior exploration companies and the importance of properly managing the treasury. Future exploration programs will continue to be guided by results and prospectivity.

Details of planned future activities and budgeted expenditures in Sudan are expected to be finalized in early September, including the decision to make the second option payment to increase Orca's interest in Block 14 from 35% to 52.5%.

In addition, the Company actively pursues future growth opportunities by evaluating other exploration, development or production assets on an on-going basis with a view to building a diversified, African focused exploration company. While at any given time discussions and activities may be in progress on a number of initiatives, Orca currently does not have any binding agreements or binding commitments to enter into any such transactions. There is no assurance that these corporate activities will ever progress to the stage where a potential transaction might be successfully completed.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made and contained herein in the MD&A and elsewhere may contain statements of forward-looking information. Forward-looking statements are frequently, but not always, identified by words or statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of projections and estimates; interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of current exploration activities; government regulation; political or economic developments; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; personnel relations; the speculative nature of strategic metal exploration and development including the risks of diminishing quantities of grades of resources; contests over title to properties; and changes in project parameters as plans continue to be refined.

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- our ability to achieve exploration targets;
- estimated future mineral prices, capital and operating costs, production and economic returns;
- assumptions underlying the Company's potential future resource estimates;
- our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;
- assumptions that all necessary permits and governmental approvals will be obtained;
- assumptions made in the interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits;
- our expectations regarding demand for equipment, skilled labour and services needed for exploration, development and operations of mineral properties; and
- our assumption that activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

Forward-looking statements are statements about the future and are inherently uncertain. The actual results and achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A. Such factors include, without limitation:

- uncertainty relating to the estimation of the mineralization, resources and reserves;
- risks related to lack of infrastructure, or interference with access to existing infrastructure or other unanticipated difficulties with or interruptions in exploration, development, construction or production;
- uncertainty related to title to the Company's mineral properties;
- risks related to the competitive nature of the mining industry;
- fluctuations in interest rates, foreign currency exchange rates, the supply and demand of mineral products, marketability, commodity prices and the general volatility of the securities markets;
- risks related to the Company's ability to finance the exploration and development of its mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;
- the presence of potentially uninsurable risks;
- acts of the governments of the jurisdictions in which the Company's operations and properties are located and other risks associated with operations in foreign jurisdictions;
- risks related to the third parties on which the Company depends for its exploration, development and operating activities as well as the inherent hazards and risks associated with mining operations;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to hedging of commodity prices and exchange rates should the Company choose or need to do so; and
- conflicts of interest as well as the Company's dependence on its management and technical teams.

This is not meant to be an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Further, the Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. Accordingly, for the reasons set forth above, readers are cautioned not to place undue reliance on these forward-looking statements.

Orca Gold Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013 and 2012

Orca Gold Inc.
Condensed Interim Consolidated Statements of Financial Position
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	June 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	$ 58,232,315	$ 5,412,998
Receivables and other assets (Note 5)	317,921	208,331
Deferred transaction costs	-	273,544
	58,550,236	5,894,873
Equipment (Note 6)	1,471,415	1,287,472
Mineral properties (Note 7)	3,752,618	7,603,538
	$ 63,774,269	$ 14,785,883
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,384,793	$ 1,508,315
	2,384,793	1,508,315
EQUITY		
Equity attributed to common shareholders		
Share capital (Note 8)	82,739,268	22,869,280
Contributed surplus	2,422,929	-
Accumulated other comprehensive income	73,361	(11,339)
Deficit	(17,398,444)	(7,216,102)
	67,837,114	15,641,839
Non-controlling interest (Note 14)	(6,447,638)	(2,364,271)
	61,389,476	13,277,568
	$ 63,774,269	$ 14,785,883

Approved by the Board of Directors

(signed) "Robert F. Chase"
Director

(signed) "Alex Davidson"
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Orca Gold Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Administration costs (Note 10)	$ 2,109,681	$ 47,989	$ 2,273,815	$ 92,724
Exploration and project investigation costs (Note 11)	4,556,734	1,912,519	7,531,826	3,248,960
Write-down of mineral properties (Note 7)	-	-	3,852,037	-
Listing expense (Note 2)	800,000	-	800,000	-
Foreign exchange gain	(123,156)	(438)	(111,411)	(22,207)
Interest income	(113,648)	(4,551)	(118,239)	(13,664)
Net loss for the period	$ 7,229,611	$ 1,955,519	$ 14,228,028	$ 3,305,813
Net loss for the period attributed to:				
Common shareholders of the Company	4,745,851	1,429,863	10,182,342	2,605,328
Non-controlling interest (Note 14)	2,483,760	525,656	4,045,686	700,485
	$ 7,229,611	$ 1,955,519	$ 14,228,028	$ 3,305,813
Net loss for the period	$ 7,229,611	$ 1,955,519	$ 14,228,028	$ 3,305,813
Loss (gain) on translation to presentation currency	(19,975)	15,400	(47,019)	79,818
Comprehensive loss for the period	$ 7,209,636	$ 1,970,919	$ 14,181,009	$ 3,385,631
Comprehensive loss for the period attributed to:				
Common shareholders of the Company	$ 4,668,297	$ 1,449,454	$ 10,097,642	$ 2,681,250
Non-controlling interest (Note 14)	2,541,339	521,465	4,083,367	704,381
	$ 7,209,636	$ 1,970,919	$ 14,181,009	$ 3,385,631
Basic and diluted loss per common share (Note 8)	$ 0.05	$ 0.05	$ 0.14	$ 0.10
Basic and diluted weighted average number of shares outstanding	104,683,289	30,894,885	72,285,753	25,914,532

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Orca Gold Inc.
Condensed Interim Consolidated Statements of Cash Flows
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Six months ended June 30, 2013	2012
Cash flows from (for) operating activities		
Net loss for the period	$ (14,228,028)	$ (3,305,813)
Add non-cash items		
Depreciation of equipment (Note 6)	182,728	90,691
Write-down of mineral properties (Note 7)	3,852,037	-
Stock-based compensation expense	1,768,790	-
listing expense (Note 2)	800,000	-
	(7,624,473)	(3,215,122)
Changes in non-cash working capital items		
Receivables and other assets	95,571	(82,783)
Accounts payable and accrued liabilities	185,753	193,012
	(7,343,149)	(3,104,893)
Cash flows from (for) financing activities		
Common shares issued, net	-	12,065,518
Proceeds from exercise of stock options	168,927	-
Short-term advances from related party	-	612,146
Repayment of short-term advances to related party	-	(955,828)
	168,927	11,721,836
Cash flows for investing activities		
Cash acquired in Canaco's acquisition (Note 2)	60,622,084	-
Transaction costs paid on acquisition of Canaco (Note 2)	(387,160)	-
Net cash used in acquisition of Ghazal	-	(538,835)
Acquisition of option to earn interest in exploration license	-	(3,708,772)
Purchase of equipment	(228,995)	(487,941)
	60,005,929	(4,735,548)
Foreign exchange on cash	(12,390)	(57,664)
Increase in cash	52,819,317	3,823,731
Cash, beginning of period	5,412,998	109,685
Cash, end of period	$ 58,232,315	$ 3,933,416

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Orca Gold Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Number of Shares Issued and Outstanding (Note 8)	Equity Attributed to Common Shareholders: Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total	Non-controlling Interest	Total
Balance January 1, 2013	39,528,245	22,869,280	-	(11,339)	(7,216,102)	15,641,839	(2,364,271)	13,277,568
Existing shares of Orca (Note 2)	67,305,879	59,318,661	1,036,539	-	-	60,355,200	-	60,355,200
Exercise of stock options (Note 9)	571,666	551,327	(382,400)	-	-	168,927	-	168,927
Stock-based compensation expense	-	-	1,768,790	-	-	1,768,790	-	1,768,790
Net loss for the period	-	-	-	-	(10,182,342)	(10,182,342)	(4,045,686)	(14,228,028)
Gain (loss) on translation to presentation currency	-	-	-	84,700	-	84,700	(37,681)	47,019
Balance June 30, 2013	**107,405,790**	**$ 82,739,268**	**$ 2,422,929**	**$ 73,361**	**$ (17,398,444)**	**$ 67,837,114**	**$ (6,447,638)**	**$ 61,389,476**
Balance January 1, 2012	2,047,694	225	-	34,421	(821,623)	(786,977)	-	(786,977)
Proceeds from private placements	22,012,441	12,065,518	-	-	-	12,065,518	-	12,065,518
Acquisition of Ghazal	6,834,750	3,750,000	-	-	-	3,750,000	-	3,750,000
Incorporation of MSMCL Company	-	-	-	-	-	-	17,789	17,789
Net loss for the period	-	-	-	-	(2,605,328)	(2,605,328)	(700,485)	(3,305,813)
Loss on translation to presentation currency	-	-	-	(75,922)	-	(75,922)	(3,896)	(79,818)
Balance June 30, 2012	**30,894,885**	**$ 15,815,743**	**$ -**	**$ (41,501)**	**$ (3,426,951)**	**$ 12,347,291**	**$ (686,592)**	**$ 11,660,699**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Orca Gold Inc. ("Orca" or the "Company") is a resource company engaged in the acquisition and exploration of mineral properties in Africa. As a development-stage company with no current sources of revenues, it is dependent on its ability to raise funds through the equity markets to support its future activities.

Orca was incorporated under the Business Corporations Act (British Columbia) on January 13, 1987 and its registered office is located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3. On April 4, 2013, following completion of the transactions described in Note 2 below, the Company changed its name from Canaco Resources Inc. ("Canaco") to Orca and on April 9, 2013 it commenced trading on the TSX-V under the new ticker symbol "ORG.V".

The Company's significant subsidiaries are Ghazal Minerals Company Limited ("Ghazal"), Sand Metals Company Limited ("SMCL"), and Meyas Sand Minerals Company Limited ("MSMCL"), which are located and operate in the Republic of Sudan.

2. CORPORATE TRANSACTIONS AND NET ASSET ACQUISITION

On April 4, 2013, the Company closed the following transactions:

- a spinout transaction by way of a plan of arrangement (the "Spinout"). The legal form of the Spinout provided that the Company:

    a) transfer materially all of its assets and liabilities, including its Tanzanian exploration properties and related activities, to East Africa Metals Inc. ("EAM"), a newly formed wholly-owned subsidiary, except for cash and short-term investments of $60,000,000 and sufficient funds to pay certain liabilities outstanding as at April 4, 2013; and

    b) distribute all of the shares of EAM to its shareholders immediately prior to giving effect to the Acquisition;

- a share purchase agreement with Shark Minerals Inc. ("Shark") and the shareholders of Shark dated December 14, 2012 (the "Acquisition"). Under the Acquisition, the Company acquired all of the outstanding common shares of Shark, a tightly controlled private company with active exploration projects in Sudan, in exchange for the issuance of 118,584,735 of its common shares; and

- a share consolidation on the basis of one (1) new share for three (3) existing shares (the "Consolidation") resulting in issued capital of 106,834,124 common shares. As of closing of the Acquisition and Consolidation, the Company became 63% owned by its former shareholders and 37% owned by former Shark shareholders and changed its name to Orca.

As part of these transactions, the Company changed its board and senior management and the focus of its exploration activities.

Under applicable International Financial Reporting Standards ("IFRS"), the substance of the Acquisition is a reverse takeover of a non-operating company whereby Shark, the legal subsidiary, has been determined to have acquired effective control of Orca on acquisition date and to be the acquirer for accounting purposes. The transaction does not constitute a business combination as Orca prior to the Acquisition did not meet the definition of a business under IFRS. Accordingly, the Acquisition has been accounted for as an acquisition by Shark of Orca's remaining net assets following the Spinout.

In accordance with the principles of reverse takeover accounting, the Company will report the operations of Shark and its related historical comparatives as its continuing business, except for the legal capital shown in the Condensed Interim Consolidated Statements of Shareholders' Equity and in Notes 8 and 9 below, which have been adjusted retroactively to reflect the legal capital of Orca.

Orca's financial reporting year end will be December 31 and the June 30, 2013 condensed interim consolidated financial statements for the three and six months ended on June 30 include the assets and liabilities and income and expenses of Orca from April 4, 2013. The comparative financial information presented in these financial statements (December 31, 2012 balance sheet, statements of operations for the three and six months ended June 30, 2012 and statement of cash flows for the six months ended June 30, 2012) is that of Shark.

The acquisition consideration deemed to have been transferred by Shark, the legal subsidiary, is in the form of equity instruments issued by Orca, the legal parent company. The acquisition date fair value of the deemed consideration was determined by reference to the fair value of the net assets acquired which are listed in the table below.

(in thousands of dollars)	As at April 4, 2013
Cash and short-term deposits	60,622
Accounts receivable	222
Listing expense *(Note)*	800
Accounts payable and accruals	(844)
Total net assets acquired	60,800

Note: Under IFRS, the Company was required to estimate the fair value of the listing expense obtained as part of the Acquisition and then expense it in the same period.

The fair value of the consideration was allocated to the deemed equity instruments, net of transaction costs of $444,800 incurred by Shark, as follows:

	As at April 4, 2013 (in thousands of dollars)		
Common shares	59,763	(445)	59,319
Options (see Note 9(b))	1,037	-	1,037
	60,800	(445)	60,355

3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012. Other than for the adoption of the accounting policies disclosed in Note 2 above and Note 4 below, the Company has consistently applied the same accounting policies disclosed in Note 5 to the audited financial statements for the year ended December 31, 2012.

These condensed interim consolidated financial statements were approved for issue by Orca's board of directors on August 28, 2013.

4. ADOPTION OF NEW ACCOUNTING POLICIES

The Company has adopted the following standards, each of which are effective for annual periods beginning on or after January 1, 2013: IFRS 13, *Fair Value Measurement;* IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine;* and amended IFRS 7, *Financial Instruments: Disclosure;* IAS 1, *Presentation of Financial Statements;* and IAS 12, *Income Taxes.*

The Company has determined that the adoption of these standards has not resulted in a material impact on its consolidated financial statements. The following is a brief summary of these new standards:

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements and in many cases did not reflect a clear measurement basis or consistent disclosures.

IFRIC 20 - Stripping in the Production Phase of a Producing Mine

IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a producing mine. Stripping activity may produce two types of benefit: inventory produced and improved access to ore. Stripping costs associated with the latter are accounted for as an addition to or enhancement of an existing asset. The former is accounted for as a current production cost in accordance with IAS 2, *Inventories*.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IFRS 7, Financial Instruments: Disclosures, IAS 1, Presentation of Financial Statements, IAS 12, Income Taxes, and IAS 28, Investments in Associates and Joint Ventures. IFRS 7 requires additional disclosures in relation to the transfer of financial assets, including those in with which there is continuing involvement. IAS 1 requires changes to the grouping of items in the consolidated statement of comprehensive loss. Amendments to IAS 12 provide guidelines for determining the recovery of investment properties as it relates to the accounting for deferred income taxes.

5. RECEIVABLES AND OTHER ASSETS

	June 30, 2013	December 31, 2012
Deposits for capital expenditures	-	16,938
Prepaid expenses	122,240	44,453
Other receivables	195,681	146,940
Total receivables and other assets	**317,921**	**208,331**

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

6. EQUIPMENT

Cost	Computer Equipment	Office Furniture and Equipment	Vehicles and Mobile Equipment	Field and Camp Equipment	Total
As at January 1, 2012	**2,369**	**10,385**	**-**	**8,757**	**21,511**
Additions	131,165	18,411	460,953	349,507	960,036
Assets acquired from Ghazal	20,487	16,234	256,665	225,626	519,012
Reclassifications	(926)	-	-	926	-
Effects of foreign exchange on translation to presentation currency	5,566	394	10,817	8,287	25,064
As at December 31, 2012	**158,661**	**45,424**	**728,435**	**593,103**	**1,525,623**
Additions	51,072	12,334	83,146	162,105	308,657
Reclassifications	13,409	-	(13,409)	-	-
Effects of foreign exchange on translation to presentation currency	5,768	2,250	32,559	29,412	69,989
As at June 30, 2013	**228,910**	**60,008**	**830,731**	**784,620**	**1,904,269**
Accumulated depreciation					
As at January 1, 2012	**(178)**	**(260)**	**-**	**(547)**	**(985)**
Depreciation for the year	(30,060)	(4,388)	(84,154)	(111,046)	(229,648)
Effects of foreign exchange on translation to presentation currency	(3,375)	(89)	(1,750)	(2,304)	(7,518)
As at December 31, 2012	**(33,613)**	**(4,737)**	**(85,904)**	**(113,897)**	**(238,151)**
Depreciation for the period	(31,464)	(3,818)	(58,530)	(88,916)	(182,728)
Effects of foreign exchange on translation to presentation currency	627	(300)	(5,164)	(7,138)	(11,975)
As at June 30, 2013	**(64,450)**	**(8,855)**	**(149,598)**	**(209,951)**	**(432,854)**
Net book amount					
As at December 31, 2012	**125,048**	**40,687**	**642,531**	**479,206**	**1,287,472**
As at June 30, 2013	**164,460**	**51,153**	**681,133**	**574,669**	**1,471,415**

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

7. MINERAL PROPERTIES

	Sudan		
Cost	**Northern Blocks**	**South-eastern Blocks**	**Total**
As at January 1, 2012	**26,406**	**-**	**26,406**
Mineral properties acquired in the acquisition of Ghazal	-	3,852,037	3,852,037
Acquisition of option to earn interest in exploration license (Note 14)	3,725,266	-	3,725,266
Effects of foreign exchange on translation to presentation currency	(171)	-	(171)
As at December 31, 2012	**3,751,501**	**3,852,037**	**7,603,538**
Write-down of mineral properties	-	(3,852,037)	(3,852,037)
Effects of foreign exchange on translation to presentation currency	1,117	-	1,117
As at June 30, 2013	**3,752,618**	**-**	**3,752,618**

On the basis of the Company's continuous assessment of technical results and reprioritization of its mineral projects, the Company decided to cease further exploration activities on its two South-eastern Blocks. These mineral properties were acquired in the acquisition of Ghazal in February, 2012. As a result, the carrying value of these properties was written down to $nil at March 31, 2013, with a corresponding write-down recognized in the statements of loss and comprehensive loss.

8. SHARE CAPITAL

The authorized share capital consists of an unlimited number of common shares, with no par value.

As a result of the Acquisition on April 4, 2013 (see Note 2), the number of issued and outstanding shares in the Condensed Interim Consolidated Statements of Shareholders' Equity reflects the legal capital of Orca. This change has been applied retroactively by restating Shark's issued and outstanding shares using the share exchange ratio of 2.7339 established in the Acquisition.

In addition, all share and stock option information presented in these financial statements has been adjusted retroactively to reflect the three for one reverse share split that resulted from the Consolidation on April 4, 2013 (see Note 2).

All comparative period information has been adjusted to reflect the Acquisition, and basic and diluted loss per common share has also been adjusted for the Consolidation.

9. STOCK OPTIONS

a) Stock option plan

The Company has a stock option plan (the "Plan") in which common shares have been made available for the Company to grant incentive stock options to certain directors, officers, employees and consultants of the Company. Under the Plan, the total number of options outstanding at any given point in time cannot exceed 10% of the issued and outstanding common shares of the Company. Vesting and terms of the option agreement are at the discretion of the Board of Directors. Options granted after the Acquisition on April 4, 2013 have a three year life and vest in three even tranches. The first third vests immediately on the date of the grant, and the second and third tranches vest on the first and second anniversary dates of the grant, respectively.

The total stock-based compensation for the period ended June 30, 2013 was $1,769,000 (2012: $nil). Stock-based compensation of $1,533,000 (2012 - $nil) has been allocated to Administration Expenses and $236,000 (2012 - $nil) to Exploration Expenses for employees directly involved in exploration activities.

The unrecognized compensation cost for non-vested share options at June 30, 2013 was $2,122,000 (December 31, 2012: $nil).

b) Stock options outstanding

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of shares (In thousands)	Weighted average exercise price CDN$
Options recognized on Acquisition, post Consolidation	4,815	$7.08
Granted	5,850	$0.90
Exercised	(572)	$0.30
Forfeited	(166)	$6.58
Outstanding at June 30, 2013	9,927	$3.84
Exercisable at June 30, 2013	6,027	$5.74

During the period ended June 30, 2013, 5,850,000 options were granted at an exercise price of CDN $0.90 per share.

On July 3, 2013, 3,323,000 of the issued and outstanding options at June 30, 2013 with a weighted average exercise price of $ 7.92 expired unexercised.

The Company uses the Black Scholes option pricing model to estimate the fair value for all stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per option, for options granted during the periods ended June 30, 2013 are as follows:

(i)	Average risk-free interest rate:	1.01%
(ii)	Expected life:	3 years
(iii)	Expected volatility:	134.77%
(iv)	Expected dividends:	nil
(v)	Weighted average fair value per option:	$0.67

As a result of the Acquisition and the treatment of Shark as the accounting acquirer (see note 2 above), the fair value of Orca's issued and outstanding options at April 4, 2013 was also recalculated based on the following assumptions:

(i)	Average risk-free interest rate:	1.01%
(ii)	Expected life:	0.7 years
(iii)	Expected volatility:	142.91%
(iv)	Expected dividends:	nil
(v)	Weighted average fair value per option:	$0.22

The weighted average share price at the time of stock option exercises during the period ended June 30, 2013 was CDN $0.60.

The following summarizes information about the stock options outstanding and exercisable at June 30, 2013:

	Outstanding options			Exercisable options		
Exercise prices (CDN$)	Number of options outstanding (In thousands)	Weighted average remaining contractual life (Years)	Weighted average exercise price (CDN$)	Number of options exercisable (In thousands)	Weighted average remaining contractual life (Years)	Weighted average exercise price (CDN$)
$0.30	25	0.01	$0.30	25	0.01	$0.30
$0.90	5,850	2.81	$0.90	1,950	2.81	$0.90
$1.20 – $1.50	1,512	0.89	$1.25	1,512	0.89	$1.25
$2.01 – $5.40	508	0.01	$2.40	508	0.01	$2.40
$14.52 – $14.64	2,032	0.50	$14.63	2,032	0.50	$14.63
	9,927	1.89	$3.84	6,027	1.30	$5.74

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

10. ADMINISTRATION COSTS

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
Office and administration	67,711	27,046	81,270	46,583
Management fees	177,122	12,599	217,474	25,292
Consulting	181,370	8,344	200,287	20,849
Stock based compensation expense	1,532,380	-	1,532,380	-
Travel and promotion	77,047	-	149,320	-
Professional fees	74,051	-	93,084	-
Total administration costs	**2,109,681**	**47,989**	**2,273,815**	**92,724**

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

11. EXPLORATION AND PROJECT INVESTIGATION COSTS

Three months ended June 30,		Sudan Northern Blocks	Sudan South-eastern Blocks	Other	Total
2013	Drilling	2,215,058	-	-	2,215,640
	Salaries and benefits	588,856	-	64,490	653,346
	Stock-based compensation expense	212,789	-	23,620	236,409
	Sampling, satellite and geological costs	293,051	-	24,988	317,457
	Field operation and consumables	472,494	-	18,932	491,426
	Exploration support and administration	177,991	-	26,689	204,680
	Travel and accommodation	128,368	-	12,826	141,194
	Geological consulting	111,140	-	41,668	152,808
	Permitting and licensing fees	43,209	-	5,189	48,398
	Depreciation	53,940	-	41,436	95,376
	Total exploration and project investigation costs	**4,296,896**	**-**	**259,838**	**4,556,734**
2012	Drilling	-	82,039	-	82,039
	Salaries and benefits	223,245	244,108	-	467,353
	Stock-based compensation expense	-	-	-	-
	Sampling, satellite and geological costs	250,150	368,827	-	618,977
	Field operation and consumables	107,285	119,934	-	227,219
	Exploration support and administration	153,135	40,862	-	193,997
	Travel and accommodation	74,946	52,866	-	127,812
	Geological consulting	64,237	22,269	-	86,506
	Permitting and licensing fees	10,836	40,626	-	51,462
	Depreciation	19,988	37,166	-	57,154
	Total exploration and project investigation costs	**903,822**	**1,008,697**	**-**	**1,912,519**

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

Six months ended June 30,		Sudan Northern Blocks	Sudan South-eastern Blocks	Other	Total
2013	Drilling	3,532,930	124	-	3,533,636
	Salaries and benefits	978,583	125,067	64,490	1,168,140
	Stock based compensation	212,789	-	23,620	236,409
	Sampling, satellite and geological costs	515,917	92,302	24,988	632,625
	Field operation and consumables	716,808	28,123	18,932	763,863
	Exploration support and administration	344,281	25,787	26,689	396,757
	Travel and accommodation	234,958	15,238	12,826	263,022
	Geological consulting	193,133	13,377	41,668	248,178
	Permitting and licensing fees	80,260	21,019	5,189	106,468
	Depreciation	100,499	40,793	41,436	182,728
	Total exploration and project investigation costs	**6,910,158**	**361,830**	**259,838**	**7,531,826**
2012	Drilling	-	90,630	-	90,630
	Salaries and benefits	390,465	441,672	-	832,137
	Stock-based compensation expense	-	-	-	-
	Sampling, satellite and geological costs	305,448	657,084	-	962,532
	Field operation and consumables	230,477	174,229	-	404,706
	Exploration support and administration	268,644	47,251	-	315,895
	Travel and accommodation	138,698	81,180	-	219,878
	Geological consulting	150,382	55,780	-	206,162
	Permitting and licensing fees	84,182	42,147	-	126,329
	Depreciation	21,671	69,020	-	90,691
	Total exploration and project investigation costs	**1,589,967**	**1,658,993**	**-**	**3,248,960**

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

12. RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the three and six months ended June 30, 2013, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), Sirocco Mining Inc. ("Sirocco"), Sirocco Gold CDI SARL ("SCDI"), and SinoTech (Hong Kong) Corporate Limited ("SinoTech"). Other than SinoTech, these companies are related by way of directors, officers and shareholders in common. SinoTech is related by virtue of its greater than 10% shareholding in the Company. Related party transactions are recorded at the exchange amounts.

Transactions with SCDI relate to expenses that are initially paid by SCDI and subsequently charged to Orca for reimbursement in the normal course of business. The amount shown in Note 12b below represents the accounts payable balance outstanding as at June 30, 2013.

a) Services received from related parties

	Related party	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Geological consulting	SinoTech	7,799	-	7,799	-
Geological consulting	HSEC	146,024	86,506	236,714	206,162
Management fees	HSEC	-	12,599	40,352	25,292
Support and administration	Sirocco	136,300	-	136,300	-
Total related parties costs		**290,123**	**99,105**	**421,165**	**231,454**

b) Related party balances

The amounts due from (to) related parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

	Related party	June 30, 2013	December 31, 2012
Accounts payable and accrued liabilities	SCDI	(46,785)	-
Accounts payable and accrued liabilities	Sirocco	(35,924)	(43,143)
Accounts payable and accrued liabilities	HSEC	(140,302)	(135,438)
Receivables and other assets	HSEC	47,961	48,534

c) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and vice-presidents.

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

The remuneration of key management personnel were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
Salaries and management fees	116,962	-	116,962	-
Short term benefits	2,529	-	2,529	-
Stock-based compensation	727,489	-	727,489	-
Total key management compensation	**846,980**	**-**	**846,980**	**-**

13. SEGMENT INFORMATION

The Company's operations currently consist of the acquisition and exploration of mineral resources in the Republic of Sudan. Materially all of the Company's equipment and exploration and project investigation costs are located and incurred in the Republic of Sudan, whereas materially all of the Company's cash is held by the Canadian parent.

14. NON-CONTROLLING INTEREST

On March 1, 2012, Sand Metals Company Limited ("SMCL"), an indirect wholly owned subsidiary of Shark, closed a transaction whereby it acquired the right and option to a 70% interest in Meyas Sand Minerals Company Ltd. ("MSMCL"), a Sudanese company incorporated to hold an exploration license in the Republic of Sudan. Under the purchase agreement, SMCL agreed to pay the holder of the license USD $9.5 million in three installments in exchange for an increasing ownership interest in MSMCL, as follows:

Date	Payment	Total ownership interest
March 1, 2012	USD $3.5 million (paid)	35.0%
September 30, 2013	USD $3.0 million	52.5%
September 30, 2014	USD $3.0 million	70.0%

The agreement stipulates that SMCL would forfeit its then current interest if it does not make the required payments on September 30, 2013 and 2014. Under the agreement, SMCL has agreed to fund all exploration, development and construction costs to commercial production.

On the basis that SMCL is the operator of MSMCL's exploration programs, holds a deciding casting vote at the Board level and is solely responsible for the payments required to crystallize its ultimate 70% interest, SMCL has the ability to affect the activities of and variable returns from MSMCL. Accordingly, the financial statements of MSMCL are consolidated in the accounts of the Company, which gives rise to non-controlling interests. As at March 31, 2013, non-controlling interest in MSMCL was 65%, and the remaining 35% was held by SMCL.

The first installment payment of USD $3.5 million, and other related transaction costs, have been attributed to the acquisition of the exploration license.

ORCA GOLD INC

CORPORATE DIRECTORY

OFFICERS
Richard Clark
Chairman of the Board
L. Simon Jackson
President/Chief Executive Officer
Alessandro Bitelli
Chief Financial Officer
Hugh Stuart
Vice President - Exploration
Kathy Love
Corporate Secretary

DIRECTORS
Richard Clark
Compensation Committee
Corporate Governance and Nominating Committee
L. Simon Jackson
Dr. Jingbin Wang
Audit Committee
Compensation Committee
Shuixing Fu
Corporate Governance and Nominating Committee
Robert F. Chase
Audit Committee
Corporate Governance and Nominating Committee
Alexander Davidson
Audit Committee
Compensation Committee

AUDITORS
Ernst & Young, LLP
Vancouver, British Columbia, Canada

LEGAL COUNSEL
Blake Cassels & Graydon LLP
Vancouver, British Columbia, Canada

CORPORATE OFFICE
Suite 2000 - 885 West Georgia Street
Vancouver, British Columbia
Canada V6C 3E8
Telephone: (604) 689-7842
Fax: (604) 689-5452

REGISTERED OFFICE
Blake Cassels & Graydon LLP
2600 - 595 Burrard Street
Vancouver, British Columbia
Canada V7X 1L3

RECORDS OFFICE
Blake Cassels & Graydon LLP
2600 - 595 Burrard Street
Vancouver, British Columbia
Canada V7X 1L3

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada
Vancouver, British Columbia
Canada

SHARE LISTING
TSX Venture Exchange
Symbol: ORG
CUSIP No.: 68558N102
ISIN: CA68558N1024