



**ORCA GOLD INC.**

**SECOND QUARTER REPORT**

**For the Six Months Ended**

**June 30, 2014**

**ORCA GOLD INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2014**  
(Amounts in Canadian 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, 2014 and the December 31, 2013 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 27, 2014. Additional information about the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website [www.orcagold.com](http://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 the Arabian Nubian Shield in the north of Sudan, where two licenses, Block 14 and Block 68, are currently held. 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 160 km due south of the Block 14 prospecting license perimeter. These two licenses total over 15,000 km<sup>2</sup> 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").

The license for Block 14 was originally granted to Orca's partner, Meyas Nub Multiactivities Co. Ltd. ("Meyas Nub") under a Concession Agreement dated May 19, 2010 and is in good standing. The license is currently held by Meyas Sand Minerals Company Ltd ("MSMCL"), a company owned by Sand Metals Company Ltd. ("SMCL"), a 100% owned subsidiary of Orca, and Meyas Nub. 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 license for Block 68 was originally granted to SMCL on July 17, 2011 under a Concession Agreement. Subsequent to Q2 2014, the initial three year exploration term of this license expired. The Company is considering the merits of retaining Block 68 in the context of its current exploration portfolio while engaging in discussions with the relevant government authority to determine the terms of a possible renewal. No significant exploration costs have been incurred on Block 68 over the past 12 months.

The technical contents of this MD&A have been reviewed by Hugh Stuart, CGeol., FGS, a Qualified Person pursuant to NI 43-101. Mr. Stuart holds the position of Vice President Exploration of the Company. 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.

## **SECOND QUARTER OPERATING HIGHLIGHTS**

Orca's most advanced mineral exploration license is Block 14, and it continues to be the Company's exploration focus thus far in 2014. With the completion of the last drilling campaign in Q1 2014, which culminated in the identification of an initial NI 43-101 compliant mineral resource estimate at the Galat Sufar South ("GSS") target, Orca's exploration efforts have been focused on extending the resource through drilling and geophysics, on evaluating other targets on Block 14, and on hydrological studies, all of which are designed to further enhance the prospectivity of Block 14 and supported the Company's decision on August 27, 2014 to make the third and last option payment to Meyas Nub.

### ***Additional Mineralization at GSS***

Ongoing exploration at GSS has discovered prospective mineralization intersections at numerous additional targets within a 2 km radius of the current mineral resource at GSS (see News Release dated May 26, 2014). Drill results received to date include the following intercepts:

- 17 metres at 8.20 Au g/t (6.21 Au g/t cut) and 15 metres at 2.99 Au g/t (1.84 Au g/t cut) at the Carbonate Ridge Target,
- 17 metres at 11.38 Au g/t (3.68 Au g/t cut) at the Gap Target; and
- 24 metres at 3.03 Au g/t (2.78 Au g/t cut) at the East of East Target.

Both the number and quality of these new targets highlight the potential for increasing the size of the resource at GSS.

Following the receipt of the aforementioned results, Orca continued to test the prospectivity of these targets during Q2 2014 through additional drilling, which began mid-June and was completed in July. The Company is expecting finalized results to be available shortly.

### ***New Prospective Target on Block 14***

During Q2 2014 the Company made a new discovery after drilling EG3.2, a prospect located 60 km to the east of GSS. A first pass drill program of four holes totalling 481 metres was designed to test one of three areas of artisanal activity at EG3.2 where chip channel sampling previously returned 13 metres at 3.15 Au g/t and 20 metres grading 1.24 Au g/t within a 150 metre by 65 metre area. This first pass RC drill program returned significant widths of lower grade mineralization surrounding substantial high grade intercepts, which were highlighted by 14 metres at 7.04 Au g/t cut and 21 m @ 4.94 Au g/t cut (see News Release dated May 12, 2014).

Following these results, surface and chip channel sampling continued at EG3.2 and a second phase drill program was completed shortly after Q2 2014. The program consisted of eight holes totaling 521 metres, six of which were designed to test the mineral extents of the high grade gold intercepts from the first pass drill program noted above. The final results of this additional work are expected to be received in the coming weeks.

The discovery at EG3.2 is significant as it is the first time that the Company has encountered high grade intercepts in the eastern part of Block 14, and further increases the prospectivity of the license.

### ***Hydrological Studies***

Hydrological studies continued during Q2 2014, with various targets being identified in and around the surrounding areas of Block 14, and the discovery of water within the Nubian sandstone targets north of the block. Pump tests are underway under the supervision of a hydrologist.

## 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 net losses of \$3.8 million (2013: \$7.2 million) and \$8.0 million (2013: \$14.2 million) for the three and six months ended June 30, 2014, respectively. Exploration and administration expenses account for approximately 80% and 20% of the loss, respectively.

Exploration costs are the most significant expenditure of the Company and have been expensed in accordance with its accounting policy. A detailed breakdown of exploration costs is provided in the notes to the condensed interim consolidated financial statements. Drilling and other technical geological costs, such as assays, accounted for approximately half of the exploration costs, with technical staff in support of all of aspects of exploration activities being the second largest cost for both the three and six months ended June 30, 2014. In addition, costs related to logistics and infrastructure are high due to the remoteness of the properties. As fully described under the section "Operating Highlights", the focus of activities was northern Sudan and more specifically Block 14, accounting for approximately 95% of Orca's year-to-date exploration costs.

For the three and six months ended June 30, 2014, excluding stock-based compensation of \$0.1 million (2013: \$1.5 million) and \$0.6 million (2013: \$1.5 million), respectively, administration costs were \$0.6 million (2013: \$0.6 million) and \$1.2 million (2013: \$0.7 million), respectively. The higher costs over the six months ended June 30, 2014 as compared to 2013 is the result of lower costs during the Q1 2013, which reflected the support costs of Shark, a privately held company in its formative stages at the time. There was a step change in administrative costs starting in Q2 2013 to 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. The calculation of the fair value of options is based to a large degree on the Company's share price and its volatility. 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. 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.

Interest income for the three and six months ended June 30, 2014 is of \$0.2 million (2013: \$0.1 million) and \$0.3 million (2013: \$0.1 million), respectively, which reflect the interest earned from cash held on deposit and invested in short-term money market instruments. Foreign exchange gains or losses 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 foreign exchange translation losses of \$0.2 million (2013: gain of \$20,000) and \$48,000 (2013: gain of \$47,000) for the three and six months ended June 30, 2014, respectively, 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 the Euro 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-14	Mar-14	Dec-13	Sept-13	Jun-13	Mar-13	Dec-12	Sep-12
Exploration costs (\$000's)	3,158	3,289	4,692	2,487	4,557	2,975	3,040	2,180
Total loss (\$000's)	3,831	4,124	5,474	3,501	7,230	6,998	3,146	2,308
Net loss attributed to the Company's shareholders (\$000's)	2,445	2,654	3,370	2,435	4,746	5,436	2,119	1,670
Net loss per share attributed to the Company's shareholders, basic and diluted (\$)	0.02	0.02	0.03	0.02	0.05	0.14	0.06	0.05

The nature and extent of exploration activities carried out under specific work programs affect the costs incurred and loss reported in any given quarter. Over the last eight quarters, Orca has been focused on exploration in Sudan as it advanced the evaluation of some of its properties to the drilling and resource definition phase.

Under its accounting policies, Orca capitalizes the acquisition cost of mining and exploration rights. The loss in Q1 2013 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 (\$3.9 million). The loss in Q2 2013 also includes higher stock-based compensation expense due to the immediate partial vesting of newly granted options during the period, the listing expense acquired on April 4, 2013, and increased administration costs. Lower administrative costs were incurred in 2012 and in the first quarter of 2013 before the Company became a public company trading on the TSX-V.

## LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2014, the Company had cash and cash equivalents of \$38.9 million and working capital of \$37.5 million as compared to cash and cash equivalents of \$48.0 million and working capital of \$45.0 million at December 31, 2013. Other than for general corporate and administrative costs, the majority of funds spent by Orca are directed towards exploration in Sudan.

Orca's interest on its most advanced property, Block 14, was acquired on March 1, 2012 when SMCL acquired the right and option to a 70% interest in MSMCL from Meyas Nub. Under the purchase agreement, SMCL agreed to pay 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 (paid)	52.5%
September 30, 2014	USD \$3.0 million (see below)	70.0%

The agreement stipulates that SMCL would forfeit its then current interest if it does not make the required final payment by the due date. On August 27, 2014, the Company decided to make this final payment which increases and crystalizes SMCL's interest in MSMCL at 70%.

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, 2014, the Company 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, 2014, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), RB Energy Inc. ("RB Energy"), Meyas Nub Multiactivities Company Limited ("Meyas Nub") and SinoTech (Hong Kong) Corporate Limited ("SinoTech"). Other than Meyas Nub and SinoTech, these companies are related by way of directors, officers and shareholders in common. Meyas Nub is identified as a related party as a result of its ability to exert significant influence on MSMCL through its non-controlling equity interest (Note 13). SinoTech is related by virtue of its greater than 10% shareholding in the Company. Related party transactions are recorded at the exchange amounts.

### *Services received from related parties*

	Related party	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Drilling and exploration support	Meyas Nub	219,489	62,381	430,410	195,465
Geological consulting	SinoTech	32,839	7,799	47,436	7,799
Geological consulting	HSEC	137,691	146,024	279,832	236,714
Management fees	HSEC	-	-	-	40,352
Support and administration	RB Energy	111,000	136,300	222,000	136,300
Support and administration	SinoTech	7,500	-	15,000	-
<b>Total related parties costs</b>		<b>508,519</b>	<b>352,504</b>	<b>994,678</b>	<b>616,630</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, 2014	December 31, 2013
Accounts payable and accrued liabilities	Meyas Nub	(79,530)	-
Accounts payable and accrued liabilities	RB Energy	(7,837)	-
Accounts payable and accrued liabilities	HSEC	(152,699)	(108,550)
Accounts payable and accrued liabilities	SinoTech	(39,500)	(24,000)
Receivables and other assets	HSEC	-	971

### *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		Six months ended	
	2014	June 30, 2013	2014	June 30, 2013
Salaries and management fees	142,030	116,962	265,057	116,962
Short term benefits	2,933	2,529	5,857	2,529
Stock-based compensation	66,136	727,489	264,538	727,489
<b>Total key management compensation</b>	<b>211,099</b>	<b>846,980</b>	<b>535,452</b>	<b>846,980</b>

### 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. There have been no material changes to the critical accounting estimates discussed in the annual MD&A filed on Sedar on April 30, 2014.

### SIGNIFICANT ACCOUNTING POLICIES

Other than the adoption of the new standard as described below, Orca continues to follow the accounting policies described in Note 5 of the Company's December 31, 2013 audited consolidated financial statements that were filed on Sedar on April 30, 2014. The Company has determined that the adoption of the following standard has resulted in no impact on the Company's consolidated financial statements:

#### IFRIC 21, Levies

IFRIC 21 addresses when an entity recognizes a liability to pay a government levy, other than income taxes, in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. In the case of government levies, IFRIC 21 provides clarity that the obligating event that gives rise to the liability is the activity described in the applicable legislation which triggers the payment of the levy.

### 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***

The Company's Sudanese operating subsidiaries, including 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, the functional currency of the Company's Sudanese operating subsidiaries, would have resulted in the following change in costs:

		In thousands of dollars
	<b>Percentage of total costs</b>	<b>Change in costs resulting from a 10% variation in exchange rates</b>
Sudanese pound	35%	280
US dollar	45%	356
British pound	11%	83

As at June 30, 2014, the Company's Sudanese operating subsidiaries' only material foreign currency risk exposures are a US dollar net financial liability and a Sudanese pound net financial liability, with equivalents of approximately \$447,000 and \$352,000 Canadian dollars, respectively. A 10% change in the foreign exchange rate between US dollar and the European Euro would give rise to increases/decreases of approximately \$45,000 in financial position/comprehensive loss. Similarly a 10% change in the foreign exchange rate between the Sudanese pound and the European Euro would give rise to increases/decreases of approximately \$35,000 Canadian dollars.

### ***ii) Canadian head office operations***

At June 30, 2014, 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
	<b>Foreign currency cash held (in source currency)</b>	<b>Net financial asset position</b>	<b>Change in net financial position from a 10% variation in exchange rates</b>
US dollar	180	505	50
European euro	326	476	48
British pounds	315	534	53

### ***Credit risk***

At June 30, 2014, 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.

<i>(Amounts in thousands of dollars)</i>	<b>Total</b>	<b>&lt; 1 year</b>	<b>1 – 3 years</b>	<b>3- 5 years</b>	<b>&gt; 5 years</b>
Accounts payable	2,110	2,110	-	-	-
Total	2,110	2,110	-	-	-

### **OUTSTANDING SHARE DATA**

As at August 27, 2014, the Company had 107,405,754 common shares outstanding and 6,353,334 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. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2013 MD&A that was filed on Sedar on April 30, 2014.

### **OUTLOOK**

Orca is a Canadian resource company focused on exploration opportunities in Africa with an experienced board of directors and management team and a strong balance sheet which includes \$38.9 million in cash. 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.

Following confirmation of the initial indicated resource of 1.3 million ounces at 1.84 g/t at GSS on Block 14 earlier on this year, Orca identified other prospective mineralized targets within the immediate proximity of GSS, a second prospective discovery at EG3.2, and received preliminary results of the hydrological work being conducted on Block 14. On August 27, 2014, the Company decided to make its third and final option payment of US \$3.0 million to Meyas Nub to increase and crystalize its interest in MSMCL and Block 14 to 70%.

Orca's work is now focusing on further exploration of the additional prospective targets around GSS and its new discovery at EG3.2, while continuing to identify and explore other targets on Block 14 through drilling and geophysics to further enhance the prospectivity of the license.

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, 2014 and 2013

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 38,910,865	\$ 47,958,645
Receivables and other assets (Note 4)	703,300	366,043
	<u>39,614,165</u>	<u>48,324,688</u>
Equipment (Note 5)	1,557,037	1,470,595
Mineral properties (Note 6)	4,127,103	4,138,399
	<u>\$ 45,298,305</u>	<u>\$ 53,933,682</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,110,041	\$ 3,367,821
	<u>2,110,041</u>	<u>3,367,821</u>
<b>EQUITY</b>		
Equity attributed to common shareholders		
Share capital (Note 7)	82,739,268	82,739,268
Contributed surplus	3,977,765	3,352,497
Accumulated other comprehensive income	696,575	841,045
Deficit	<u>(33,278,922)</u>	<u>(28,179,356)</u>
	54,134,686	58,753,454
Non-controlling interest (Note 13)	<u>(10,946,422)</u>	<u>(8,187,593)</u>
	<u>43,188,264</u>	<u>50,565,861</u>
	<u>\$ 45,298,305</u>	<u>\$ 53,933,682</u>
Subsequent event (Note 13)		

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		Six months ended	
	2014	June 30, 2013	2014	June 30, 2013
Administration costs (Note 9)	\$ 761,781	\$ 2,109,681	\$ 1,776,280	\$ 2,273,815
Exploration and project investigation costs (Note 10)	3,157,672	4,556,734	6,446,740	7,531,826
Write-off of mineral properties	-	-	-	3,852,037
Listing expense	-	800,000	-	800,000
Foreign exchange loss (gain)	85,326	(123,156)	94,030	(111,411)
Interest income	(159,037)	(113,648)	(332,227)	(118,239)
Other income	(15,000)	-	(30,000)	-
Net loss for the period	<u>\$ 3,830,742</u>	<u>\$ 7,229,611</u>	<u>\$ 7,954,823</u>	<u>\$ 14,228,028</u>
Net loss for the period attributed to:				
Common shareholders of the Company	2,445,170	4,745,851	5,099,566	10,182,342
Non-controlling interest (Note 13)	1,385,572	2,483,760	2,855,257	4,045,686
	<u>\$ 3,830,742</u>	<u>\$ 7,229,611</u>	<u>\$ 7,954,823</u>	<u>\$ 14,228,028</u>
Net loss for the period	\$ 3,830,742	\$ 7,229,611	\$ 7,954,823	\$ 14,228,028
Loss (gain) on translation to presentation currency	172,505	(19,975)	48,042	(47,019)
Comprehensive loss for the period	<u>\$ 4,003,247</u>	<u>\$ 7,209,636</u>	<u>\$ 8,002,865</u>	<u>\$ 14,181,009</u>
Comprehensive loss for the period attributed to:				
Common shareholders of the Company	\$ 2,980,742	\$ 4,668,297	\$ 5,244,036	\$ 10,097,642
Non-controlling interest (Note 13)	1,022,505	2,541,339	2,758,829	4,083,367
	<u>\$ 4,003,247</u>	<u>\$ 7,209,636</u>	<u>\$ 8,002,865</u>	<u>\$ 14,181,009</u>
Basic and diluted loss per common share	<u>\$ 0.02</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.14</u>
Basic and diluted weighted average number of shares outstanding	<u>107,405,790</u>	<u>104,683,289</u>	<u>107,405,790</u>	<u>72,285,753</u>

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)**

	<b>Six months ended</b>	
	<b>2014</b>	<b>June 30, 2013</b>
	<u>2014</u>	<u>2013</u>
Cash flows from (for) operating activities		
Net loss for the period	\$ (7,954,823)	\$ (14,228,028)
Add non-cash items		
Depreciation of equipment (Note 5)	260,716	182,728
Write-off of mineral properties	-	3,852,037
Stock-based compensation expense	625,268	1,768,790
Listing expense	-	800,000
	<u>(7,068,839)</u>	<u>(7,624,473)</u>
Changes in non-cash working capital items		
Receivables and other assets	(336,724)	95,571
Accounts payable and accrued liabilities	(1,287,184)	185,753
	<u>(8,692,747)</u>	<u>(7,343,149)</u>
Cash flows from financing activities		
Proceeds from exercise of stock options	-	168,927
	<u>-</u>	<u>168,927</u>
Cash flows from (for) investing activities		
Purchase of equipment	(353,732)	(228,995)
Cash acquired in Canaco's acquisition	-	60,622,084
Deferred transaction costs	-	(387,160)
	<u>(353,732)</u>	<u>60,005,929</u>
Foreign exchange on cash	<u>(1,301)</u>	<u>(12,390)</u>
Increase (decrease) in cash	(9,047,780)	52,819,317
Cash, beginning of period	47,958,645	5,412,998
Cash, end of period	<u>\$ 38,910,865</u>	<u>\$ 58,232,315</u>

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	Equity Attributed to Common Shareholders					Non- controlling Interest	Total
		Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total		
<b>Balance January 1, 2014</b>	107,405,790	82,739,268	3,352,497	841,045	(28,179,356)	58,753,454	(8,187,593)	50,565,861
Stock-based compensation expense (Note 8)	-	-	625,268	-	-	625,268	-	625,268
Net loss for the period	-	-	-	-	(5,099,566)	(5,099,566)	(2,855,257)	(7,954,823)
Gain (loss) on translation to presentation currency	-	-	-	(144,470)	-	(144,470)	96,428	(48,042)
<b>Balance June 30, 2014</b>	<b>107,405,790</b>	<b>\$ 82,739,268</b>	<b>\$ 3,977,765</b>	<b>\$ 696,575</b>	<b>\$ (33,278,922)</b>	<b>\$ 54,134,686</b>	<b>\$ (10,946,422)</b>	<b>\$ 43,188,264</b>
<b>Balance January 1, 2013</b>	39,528,245	22,869,280	-	(11,339)	(7,216,102)	15,641,839	(2,364,271)	13,277,568
Existing shares of Orca	67,305,879	59,318,661	1,036,539	-	-	60,355,200	-	60,355,200
Exercise of stock options	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
<b>Balance June 30, 2013</b>	<b>107,405,790</b>	<b>\$82,739,268</b>	<b>\$ 2,422,929</b>	<b>\$ 73,361</b>	<b>\$ (17,398,444)</b>	<b>\$ 67,837,114</b>	<b>\$ (6,447,638)</b>	<b>\$ 61,389,476</b>

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

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2014 and 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**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 exploration-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 is a public company listed on the TSX-V and trades under the symbol "ORG.V".

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.

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

**2. 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, 2013. Other than for the adoption of the accounting policies disclosed in Note 3 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, 2013. Certain comparative figures have also been reclassified to conform to the basis of presentation adopted in the current period.

These condensed interim consolidated financial statements were approved for issue by Orca's board of directors on August 27, 2014.

**3. ADOPTION OF NEW ACCOUNTING POLICIES**

The Company has adopted IFRIC 21, Levies, which is effective for annual periods beginning on or after January 1, 2014. The Company has determined that the adoption of this standard has resulted in no impact on its consolidated financial statements. The following is a brief summary of the new standard:

IFRIC 21 addresses when an entity recognizes a liability to pay a government levy, other than income taxes, in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. In the case of government levies, IFRIC 21 provides clarity that the obligating event that gives rise to the liability is the activity described in the applicable legislation which triggers the payment of the levy.

**4. RECEIVABLES AND OTHER ASSETS**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Prepaid expenses	288,233	245,173
Other receivables	415,067	120,870
<b>Total receivables and other assets</b>	<b>703,300</b>	<b>366,043</b>

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

5. EQUIPMENT

Cost	Computer Equipment	Office Furniture and Equipment	Vehicles and Mobile Equipment	Field and Camp Equipment	Total
<b>As at January 1, 2013</b>	<b>158,661</b>	<b>45,424</b>	<b>728,435</b>	<b>593,103</b>	<b>1,525,623</b>
Additions	55,685	15,224	86,389	299,327	456,625
Reclassifications	13,409	-	(13,409)	-	-
Write-off and disposal of equipment	-	(4,766)	-	(77,912)	(82,678)
Effects of foreign exchange on translation to presentation currency	21,069	6,070	89,953	85,325	202,417
<b>As at December 31, 2013</b>	<b>248,824</b>	<b>61,952</b>	<b>891,368</b>	<b>899,843</b>	<b>2,101,987</b>
Additions	20,673	5,566	205,104	122,389	353,732
Effects of foreign exchange on translation to presentation currency	(1,249)	(323)	(8,082)	(5,827)	(15,481)
<b>As at June 30, 2014</b>	<b>268,248</b>	<b>67,195</b>	<b>1,088,390</b>	<b>1,016,405</b>	<b>2,440,238</b>
<b>Accumulated depreciation</b>					
<b>As at January 1, 2013</b>	<b>(33,613)</b>	<b>(4,737)</b>	<b>(85,904)</b>	<b>(113,897)</b>	<b>(238,151)</b>
Depreciation for the year	(67,515)	(8,614)	(120,090)	(192,700)	(388,919)
Write-off and disposal of equipment	-	871	-	44,222	45,093
Effects of foreign exchange on translation to presentation currency	(5,692)	(1,110)	(18,652)	(23,961)	(49,415)
<b>As at December 31, 2013</b>	<b>(106,820)</b>	<b>(13,590)</b>	<b>(224,646)</b>	<b>(286,336)</b>	<b>(631,392)</b>
Depreciation for the period	(43,269)	(5,599)	(80,792)	(131,056)	(260,716)
Effects of foreign exchange on translation to presentation currency	1,484	191	2,839	4,393	8,907
<b>As at June 30, 2014</b>	<b>(148,605)</b>	<b>(18,998)</b>	<b>(302,599)</b>	<b>(412,999)</b>	<b>(883,201)</b>
<b>Net book amount</b>					
<b>As at December 31, 2013</b>	<b>142,004</b>	<b>48,362</b>	<b>666,722</b>	<b>613,507</b>	<b>1,470,595</b>
<b>As at June 30, 2014</b>	<b>119,643</b>	<b>48,197</b>	<b>785,791</b>	<b>603,406</b>	<b>1,557,037</b>

Orca Gold Inc.  
Notes to the Condensed Interim Consolidated Financial Statements  
For the three and six months ended June 30, 2014 and 2013  
(All amounts expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

6. MINERAL PROPERTIES

Cost	Sudan		Total
	Northern Blocks	South-eastern Blocks	
<b>As at January 1, 2013</b>	<b>3,751,501</b>	<b>3,852,037</b>	<b>7,603,538</b>
Write-off of mineral properties	(13,476)	(3,852,037)	(3,865,513)
Effects of foreign exchange on translation to presentation currency	400,374	-	400,374
<b>As at December 31, 2013</b>	<b>4,138,399</b>	<b>-</b>	<b>4,138,399</b>
Effects of foreign exchange on translation to presentation currency	(11,296)	-	(11,296)
<b>As at June 30, 2014</b>	<b>4,127,103</b>	<b>-</b>	<b>4,127,103</b>

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2014 and 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**7. SHARE CAPITAL**

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

The Company's issued and outstanding stock options were not included in the calculation of diluted earnings per share because they are anti-dilutive for the three and six months ended June 30, 2014 and 2013.

**8. 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.

The total stock-based compensation for the period ended June 30, 2014 was \$625,000 (2013: \$1,769,000). Stock-based compensation of \$557,000 (2013: \$1,533,000) has been allocated to Administration Expenses and \$68,000 (2013: \$236,000) to Exploration Expenses for employees directly involved in exploration activities.

The unrecognized compensation cost for non-vested share options at June 30, 2014 was \$471,000 (December 31, 2013: \$1,106,000).

**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 of Shark Minerals Inc.	4,815	\$7.08
Granted	5,850	\$0.90
Exercised	(572)	\$0.30
Expired	(3,523)	\$7.79
Forfeited	(150)	\$0.90
Outstanding at December 31, 2013	<u>6,420</u>	\$1.81
Forfeited	<u>(67)</u>	\$0.90
Outstanding at June 30, 2014	<u>6,353</u>	\$1.82
Exercisable at June 30, 2014	<u>4,487</u>	\$2.20

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2014 and 2013**  
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**(Unaudited)**

The following summarizes information about the stock options outstanding and exercisable at June 30, 2014:

Exercise prices (CDN\$)	Outstanding options			Exercisable options		
	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\$)
\$0.90	5,600	1.81	\$0.90	3,734	1.81	\$0.90
\$1.20 – \$1.50	337	2.96	\$1.22	337	2.96	\$1.22
\$14.52 – \$14.64	416	1.43	\$14.64	416	1.43	\$14.64
	<u>6,353</u>	1.84	\$1.82	<u>4,487</u>	1.86	\$2.20

**9. ADMINISTRATION COSTS**

	Three months ended		Six months ended	
	2014	June 30, 2013	2014	June 30, 2013
Office and administration	16,751	67,711	156,075	81,270
Management and consulting fees	248,674	221,929	471,571	281,198
Salaries and benefits	169,135	136,563	339,924	136,563
Stock based compensation expense	139,313	1,532,380	557,217	1,532,380
Travel and promotion	117,576	77,047	163,627	149,320
Professional fees	70,332	74,051	87,866	93,084
<b>Total administration costs</b>	<b>761,781</b>	<b>2,109,681</b>	<b>1,776,280</b>	<b>2,273,815</b>

Orca Gold Inc.  
Notes to the Condensed Interim Consolidated Financial Statements  
For the three and six months ended June 30, 2014 and 2013  
(All amounts expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

10. EXPLORATION AND PROJECT INVESTIGATION COSTS

Three months ended June 30,		Northern Blocks	Sudan South-eastern Blocks	Other	Total
<b>2014</b>	Drilling	533,879	-	-	533,879
	Salaries and benefits	895,850	-	177	896,027
	Stock-based compensation expense	22,392	-	-	22,392
	Sampling, satellite and geological costs	686,782	-	-	686,782
	Field operation and consumables	352,334	-	1,107	353,441
	Exploration support and administration	193,573	-	8,157	201,730
	Travel and accommodation	114,714	-	718	115,432
	Geological consulting	111,506	-	30,788	142,294
	Permitting and licensing fees	69,395	-	-	69,395
	Depreciation	112,622	-	23,678	136,300
	<b>Total exploration and project investigation costs</b>	<b>3,093,047</b>	<b>-</b>	<b>64,625</b>	<b>3,157,672</b>
<b>2013</b>	Drilling	2,215,058	-	-	2,215,058
	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	318,039
	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
	<b>Total exploration and project investigation costs</b>	<b>4,296,896</b>	<b>-</b>	<b>259,838</b>	<b>4,556,734</b>

Orca Gold Inc.  
Notes to the Condensed Interim Consolidated Financial Statements  
For the three and six months ended June 30, 2014 and 2013  
(All amounts expressed in Canadian Dollars, unless otherwise indicated)  
(Unaudited)

Six months ended June 30,		Sudan			Total
		Northern Blocks	South-eastern Blocks	Other	
2014	Drilling	1,717,564	-	-	1,717,564
	Salaries and benefits	1,476,318	-	1,189	1,477,507
	Stock based compensation	67,970	-	81	68,051
	Sampling, satellite and geological costs	1,271,143	-	-	1,271,143
	Field operation and consumables	679,069	-	1,107	680,176
	Exploration support and administration	327,656	-	8,309	335,965
	Travel and accommodation	215,535	-	718	216,253
	Geological consulting	221,471	-	56,140	277,611
	Permitting and licensing fees	141,754	-	-	141,754
	Depreciation	213,139	-	47,577	260,716
	<b>Total exploration and project investigation costs</b>	<b>6,331,619</b>	<b>-</b>	<b>115,121</b>	<b>6,446,740</b>
2013	Drilling	3,532,930	124	-	3,533,054
	Salaries and benefits	978,583	125,067	64,490	1,168,140
	Stock-based compensation expense	212,789	-	23,620	236,409
	Sampling, satellite and geological costs	515,917	92,302	24,988	633,207
	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	
	<b>Total exploration and project investigation costs</b>	<b>6,910,158</b>	<b>361,830</b>	<b>259,838</b>	<b>7,531,826</b>

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2014 and 2013**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**11. RELATED PARTY TRANSACTIONS**

The related parties with which the Company has transacted during the three and six months ended June 30, 2014, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), RB Energy Inc. ("RB Energy"), Meyas Nub Multiactivities Company Limited ("Meyas Nub") and SinoTech (Hong Kong) Corporate Limited ("SinoTech"). Other than Meyas Nub and SinoTech, these companies are related by way of directors, officers and shareholders in common. Meyas Nub is identified as a related party as a result of its ability to exert significant influence on MSMCL through its non-controlling equity interest (Note 13). SinoTech is related by virtue of its greater than 10% shareholding in the Company. Related party transactions are recorded at the exchange amounts.

**a) Services received from related parties**

		Three months ended June 30,		Six months ended June 30,	
	Related party	2014	2013	2014	2013
Drilling and exploration support	Meyas Nub	219,489	62,381	430,410	195,465
Geological consulting	SinoTech	32,839	7,799	47,436	7,799
Geological consulting	HSEC	137,691	146,024	279,832	236,714
Management fees	HSEC	-	-	-	40,352
Support and administration	RB Energy	111,000	136,300	222,000	136,300
Support and administration	SinoTech	7,500	-	15,000	-
<b>Total related parties costs</b>		<b>508,519</b>	<b>352,504</b>	<b>994,678</b>	<b>616,630</b>

**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, 2014	December 31, 2013
Accounts payable and accrued liabilities	Meyas Nub	(79,530)	-
Accounts payable and accrued liabilities	RB Energy	(7,837)	-
Accounts payable and accrued liabilities	HSEC	(152,699)	(108,550)
Accounts payable and accrued liabilities	SinoTech	(39,500)	(24,000)
Receivables and other assets	HSEC	-	971

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**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		Six months ended	
	2014	June 30, 2013	2014	June 30, 2013
Salaries and management fees	142,030	116,962	265,057	116,962
Short term benefits	2,933	2,529	5,857	2,529
Stock-based compensation	66,136	727,489	264,538	727,489
<b>Total key management compensation</b>	<b>211,099</b>	<b>846,980</b>	<b>535,452</b>	<b>846,980</b>

**12. 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.

**13. NON-CONTROLLING INTEREST**

On March 1, 2012, an indirect wholly owned subsidiary of Orca, SMCL, closed a transaction whereby it acquired the right and option to a 70% interest in 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 (paid)	52.5%
September 30, 2014	USD \$3.0 million (see below)	70.0%

The agreement stipulates that SMCL would forfeit its then current interest if it does not make the required final payment on or prior to September 30, 2014. On August 27, 2014, the Company decided to make its third and final option payment of US \$3.0 million to Meyas Nub to increase and crystalize its interest in MSMCL to 70%. Under the agreement, SMCL has agreed to fund all exploration, development and construction costs to commercial production.



## 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

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### REGISTERED OFFICE

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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