



ORCA GOLD INC.

SECOND QUARTER REPORT

For the Three and Six Months Ended

June 30, 2018

ORCA GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED JUNE 30, 2018
(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, 2018.

The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is derived from the Company's condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The effective date of this MD&A is August 23, 2018. 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. The Company has recently commenced exploration activities in the Ivory Coast, however its exploration focus continues to be on the Arabian Nubian Shield in the north of Sudan, where it holds the Block 14 exclusive prospecting license. This property is located close to the Egyptian border, 700 km north of Khartoum and 300 km west of the Red Sea. The nearest significant population centre is the town of Abu Hamad located 200 km due south of the Block 14 prospecting license perimeter.

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 Minerals (the "MoM"). 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 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. The license is currently held by Meyas Sand Minerals Company Ltd ("MSMCL"). Sand Metals Company Ltd. ("SMCL"), a 100% owned subsidiary of Orca, and Meyas Nub own 70% and 30% of MSMCL respectively. Under the Concession Agreement, the MoM has a right to a 20% free-carried interest in any mining operation developed on Block 14. Under an agreement between SMCL and Meyas Nub, the MoM's 20% interest will come from Meyas Nub's current 30% ownership interest in MSMCL. As provided under the Concession Agreement, in March 2018, the Company successfully extended the final term of the Block 14 exploration license, which measures approximately 2,176 km², to November 2018. In addition, in January 2018, the Company was granted a water extraction permit covering an aquifer system discovered by the Company in 2017, which is located 85 km from the Company's Galat Sufar South ("GSS") deposit, in an area known as Area 5.

The Company's Mineral Resources are associated with the GSS and Wadi Doum deposits located on Block 14. Effective January 20, 2018 and using a cut-off grade of 0.6 Au g/t, the Mineral Resource was updated to an Indicated Resource of 72.7 Mt grading 1.3 Au g/t for 3.05 Moz of gold and an Inferred Resource of 19.8 Mt grading 1.2 Au g/t for an additional 0.756 Moz.

In May 2017, the Company completed a revised preliminary economic assessment (the "Revised PEA"), using a gold price of US\$ 1,100/oz for mine design and US\$ 1,200/oz for economic analysis, which showed strong economics with an estimated after-tax net present value at a 7% discount rate ("NPV_{7%}") of US\$ 227.7 million and an estimated internal rate of return ("IRR") of 23.1% for the Block 14 Project on a 100% basis.

The Company is currently in the process of completing a Feasibility Study on the Block 14 Gold Project which is due for completion in November 2018.

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 President and Director 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 2018 OPERATING HIGHLIGHTS

Continuation of Exploration at Block 14

Exploration drilling has continued during the second quarter with two multipurpose rigs operating at GSS. The program is focused on further developing the East Zone pit where a new geological interpretation being applied with 832m of diamond core drilling and 6,506m of reverse circulation drilling completed during the quarter. This program has successfully identified a previously unknown Hanging Wall Zone. Significant intercepts from the Hanging Wall Zone include:

- GSRC740: 39.0 m at 2.52 Au g/t;
- GSRC741: 20.0 m at 2.72 Au g/t; and
- GSRC744: 5.0 m at 6.60 Au g/t;

Extension and Infill drilling at Morondo, Côte d'Ivoire

On February 1, 2017, the Company announced that it had executed a share purchase agreement with two wholly-owned subsidiaries of Kinross Gold Corporation ("Kinross"), whereby the Company has agreed to acquire from Kinross, subject to certain closing conditions, all the issued and outstanding common shares of two wholly-owned exploration companies located and operating in Côte d'Ivoire (the "Acquisition"), which collectively own and have rights to the Morondo and Korokaha North exploration licences and five exploration licence applications. Closing of the Acquisition is subject to a number of conditions, including, but not limited to, the parties receiving approval of the Acquisition by the Minister of Industry and Mines of Côte d'Ivoire (the "Ministerial Approval").

In November 2017, the Company received Ministerial Approval with respect to the transfer of the Kinross entity which holds Morondo and Korokaha North, and the Company and Kinross mutually waived the requirement to obtain the second Ministerial Approval as a condition to closing the Acquisition. Accordingly, the Company and Kinross have been working towards closing the Acquisition, although there is currently no expected closing date and there is no assurance that the transaction will be completed.

In December 2017, with permission from Kinross, the Company completed a small 2,500 metre reverse circulation drill programme on Morondo, a mineralized target over 600 metres in strike length. Assay results from this programme were received in January 2018 and were highlighted by intercepts of 48 metres at 1.62 g/t Au and 94 metres at 1.12 g/t Au, which confirm and expand a previous discovery at Morondo. In March 2018 the Company completed two diamond drill holes from which the core is being used to confirm previous metallurgical test work (average gold recovery of 96% from fresh rock). One of these holes was extended below previous drilling, based on silicification and sulphide mineralisation observed, and intersected what is believed to be a new Footwall Zone. Hole MRDD002 intersected 19.0m at 0.94 g/t and 27.7m at 1.74 g/t, below the known mineralisation.

In May 2018 the Company commenced a extension and infill drill programme to develop the Morondo prospect with the aim of defining an initial inferred resource. 4,045m of reverse circulation drilling were completed during the quarter.

Corporate

On May 31st the Company closed the first of two tranches of a private placement to Resolute Mining Limited ("Resolute"). The Company issued 16,182,480 common shares to a subsidiary of Resolute Mining Limited at a price of C\$0.675 per share for proceeds of \$10,923,174. The second tranche was closed on July 13, 2018 with Resolute subscribing for an additional 16,182,480 shares paid by the issuance of 8,953,421 ordinary shares of Resolute. Orca paid a 5% commission on the cash proceeds received and a 5% commission in ordinary shares of Resolute on the shares the Company received to an arm's length finder in connection with the private placement.

The Company has also issued a warrant (the "Special Warrant") whereby Resolute may acquire an additional 1,876,442 Shares of the Company at a price of C\$0.675 per Share following the issuance of 10,633,169 shares to Kinross Gold Corporation ("Kinross") on the closing of the acquisition of two wholly-owned exploration companies from Kinross (the "Kinross Deal") located and operating in Côte d'Ivoire (see Company news release on February 1, 2017). Upon the closing of the Kinross Deal, Resolute may exercise the Special Warrant to first acquire 938,221 shares and acquire the remaining 938,221 shares after closing the second tranche of the private placement. The Special Warrant will expire on the later of 60 days from the completion of the Kinross Deal and November 1, 2018, but in any event, no later than May 31, 2023. All of the securities of Orca issued under the private placement are subject to a hold period which will expire on October 1, 2018 in accordance with applicable Canadian securities laws.

Total net proceeds of the private placement were allocated between the Company's share capital and warrants in accordance with the residual value method, based upon the Company's share price at the time of the closing of the private placement. Accordingly, \$10.5 million of the total \$10.9 gross proceeds were allocated to share capital with the residual balance of \$0.4 million allocated to warrants. Share issuance costs of \$0.6 million were deducted from share capital

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. During the three and six months ended June 30, 2018, Orca incurred a net loss of \$4.5 million and \$8.5 million (2017: \$3.9 million and \$6.7 million) respectively. Exploration and project investigation costs account for approximately 82% and 79% (2017: 82% and 76%) of the net loss incurred during the period, respectively while administration expenses account for approximately 18% and 21% (2017: 18% and 24%), respectively.

Exploration costs are the most significant expenditure of the Company and have been expensed in accordance with its accounting policy. Detailed breakdowns of exploration costs for the three and months ended June 30, 2018 and 2017, are provided in the notes to the condensed interim consolidated financial statements. Technical costs, most notably engineering and evaluation costs related to the ongoing feasibility program and exploration drilling, were the largest combined cost category and accounted for 65% of exploration costs for the three and six months ended June 30, 2018 (2017: 67% and 64% respectively). This cost represents the work undertaken during the period in support of the ongoing FS and the exploration campaigns undertaken at both Block 14 and Morondo, as discussed above. Exploration staff compensation costs were the second largest component of exploration costs and accounted for 16% and 21% of exploration costs for the three and six months to June 30, 2018 (2017: 18% and 19%) respectively. In addition, consistent with prior years, costs related to logistics and infrastructure remain high due to the remoteness of Block 14. As fully described under the section "Second Quarter 2018 Operating Highlights", the focus of activities during the three and six months ended June 30, 2018 continued to be Block 14, accounting for approximately 76% and 80% (2017: 98% and 99%) respectively of Orca's exploration costs for the period.

Excluding stock-based compensation of \$122,000 and \$283,000 (2017: \$61,000 and \$218,000) for the three and six months ended June 30, 2018, respectively administration costs were \$0.7 million and \$1.5 million (2017: \$0.6 million and \$1.4 million), respectively. 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 of \$30,000 and \$53,000 (2017: \$18,000 and \$70,000) for the three and six months ended June 30, 2018, respectively reflects interest earned on cash held on deposit and invested in short-term money market instruments.

No tax recovery is recognized as a result of the nature of the Company's current business activities and the lack of reasonable expectation that taxable profit will be generated by the Company in the near term.

In other comprehensive income, the Company also reported a foreign exchange translation gain of \$40,000 and a loss of \$88,000 (2017: gain of \$94,000 and \$105,000) for the three and six months ended June 30, 2018, respectively on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of fluctuations of the Canadian dollar relative to the Euro during the respective periods.

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

Three Months Ended	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16
Exploration costs (\$000's)	3,705	3,060	5,853	5,873	3,172	1,957	4,330	2,119
Total net loss (\$000's)	4,508	4,044	6,803	6,960	3,890	2,815	5,234	2,801
Net loss attributed to the Company's shareholders (\$000's)	3,691	3,287	5,158	5,254	2,978	2,275	4,010	2,201
Net loss per share attributed to the Company's shareholders, basic and diluted (\$)	0.03	0.02	0.03	0.04	0.03	0.02	0.04	0.02

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 Block 14 and achieved various milestones, including the substantial completion of Block 14's first preliminary economic assessment during the second quarter of 2016, the successful completion of additional hydrological studies and engineering work in support of the Revised PEA from the latter half of 2016 into the first half of 2017, a significant water drilling programme at the Area 5 aquifer, along with the commencement of the FS and a 25,000 metre drill programme in support thereof in the third quarter of 2017, and into the first quarter of 2018 (see "Second Quarter 2018 Operating Highlights" section above). Exploration work continued in the second quarter with work focused at GSS for the completion of the Feasibility Study in November 2018.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2018, the Company had cash and cash equivalents of \$11.7 million and net working capital of \$9.2 million, compared to cash and cash equivalents of \$5.8 million and net working capital of \$2.6 million at December 31, 2017. On May 31, 2018 the Company closed the first of two tranches of a private placement to Resolute Mining Limited. The Company issued 16,182,480 common shares to a subsidiary of Resolute Mining Limited at a price of C\$0.675 per share for net proceeds of \$10.3 million. The Company completed the second close of the Resolute private placement on July 13, 2018 and received net 8,505,750 million Resolute shares, which is expected to improve the Company's liquidity.

The net proceeds of the private placement will be used to provide the Company with additional funding for optimization of the ongoing Feasibility Study on its Block 14 Gold Project in Sudan. Continued success of resource expansion based

on a new geological interpretation (see Company news release on May 1, 2018) has resulted in a decision by the Company's Board of Directors to extend the delivery of the Feasibility Study to Q4 2018. Private placement proceeds will also go towards ongoing exploration in Côte d'Ivoire.

The Company's interest in the Block 14 license was acquired on March 1, 2012 when SMCL acquired the right and option to a 70% interest in MSMCL from Meyas Nub, which was fully paid and crystalized in September 2014. Under the terms of the purchase agreement, the Company must fund all exploration, development and construction costs to commercial production.

RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the three months ended June 30, 2018, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), Geodex Consultants Ltd. ("Geodex") and Meyas Nub Multiactivities Company Limited ("Meyas Nub"). HSEC and Geodex are related by virtue of their proprietor being a director and officer of the Company. 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. Related party transactions occur and are recorded at the amounts agreed between the parties.

Services received from related parties

	Related party	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Drilling and exploration support	Meyas Nub	61,035	75,104	74,730	83,920
Geological consulting	HSEC/Geodex	63,225	51,453	123,737	100,187
Total related party costs		124,260	126,557	198,467	184,107

Related party balances

The amounts due 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, 2018	December 31, 2017
Accounts payable and accrued liabilities	Meyas Nub	(6,862)	(25,622)
Accounts payable and accrued liabilities	HSEC/Geodex	(101,232)	(181,881)

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 include the Company's directors and executive officers.

The remuneration of key management personnel were as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Salaries and management fees	238,240	169,905	447,643	339,372
Short term benefits	5,943	7,024	15,867	13,924
Director fees	53,750	53,917	107,500	92,625
Stock-based compensation	88,184	50,433	214,835	185,866
Total key management compensation	386,117	281,279	785,845	631,787

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain 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 16, 2018.

SIGNIFICANT ACCOUNTING POLICIES

Orca follows the accounting policies described in Note 3 of the Company's December 31, 2017 audited consolidated financial statements that were filed on Sedar on April 16, 2018, except for the adoption of IFRS 9, *Financial Instruments*, as discussed below.

Adoption of new accounting policy

On January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

Classification and measurement

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the new classification of the Company's financial instruments under IFRS 9:

	Measurement basis	Classification under IFRS 9
Cash and cash equivalents	Note 1	Amortized cost
Receivables	Note 1	Amortized cost
Trade payables and accrued liabilities	Note 1	Amortized cost

Note 1 – Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

De-recognition

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. The carrying amounts reported in the condensed interim consolidated statements of financial position for cash and cash equivalents, other receivables, 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

As at June 30, 2018, the Company's Sudanese operating subsidiary did not have any material foreign currency risk exposure.

(ii) Ivorian operations

As at June 30, 2018, the Company's Ivorian operating subsidiary did not have any material foreign currency risk exposure.

iii) Canadian head office operations

At June 30, 2018, the Company's Canadian head office also held cash in foreign currencies and had net foreign currency financial assets and liabilities. 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 (liability) position	Change in net financial position from a 10% variation in exchange rates
US dollar	19	110	11
British pounds	-	(82)	8

Credit risk

At June 30, 2018, the majority of the Company's cash and cash equivalents were held through Canadian institutions with 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.

The maturities of the Company's financial liabilities as at June 30, 2018 are as follows:

	In thousands of dollars		
	Total	Less than 1 year	More than 5 years
Accounts payable and accrued liabilities	3,658	3,658	-
Total	3,658	3,658	-

While the Company believes that it will be able to settle its commitments and liabilities in the normal course of business, as they fall due during the next 12 months, as an exploration-stage company with no current sources of revenues, the Company is dependent on its ability to raise funds to support the ongoing advancement of its mineral properties and corporate activities

Following the close of the Resolute transaction the Company has replenished its treasury with cash proceeds received of \$10.9 million during the quarter and the receipt of 8,953,421 Resolute shares as part of the second close in the third quarter. Orca paid a 5% commission on the cash proceeds received and a 5% commission in ordinary shares of Resolute on the shares the Company received to an arm's length finder in connection with the private placement. The Company has an operating budget in place to complete the Feasibility Study for Block 14 and its development program in Côte d'Ivoire.

In addition, the Company remains open to partnership opportunities while actively pursuing 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.

OUTSTANDING SHARE DATA

As at August 23, 2018, the Company had 177,844,920 common shares outstanding, 17,025,000 share options outstanding under its stock-based incentive plan and 12,590,000 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 2017 MD&A that was filed on Sedar on April 16, 2018.

OUTLOOK

Orca is a Canadian resource company focused on exploration opportunities in Africa with an experienced board of directors and management team. Management and the Board of Directors continue to be mindful of the challenging conditions in the equity markets, particularly for junior gold exploration companies, and the importance of properly managing the treasury. As at June 30, 2018, the Company's balance sheet included \$11.7 million of cash and cash equivalents and net working capital of \$9.2 million. The Company completed the second close of the Resolute private placement on July 13, 2018 and received net 8,505,750 million Resolute shares.

Block 14 Feasibility Study (FS) in Progress

A FS on Orca's flagship Block 14 Gold Project is currently underway. The FS is focused on optimizing the Project towards a development decision in late 2018 and will follow up on material project enhancement opportunities, including:

Exploration

Following confirmation of the Company's new geological interpretation at Block 14 (see "First Quarter 2017 Operating Highlights") the Company has continued an aggressive drilling campaign to expand resources at GSS and at Wadi Doum.

Metallurgy

Additional metallurgical testing is being carried out to evaluate the metallurgical variability throughout the Resource. The following test work is being carried out in support of flowsheet development:

- Comminution variability to support design of crushing and grinding circuits
- Leach dissolution variability to support gold and silver recovery
- Evaluation of leach circuit pre-aeration on reagent consumptions

Mining

Potential mining contractors have visited site to evaluate local conditions and will submit proposals to complete all mining and construction of the Tailings Storage Facility (TSF).

43-101 Report

The design of the 6.0Mtpa processing plant and associated facilities has been completed.

The following additional work will be carried out to incorporate into the 43-101 report to be published in November 2018:

- Review mill design following receipt of additional comminution test work.
- Evaluate pre-aeration test work to optimise reagent consumptions.
- Opex review – evaluate additional leach recovery test work, grinding data and reagent consumptions.
- Capex review – mill selection, raw water pipeline, camp and EPCM.
- Incorporate Build Own Operate Transfer (BOOT) contract for camp
- Incorporate Build Own Operate Transfer (BOOT) contract for power generation
- Evaluate on site pipe manufacture for water pipeline

Continuing Progress in Côte d'Ivoire

Following positive reinforcement of the resource potential at Morondo during the first quarter of 2018, the Company proceeded immediately with a metallurgical test work program and completed two diamond drill holes in March 2018 for metallurgical test work. This metallurgical test work program will look to confirm previous metallurgical testwork results and investigate the deposit's heap leach and cyanide leach amenability. The results of the Morondo metallurgical test work are expected to be available in the third quarter of 2018. During the second quarter the Company gave the go ahead for a drill programme to test extensions to the known mineralisation and conduct infill drilling with the aim of defining an initial resource in the third quarter 2018.

As at the date of this MD&A, Morondo continues to be owned by Kinross, which has granted the Company permission to execute exploration programs thereon, in order to maintain the property in good standing. While the Company and Kinross are jointly working to close the transaction, the Company does not currently have an expected closing date for the aforementioned acquisition and there is no assurance that the transaction will be completed.

SUBSEQUENT EVENT

On July 13, 2018 the Company closed the second of two tranches of a private placement to Resolute subscribing for an additional 16,182,480 shares for an aggregate purchase price of \$10,923,174 which was paid by the issuance of 8,953,421 ordinary shares of Resolute – calculated using a Resolute share price of C\$1.22 per ordinary share. The Company paid a 5% commission in ordinary shares of Resolute on the shares the Company received to an arm's length finder in connection with the private placement.

On July 17, 2018 the Company granted an aggregate 6,000,000 incentive stock options to certain officers, directors and other eligible officers of the Company. The options are exercisable, subject to vesting provisions over a period of three years at a price of \$0.51 per share

Orca Gold Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2018 and 2017

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

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,746,770	\$ 5,792,695
Receivables and other assets (Note 4)	1,093,791	460,520
	<u>12,840,561</u>	<u>6,253,215</u>
Equipment (Note 5)	862,537	953,686
Mineral properties (Note 6)	4,342,367	4,257,433
	<u>\$ 18,045,465</u>	<u>\$ 11,464,334</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,658,350	\$ 3,632,432
EQUITY		
Equity attributed to common shareholders		
Share capital (Note 7)	114,344,267	99,532,458
Warrants	917,597	959,816
Contributed surplus	6,414,727	6,116,654
Accumulated other comprehensive income	1,484,718	1,097,682
Deficit	<u>(87,737,246)</u>	<u>(80,760,026)</u>
	35,424,063	26,946,584
Non-controlling interest (Note 14)	<u>(21,036,948)</u>	<u>(19,114,682)</u>
	14,387,115	7,831,902
	<u>\$ 18,045,465</u>	<u>\$ 11,464,334</u>
Subsequent event (Note 16)		

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 Loss and Comprehensive Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Administration costs (Note 10)	\$ 831,448	\$ 701,627	\$ 1,814,282	\$ 1,612,909
Exploration and project investigation costs (Note 11)	3,704,851	3,171,833	6,764,761	5,128,747
Foreign exchange loss	18,617	35,187	42,375	34,122
Interest income	(30,471)	(18,328)	(53,037)	(70,438)
Other Income	(16,278)	-	(16,278)	-
Net loss for the period	<u>\$ 4,508,167</u>	<u>\$ 3,890,319</u>	<u>\$ 8,552,103</u>	<u>\$ 6,705,340</u>
Net loss for the period attributed to:				
Common shareholders of the Company	3,690,629	2,977,593	6,977,220	5,252,921
Non-controlling interest (Note 14)	817,538	912,726	1,574,883	1,452,419
	<u>\$ 4,508,167</u>	<u>\$ 3,890,319</u>	<u>\$ 8,552,103</u>	<u>\$ 6,705,340</u>
Net loss for the period	\$ 4,508,167	\$ 3,890,319	\$ 8,552,103	\$ 6,705,340
Items that may be subsequently reclassified to net loss:				
Loss (gain) on translation to presentation currency	88,248	(92,940)	(39,653)	(104,983)
Comprehensive loss for the period	<u>\$ 4,596,415</u>	<u>\$ 3,797,379</u>	<u>\$ 8,512,450</u>	<u>\$ 6,600,357</u>
Comprehensive loss for the period attributed to:				
Common shareholders of the Company	\$ 4,469,704	\$ 2,336,453	\$ 6,590,184	\$ 4,549,134
Non-controlling interest (Note 14)	126,711	1,460,926	1,922,266	2,051,223
	<u>\$ 4,596,415</u>	<u>\$ 3,797,379</u>	<u>\$ 8,512,450</u>	<u>\$ 6,600,357</u>
Basic and diluted loss per common share	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.05</u>
Basic and diluted weighted average number of shares outstanding	<u>167,133,120</u>	<u>113,288,143</u>	<u>161,204,489</u>	<u>113,288,143</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)

	Six months ended	
	June 30,	
	2018	2017
Cash flows from (for) operating activities		
Net loss for the period	\$ (8,552,103)	\$ (6,705,340)
Add non-cash items		
Depreciation of equipment (Note 5)	171,877	158,867
Stock-based compensation expense (Note 9a)	321,018	252,436
Interest income on short-term investments	-	(35,565)
	<u>(8,059,208)</u>	<u>(6,329,602)</u>
Changes in non-cash working capital items		
Receivables and other assets	(629,873)	(168,817)
Accounts payable and accrued liabilities	(41,593)	(8,041)
	<u>(8,730,674)</u>	<u>(6,506,460)</u>
Cash flows from (for) investing activities		
Redemption of short-term investments, net	-	5,177,190
Purchase of equipment (Note 5)	(58,834)	(417,209)
	<u>(58,834)</u>	<u>4,759,981</u>
Cash flows from financing activities		
Proceeds from share capital (Note 7)	10,286,345	6,032,000
Net proceeds from issue of warrants and stock options (Note 8 & 9)	4,460,300	-
	<u>14,746,645</u>	<u>6,032,000</u>
Foreign exchange on cash and cash equivalents	<u>(3,062)</u>	18,934
Increase (decrease) in cash and cash equivalents	5,954,075	4,304,455
Cash and cash equivalents, beginning of period	5,792,695	5,285,095
Cash and cash equivalents, end of period	<u>\$11,746,770</u>	<u>\$ 9,589,550</u>
Supplemental information		
Interest received	<u>\$ 53,037</u>	<u>\$ 34,873</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	Warrants	Contributed Surplus	Accumulated Other Comprehen- sive Income	Deficit			
Balance January 1, 2018	153,476,440	\$ 99,532,458	\$ 959,816	\$ 6,116,654	\$ 1,097,682	\$ (80,760,026)	\$ 26,946,584	\$ (19,114,682)	\$ 7,831,902
Stock based compensation expense				321,018			321,018		321,018
Exercise of options	150,000	63,445		(22,945)			40,500		40,500
Exercise of Warrants	8,036,000	4,866,581	(446,781)				4,419,800		4,419,800
Proceeds from private placement (Note 7)	16,182,480	9,881,783	404,562	-	-	-	10,286,345	-	10,286,345
Net loss for the period	-	-	-	-	-	(6,977,220)	(6,977,220)	(1,574,883)	(8,552,103)
Gain (loss) on translation to presentation currency	-	-	-	-	387,036	-	387,036	(347,383)	39,653
Balance June 30, 2018	177,844,920	\$ 114,344,267	\$ 917,597	\$ 6,414,727	\$ 1,484,718	\$ (87,737,246)	\$ 35,424,063	\$ (21,036,948)	\$ 14,387,115
Balance January 1, 2017	113,288,143	\$ 84,570,738	\$ -	\$ 5,754,887	\$ 286,782	\$ (65,095,080)	\$ 25,517,327	\$ (13,429,071)	\$ 12,088,256
Stock-based compensation expense (Note 7)	-	-		252,436	-	-	252,436	-	252,436
Proceeds from private placement	-	-	6,032,000	-	-	-	6,032,000	-	6,032,000
Net loss for the period	-	-	-	-	-	(5,252,921)	(5,252,921)	(1,452,419)	(6,705,340)
Gain (loss) on translation to presentation currency	-	-	-	-	703,787	-	703,787	(598,804)	104,983
Balance June 30, 2017	113,288,143	\$ 84,570,738	\$ 6,032,000	\$ 6,007,323	\$ 990,569	\$ (70,348,001)	\$ 27,252,629	\$ (15,480,294)	\$ 11,772,335

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, 2018 and 2017
(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 an 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 the Sudan, and Orca Gold CDI S.A.R.L ("OGCDI"), which is located and operates in the Ivory Coast.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2017, except for newly accounting policies as noted in Note 3 below.

These condensed interim consolidated financial statements were approved for issue by Orca's board of directors on August 23, 2018.

3. ADOPTION OF NEW ACCOUNTING POLICIES

On January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

a) Classification and measurement

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the new classification of the Company's financial instruments under IFRS 9:

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Measurement basis	Classification under IFRS 9
Cash and cash equivalents	Note 1	Amortized cost
Receivables	Note 1	Amortized cost
Trade payables and accrued liabilities	Note 1	Amortized cost

Note 1 – Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

b) De-recognition

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

c) Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

4. RECEIVABLES AND OTHER ASSETS

	June 30, 2018	December 31, 2017
Prepaid expenses	243,484	153,283
Fuel inventory	65,737	100,056
Other receivables	784,570	207,181
Total receivables and other assets	1,093,791	460,520

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(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
As at January 1, 2017	181,907	69,053	1,055,176	1,115,346	2,421,482
Additions	43,159	2,866	384,320	300,628	730,973
Write-off and disposals	(4,260)	-	-	-	(4,260)
Effects of foreign exchange on translation to presentation currency	11,665	4,291	74,588	76,045	166,589
As at December 31, 2017	232,471	76,210	1,514,084	1,492,019	3,314,784
Additions	12,521	10,675	-	37,679	60,875
Write-off and disposals	(1,868)	-	-	-	(1,868)
Effects of foreign exchange on translation to presentation currency	4,389	1,433	30,205	29,458	65,485
As at June 30, 2018	247,513	88,318	1,544,289	1,559,156	3,439,276
Accumulated depreciation					
As at January 1, 2017	(174,832)	(38,589)	(710,464)	(986,110)	(1,909,995)
Depreciation	(12,956)	(7,424)	(181,205)	(128,849)	(330,434)
Write-off and disposals	4,260	-	-	-	4,260
Effects of foreign exchange on translation to presentation currency	(10,600)	(2,552)	(48,169)	(63,608)	(124,929)
As at December 31, 2017	(194,128)	(48,565)	(939,838)	(1,178,567)	(2,361,098)
Depreciation	(9,386)	(4,341)	(93,978)	(64,172)	(171,877)
Write-off and disposals	1,868	-	-	-	1,868
Effects of foreign exchange on translation to presentation currency	(3,726)	(934)	(17,983)	(22,989)	(45,632)
As at June 30, 2018	(205,372)	(53,840)	(1,051,799)	(1,265,728)	(2,576,739)
Net book amount					
As at December 31, 2017	38,343	27,645	574,246	313,452	953,686
As at June 30, 2018	42,141	34,478	492,490	293,428	862,537

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

6. MINERAL PROPERTIES

Cost	Block 14
As at January 1, 2017	4,012,503
Effects of foreign exchange on translation to presentation currency	244,930
As at December 31, 2017	4,257,433
Effects of foreign exchange on translation to presentation currency	84,934
As at June 30, 2018	4,342,367

The Company's sole mineral project as at June 30, 2018 is Block 14, located in the northern part of the Republic of Sudan. The Block 14 mineral project consists of mineral exploration lands and an additional water exploration area.

7. SHARE CAPITAL AND SHARE CAPITAL TO BE ISSUED

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, 2018 and 2017.

On May 31st 2018 the Company closed the first of two tranches of a private placement to Resolute Mining Limited ("Resolute"). The Company issued 16,182,480 common shares to a subsidiary of Resolute Mining Limited at a price of C\$0.675 per share for proceeds of \$10,923,174. The Company paid a 5% commission on the cash proceeds received.

The Company also issued a warrant (the "Special Warrant") whereby Resolute may acquire an additional 1,876,442 shares of the Company at a price of C\$0.675 per share following the issuance of 10,633,169 shares to Kinross Gold Corporation ("Kinross") on the closing of the acquisition of two wholly-owned exploration companies from Kinross (the "Kinross Deal") located and operating in Côte d'Ivoire (see Company news release on February 1, 2017). Upon the closing of the Kinross Deal, Resolute may exercise the Special Warrant to first acquire 938,221 shares and acquire the remaining 938,221 shares after closing the second tranche of the private placement. The Special Warrant will expire on the later of 60 days from the completion of the Kinross Deal and November 1, 2018, but in any event, no later than May 31, 2023. All of the securities of the Company issued under the private placement are subject to a hold period which will expire on October 1, 2018 in accordance with applicable Canadian securities laws.

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

8. WARRANTS

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

	Number of shares (In thousands)	Weighted average exercise price CDN\$
Outstanding at January 1, 2017	-	-
Granted	18,750	\$0.55
Outstanding at December 31, 2017	18,750	\$0.55
Resolute Warrants Granted	1,876	\$0.675
Exercised	(8,036)	\$0.55
Outstanding at June 30, 2018	12,590	\$0.57
Exercisable at June 30, 2018	10,714	\$0.55

As at June 30, 2018, the outstanding warrants had a weighted average life of 0.93 years and the exercisable warrants had a weighted average remaining contractual life of 1.02 years.

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 agreements are at the discretion of the Board of Directors.

The total stock-based compensation for the three and six months ended June 30, 2018 was \$137,000 and \$321,000, respectively (2017: \$70,000 and \$252,000). For the three and six months ended June 30, 2018, stock-based compensation of \$122,000 and \$283,000 (2017: \$61,000 and \$218,000) has been allocated to administration costs, respectively, and \$15,000 and \$38,000 (2017: \$9,000 and \$34,000) to exploration and project investigation costs, respectively, for employees directly involved in exploration activities.

The unrecognized compensation cost for non-vested share options at June 30, 2018 was \$270,000 (December 31, 2017: \$591,000).

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

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\$
Outstanding at January 1, 2017	10,302	\$0.34
Granted	4,525	\$0.45
Exercised	(2,688)	\$0.38
Expired	(964)	\$0.64
Outstanding at December 31, 2017	11,175	\$0.35
Exercised	(150)	\$0.27
Outstanding at June 30, 2018	<u>11,025</u>	\$0.35
Exercisable at June 30, 2018	<u>8,050</u>	\$0.31

The following summarizes information about the stock options outstanding and exercisable at June 30, 2018:

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\$)
\$0.27	6,000	0.80	\$0.27	6,000	0.80	\$0.27
\$0.32	500	1.16	\$0.32	333	1.16	\$0.32
\$0.36	625	1.68	\$0.36	417	1.68	\$0.36
\$0.47	3,900	2.21	\$0.47	1,300	2.21	\$0.47
	<u>11,025</u>	1.37	\$0.35	<u>8,050</u>	1.09	\$0.31

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

10. ADMINISTRATION COSTS

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Depreciation	612	458	1,376	916
Management and consulting fees	242,319	188,368	423,401	377,785
Office and administration	73,684	84,670	162,364	201,685
Professional fees	18,999	42,173	46,168	77,110
Salaries and benefits	166,156	209,341	378,710	402,663
Stock based compensation expense	122,040	61,125	283,297	218,052
Travel and promotion	207,638	115,492	518,966	334,698
Total administration costs	831,448	701,627	1,814,282	1,612,909

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

11. EXPLORATION AND PROJECT INVESTIGATION COSTS

Three months ended June 30,		Sudan	Côte d'Ivoire	Total
2018	Depreciation	99,405	-	99,405
	Drilling	1,119,563	551,064	1,670,627
	Exploration support and administration	104,787	27,189	131,976
	Field operation and consumables	253,299	40,473	293,772
	Geological consulting	60,059	6,595	66,654
	Permitting and licensing fees	17,949	325	18,274
	Salaries and benefits	618,243	165,376	783,619
	Sampling, geological and other evaluation costs	517,123	75,351	592,474
	Stock-based compensation expense	14,897	-	14,897
	Travel and accommodation	18,023	15,130	33,153
	Total exploration and project investigation costs	2,823,348	881,503	3,704,851
2017	Depreciation	63,562	13,139	76,701
	Drilling	1,409,581	-	1,409,581
	Exploration support and administration	166,055	12,641	178,696
	Field operation and consumables	265,605	1,460	267,065
	Geological consulting	65,732	-	65,732
	Permitting and licensing fees	27,774	1,318	29,092
	Salaries and benefits	563,503	-	563,503
	Sampling, geological and other evaluation costs	526,219	1,505	527,724
	Stock-based compensation expense	8,597	-	8,597
	Travel and accommodation	39,827	5,315	45,142
	Total exploration and project investigation costs	3,136,455	35,378	3,171,833

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

Six months ended June 30,		Sudan	Côte d'Ivoire	Total
2018	Depreciation	170,501	-	170,501
	Drilling	1,775,701	758,884	2,534,585
	Exploration support and administration	193,364	54,814	248,178
	Field operation and consumables	438,855	74,685	513,540
	Geological consulting	117,819	10,993	128,812
	Permitting and licensing fees	39,339	6,003	45,342
	Salaries and benefits	1,110,869	330,233	1,441,102
	Sampling, geological and other evaluation costs	1,492,485	87,346	1,579,831
	Stock-based compensation expense	37,721	-	37,721
	Travel and accommodation	38,616	26,533	65,149
Total exploration and project investigation costs		5,415,270	1,349,491	6,764,761
2017	Depreciation	132,280	25,673	157,953
	Drilling	1,436,585	-	1,436,585
	Exploration support and administration	247,740	41,863	289,603
	Field operation and consumables	474,504	4,349	478,853
	Geological consulting	123,969	-	123,969
	Permitting and licensing fees	48,926	7,021	55,947
	Salaries and benefits	917,028	176	917,204
	Sampling, geological and other evaluation costs	1,547,757	3,427	1,551,184
	Stock-based compensation expense	34,384	-	34,384
	Travel and accommodation	69,105	13,960	83,065
Total exploration and project investigation costs		5,032,278	96,469	5,128,747

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

12. RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the three and six months ended June 30, 2018, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), Geodex Consultants Ltd. ("Geodex") and Meyas Nub Multiactivities Company Limited ("Meyas Nub"). HSEC and Geodex are related by virtue of their proprietor being a director and officer of the Company. 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 14). Related party transactions occur and are recorded at the amounts agreed between the parties.

a) Services received from related parties

	Related party	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Drilling and exploration support	Meyas Nub	61,035	75,104	74,730	83,920
Geological consulting	HSEC/Geodex	63,225	51,453	123,737	100,187
Total related party costs		124,260	126,557	198,467	184,107

b) Related party balances

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

	Related party	June 30, 2018	December 31, 2017
Accounts payable and accrued liabilities	Meyas Nub	(6,862)	(25,622)
Accounts payable and accrued liabilities	HSEC/Geodex	(101,232)	(181,881)

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 include the Company's executive officers and vice-presidents.

The remuneration of key management personnel is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Salaries and management fees	238,240	169,905	447,643	339,372
Short term benefits	5,943	7,024	15,867	13,924
Director fees	53,750	53,917	107,500	92,625
Stock-based compensation	88,184	50,433	214,835	185,866
Total key management compensation	386,117	281,279	785,845	631,787

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

13. SEGMENT INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in Africa. The information regarding mineral properties and exploration and project investigation costs presented in Notes 5 and 9, respectively, represent the manner in which management reviews its business performance. Materially all of the Company's mineral properties and exploration and project investigation costs relate to the Block 14, located in the northern region of the Republic of Sudan. Materially all of the Company's administrative costs are incurred by the Canadian parent, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's operating subsidiaries in support of ongoing and planned work programs.

The following are summaries of the Company's current and non-current assets, current liabilities, and net losses by segment:

		Sudan	Ivory	Corporate	Total
		(Block 14)	Coast	& Other	
June 30, 2018	Current assets	133,803	202,926	12,503,832	12,840,561
	Equipment	832,601	28,015	1,921	862,537
	Mineral properties	4,342,367	-	-	4,342,367
	Total Assets	5,308,771	230,941	12,505,753	18,045,465
	Current liabilities	2,951,531	521,234	185,585	3,658,350
December 31, 2017	Current assets	217,904	39,603	5,995,708	6,253,215
	Equipment	950,389	-	3,297	953,686
	Mineral properties	4,257,433	-	-	4,257,433
	Total Assets	5,425,726	39,603	5,999,005	11,464,334
	Current liabilities	3,107,145	211,067	314,220	3,632,432

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

Three months ended June 30,		Sudan (Block 14)	Ivory Coast	Corporate & Other	Total
2018	Exploration and project investigation	2,823,348	881,503	-	3,704,851
	General administration and other items	-	20,625	782,691	803,316
	Net loss	2,823,348	902,128	782,691	4,508,167
2017	Exploration and project investigation	3,136,455	22,211	13,167	3,171,833
	General administration and other items	25,605	403	692,478	718,486
	Net loss	3,162,060	22,614	705,645	3,890,319
Six months ended June 30,		Sudan (Block 14)	Ivory Coast	Corporate & Other	Total
2018	Exploration and project investigation	5,415,270	1,349,491	-	6,764,761
	General administration and other items	14,229	22,115	1,750,998	1,787,342
	Net loss	5,429,499	1,371,606	1,750,998	8,552,103
2017	Exploration and project investigation	5,032,278	70,743	25,726	5,128,747
	General administration and other items	32,186	403	1,544,004	1,576,593
	Net loss	5,064,464	71,146	1,569,730	6,705,340

14. 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 the Block 14 exploration license in the Republic of the Sudan. Under the purchase agreement, SMCL paid the

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

holder of the license a total of 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	35.0%
September 30, 2013	USD \$3.0 million	52.5%
September 30, 2014	USD \$3.0 million	70.0%

Under the agreement, the Company must fund all exploration, development and construction costs to commercial production in accordance with the purchase agreement.

15. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including currency, credit, and liquidity risk.

a) Currency risk

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

(i) Sudanese operations

As at June 30, 2018, the Company's Sudanese operating subsidiary did not have any material foreign currency risk exposure.

(ii) Ivorian operations

As at June 30, 2018, the Company's Ivorian operating subsidiary did not have any material foreign currency risk exposure.

(iii) Canadian head office operations

At June 30, 2018, the Company's Canadian head office also held cash in foreign currencies and had net foreign currency financial assets and liabilities. 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:

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

In thousands of dollars			
	Foreign currency cash held (in source currency)	Net financial asset (liability) position	Change in net financial position from a 10% variation in exchange rates
US dollar	19	110	11
British pounds	-	(82)	8

b) Credit risk

At June 30, 2018, the majority of the Company's cash and cash equivalents were held through Canadian institutions with investment grade ratings.

c) 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.

The maturities of the Company's financial liabilities as at June 30, 2018 are as follows:

In thousands of dollars				
	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	3,658	3,658	-	-
Total	3,658	3,658	-	-

Following the close of the Resolute transaction the Company has replenished its treasury with cash proceeds received of \$10,923,174 during the quarter and the receipt of a 8,953,421 Resolute shares as part of the second close in Q3. The Company paid a 5% commission on the cash proceeds received and a 5% commission in ordinary shares of Resolute on the shares the Company received to an arm's length finder in connection with the private placement. The Company manages its cash flows with an operating budget in place to complete the Feasibility Study for Block 14 and its development program in Côte d'Ivoire.

In addition, the Company remains open to partnership opportunities while actively pursuing 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.

Orca Gold Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

16. SUBSEQUENT EVENT

On July 13, 2018 the Company closed the second of two tranches of a private placement to Resolute subscribing for an additional 16,182,480 shares for an aggregate purchase price of \$10,923,174 which was paid by the issuance of 8,953,421 ordinary shares of Resolute – calculated using a Resolute share price of C\$1.22 per ordinary share. The Company paid a 5% commission in ordinary shares of Resolute on the shares the Company received to an arm's length finder in connection with the private placement.

On July 17, 2018 the Company granted an aggregate 6,000,000 incentive stock options to certain officers, directors and other eligible officers of the Company. The options are exercisable, subject to vesting provisions over a period of three years at a price of \$0.51 per share



CORPORATE DIRECTORY

OFFICERS

Alexander Davidson
Chairman of the Board
Richard P. Clark
Chief Executive Officer
Hugh Stuart
President
Glenn Kondo
Chief Financial Officer
Kevin Ross
Chief Operating Officer
Dr. Karamo NM Sonko
Chief Strategist, African Affairs
Kathy Love
Corporate Secretary

DIRECTORS

L. Simon Jackson
Richard P. Clark
Compensation Committee
Hugh Stuart
Alexander Davidson
Compensation Committee
Corporate Governance and Nominating
Committee
Robert F. Chase
Audit Committee
Corporate Governance and Nominating
Committee
David Field
Audit Committee
Corporate Governance and Nominating
Committee
Derek White
Audit Committee
Compensation Committee

AUDITORS

PricewaterhouseCoopers 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) 689-4250

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