



**ORCA GOLD INC.**

**THIRD QUARTER REPORT**

**For the Three and Nine Months Ended**

**September 30, 2019**

**ORCA GOLD INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(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 nine months ended September 30, 2019. 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 November 29, 2019. 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 mining company focused on the acquisition, exploration and development of mineral properties in Africa. The Company's main project is Block 14 in the north of Sudan. 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. The Company is also focussed on advancing exploration in Côte d'Ivoire with Montage Gold Corp, a newly created entity between Orca Gold Inc and Avant Minerals Inc (see 'Highlights' section in the MD&A on page 2).

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 Company's Block 14 Exploration Licence scheduled to expire in November 2018 was extended retroactively, by the newly established national unity government of the Sudan on October 13, 2019. The extension is for a period of 4 years over an area of 1,000 km<sup>2</sup>, surrounding the planned Block 14 Mining Lease (38km<sup>2</sup>). The extension certificate was issued to the Company by the new government, following a popular in Sudan, which led to the removal of then President Omar al-Bashir and his military government in April 2019.

On August 21, 2019, after 25 years of military rule and following an extensive negotiation between the populous movement and the military, a Sovereign Council was declared to lead the people of the Sudan during a 39-month period towards the establishment of an open, fair and transparent democratic process culminating in democratic elections in 2022-23. The Council comprises of six civilians and five military representatives and includes two women, one of whom is Christian.

Following its formation, the Sovereign Council immediately appointed Abdalla Hamdok as the new Prime Minister of the Sudan. Mr. Hamdok is an economist, a technocrat who has spent the last decades in the African Development Bank and the UN Economic Commission for Africa. Prime Minister Hamdock has appointed 20 new Ministers. The Sudan's new Government has the approval and support of the people of Sudan and the international community at large, including the United States of America. The establishment of the Sovereign Council and a new government under the direction of Prime Minister Hamdok heralds the start of a new era for the Sudan and its people. An era that looks to prioritize peace, economic restructuring, human rights, equality and freedom of speech.

With the establishment of a new government in the Sudan, the Company has recommenced discussions with the relevant Ministries towards completion of the mining lease and the financing and developing of the Block 14 project.

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, known as Area 5.

The Company's Mineral Resources are associated with the GSS and Wadi Doum deposits located on Block 14. The Company announced probable reserves of 79.94Mt @ 1.11g/t for 2.85 Moz at its Block 14 project in its Feasibility Study on the Block 14 Gold Project during Q4 2018 (news release November 8, 2018).

The technical contents of this MD&A have been reviewed by Kevin Ross, Eur. Ing., a Qualified Person pursuant to NI 43-101. Mr. Ross holds the position of Chief Operations Officer 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.

## **2019 Q3 HIGHLIGHTS**

### **Sudan**

Following the successful delivery of a positive Feasibility Study, clearly demonstrating the robust economic and production profile of the project (see Company News Release on November 7, 2018) the Company started discussions on the advancement of the Block 14 gold project in Sudan.

The government approved the extension of the exploration permit for an additional 4 years over an area of 1,000 km<sup>2</sup>, surrounding the planned Block 14 Mining Lease (38km<sup>2</sup>). Following the declaration of a Sovereign Council the Company is re-engaging with the government to finalize documentation of its mining lease.

Block 14 is ready for development and with a financing commitment, could be in production within 24 months. Block 14 is a priority project for the new government and the people of the Sudan, which will capitalize on Sudan's significant gold endowment and create a sustainable business, generate significant skills, community improvement, employment opportunities, internal revenue and foreign exchange for the country, whilst unlocking value for Orca's shareholders in Sudan.

The Company completed an Early Works engineering programme which has identified long lead equipment suppliers.

### **Côte d'Ivoire**

On August 29, 2019, the Company concluded a corporate restructuring in Côte d'Ivoire creating a new entity, Montage Gold Corp ("Montage"). Orca transferred its permits and permit applications in Côte d'Ivoire to Montage and subsequently entered into a share purchase agreement with Avant Minerals Inc ("Avant") pursuant to which Avant transferred its assets in Côte d'Ivoire and Burkina Faso and cash of \$3.8 million to Montage. Montage was valued at \$24.8 million with Orca and Avant owning 60% and 40% of Montage respectively.

Contemporaneously with the completion of the Avant transaction, Montage completed a non-brokered private placement issuing 18,226,374 shares in Montage to new shareholders at CA\$0.45/share for cash of \$8.2 million. Following the completion of the Avant transaction and the Montage private placement, the ownership of Montage is Orca 45%, Avant 30% and investors in the private placement 25%.

The Company reports Montage as a subsidiary as management has assessed that it has control over the arrangement. In assessing whether control exists, management has considered whether it has the power to govern the financial and operating policies in order to obtain benefits from their activities. Management judgment is required in order to determine which factors are considered most relevant in this evaluation. When performing this assessment, management considers the following factors:

- (a) the power to direct the relevant activities that significantly affect the entities returns;
- (b) the ability to use its power over the investee to affect the amount of the investor's returns; and
- (c) exposure, or rights, to variable returns from its involvement with the investee.

For the Company's investment in Montage, management specifically considered decisions about activities such as managing the assets while they are being explored, the approval of budgets, expansion and disposition of

assets, financing, significant operating and capital expenditures, appointment of key management personnel and representation on the board of directors in order to conclude that it controls Montage and consolidated this entity as at September 30, 2019.

Montage holds the following permit and permit applications.

- Four permits and nine permit applications in Côte d'Ivoire totaling 4,243km<sup>2</sup>. This includes the Morondo Licence, which currently hosts a 1.2 Moz inferred resource (see Orca release dated October 3, 2018) and is strategically centered between Roxgold's Seguela Project 60kms to the south and Barrick/Endeavour's Mankono joint venture adjacent to the north.
- Nine permits and three permit applications under earn-in in Burkina Faso totaling 1,138km<sup>2</sup>. In Burkina Faso, the company will hold a dominant land position on the Sirba Greenstone belt between the Kouri Project of Golden Rim and the Samira Hill/Libiri deposit previously mined by Semafo. Avant presently owns 51% in this collection of properties and is earning into 70% from Predictive Discovery Ltd.

Prior to the formation of Montage the Company's exploration in Côte d'Ivoire initially focussed on the delineation of a Mineral Resource at the Koné Prospect in the Morondo Permit leading to the definition of an initial inferred resource comprising 34.1MT grading at 1.1 g/t for 1.206Moz of gold at 0.70g/t cut-off grade (see Company news release on October 3, 2018).

During Q3, 2019, the focus has been on the resumption of drilling operations at Morondo with a 5,000m air core programme and the commencement of 5,000m of combined reverse circulation and diamond core drilling. In addition, several areas of infill soil sampling have been completed. The Company is currently reviewing its properties in Burkina Faso and no exploration work was undertaken during the quarter.

## **Corporate**

On September 16, 2019 the Company issued a total of 256,410 deferred share units ("DSUs") to non-executive Directors as an annual award outlined in the DSU Plan adopted on May 30, 2019. The Company has also granted 1,961,538 restricted share units ("RSUs") to certain officers and other eligible persons of the Company. The RSUs are granted in accordance with the Company's Restricted Share Unit Plan and are subject to vesting provisions.

## **RESULTS FROM OPERATIONS**

As a junior mining company, Orca has no expectation of generating operating profits until it develops a commercially viable mineral deposit. During the three and nine months ended September 30, 2019, Orca incurred a net loss of \$2.3 million and \$10.2 million (2018: \$4.9 million and \$13.5 million) respectively. Exploration and project investigation costs accounted for approximately 57% and 60% (2018: 72% and 76%) of the net loss incurred during the three and nine month period to September 2019, while administration expenses accounted for approximately 45% and 39% during the three and nine month period (2018: 32% and 25%). Exploration costs decreased as a proportion of the net loss as exploration work in Sudan was largely curtailed.

Detailed breakdowns of exploration costs for the three and nine months ended September 30, 2019 and 2018, are provided in the notes to the condensed interim consolidated financial statements. Staff compensation, most notably salaries and benefits, were the largest combined cost category and accounted for 63% and 41% of exploration costs for the three and nine months ended September 2019 (2018: 23% and 22%) respectively. Technical costs decreased during the quarter following the reduction in exploration work in Sudan.

Administration costs were \$1.0 million and \$4.0 million for the three and nine months to September 2019 (2018: \$1.6 million and \$3.4 million). Professional fees for the 9 months were higher than the prior due an increase in insurance costs and management compensation. Professional costs are a credit of \$45,261 during Q3 as Montage

transaction costs of \$194,277, which were previously expensed in Q2 2019, have been capitalised during the quarter as the Company has concluded that the Montage transaction is an asset acquisition.

Stock based compensation represented 8% of the net loss for the nine months ended September 30, 2019. There has been a correction in the calculation of share based compensation expense during Q3 2019 as a result of an overstatement of this expense in Q2 2019. The total for the 9 month share based compensation is \$854,089, compared to \$895,917 reported for the six months to June 30, 2019. This results in a credit to share based compensation expense of \$41,828 during Q3.

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 \$28,000 and \$85,000 (2018: \$48,000 and \$101,000) for the three and nine months ended September 30, 2019 respectively reflects interest earned on cash held on deposit and invested in short-term money market instruments.

In other comprehensive income, the Company reported foreign exchange translation losses of \$483,000 (2018: loss of \$87,000) for the nine months ended September 2019, on the 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. The Company realized a gain of \$229,000 from the sale of its remaining Resolute shares in Q1.

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

<b>Three Months Ended</b>	<b>Sept-19</b>	<b>Jun-19</b>	<b>Mar-19</b>	<b>Dec-18</b>	<b>Sep-18</b>	<b>Jun-18</b>	<b>Mar-18</b>	<b>Dec-17</b>
Exploration costs (\$000's)	1,324	2,565	2,223	2,943	3,536	3,705	3,060	5,853
Total net loss (\$000's)	2,339	4,297	3,630	4,192	4,923	4,508	4,044	6,803
Net loss attributed to the Company's shareholders (\$000's)	1,724	3,711	3,579	3,505	4,370	3,691	3,287	5,158
Net loss per share attributed to the Company's shareholders, basic and diluted (\$)	0.01	0.02	0.01	0.02	0.02	0.03	0.02	0.03

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 Feasibility Study and a 25,000 metre drill programme in support thereof in the third quarter of 2017. Exploration work continued during all quarters in 2018 with work focused at GSS for the completion of the Feasibility Study in November 2018 (see news release November 9, 2018). During Q2 2019 exploration work in Sudan was largely completed and exploration work in Q3 was focussed on advancing exploration in Côte d'Ivoire at the Koné Prospect in the Morondo Exploration Permit.

## **OUTLOOK**

### **Sudan**

Following recent developments between the military council and opposition alliance to share power for a transitional period of 39 months before holding general elections, the Company is ready to finalise negotiations on the Company's mine lease and exploration licence extension. The Company is ready to re-engage with interested parties on financing initiatives for the development of Block 14. Upon the re-establishment of a ministerial structure in Khartoum, the Company will commence discussions with the new government of the Sudan in conjunction with potential banking and industry partners. Block 14 is ready for development and with a financing commitment, could be in production within 24 months.

### **Montage**

Montage intends to continue to advance exploration work on the Morondo project in Côte d'Ivoire with an aim to rapidly increase the resource inventory of gold

## **LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2019, the Company had cash and cash equivalents of \$17.0 million (December 31, 2018: \$6.2 million) with Orca and Montage retaining \$6.0 million and \$11.0 million respectively. The Montage cash of \$11.0 million is restricted to Montage's expenditures and can not be accessed by Orca for its expenditures under the Montage shareholders agreement. These Montage funds are being directed toward exploration work on the permits it directly owns in Côte d'Ivoire. Following the creation of Montage, Orca's cash resources will be focused on advancing the Company's Block 14 Gold Project in Sudan and for general corporate purposes.

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 vested in September 2014. Under the terms of the purchase agreement, the Company must fund all exploration, development and construction costs to commercial production.

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 and development 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, corporate activities and to fund the development of Block 14.

## **RELATED PARTY TRANSACTIONS**

The related parties with which the Company has transacted during the three and nine months ended September 30, 2019, 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. Avant is a related party through its ownership interest in Montage. There were no transactions with Avant during the quarter.

Related party transactions occur and are recorded at the amounts agreed between the parties.

***Services received from related parties***

	Related party	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Drilling and exploration support	Meyas Nub	16,277	12,264	41,885	86,994
Geological consulting	HSEC/Geodex	28,719	55,322	95,280	179,059
<b>Total related party costs</b>		<b>44,996</b>	<b>67,586</b>	<b>137,165</b>	<b>226,053</b>

***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	September 30, 2019	December 31, 2018
Accounts payable and accrued liabilities	HSEC/Geodex	-	(72,576)

***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 September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Salaries and management fees	346,787	349,570	1,050,471	797,213
Short term benefits	13,279	11,158	26,689	27,025
Director fees	111,341	65,625	219,413	173,125
Stock-based compensation	(42,028)	515,024	450,337	729,859
<b>Total key management compensation</b>	<b>429,379</b>	<b>941,337</b>	<b>1,746,910</b>	<b>1,727,222</b>

**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 30, 2019.

## **SIGNIFICANT ACCOUNTING POLICIES**

Orca follows the accounting policies described in Note 3 of the Company's December 31, 2018 audited consolidated financial statements as published on Sedar on April 30, 2019. See note 2 in the Company's September 30, 2019 Financial Statements for the basis of reporting for the Montage transaction. The Company adopted IFRS 16, Leases on January 1, 2019 as discussed below.

### ***Adoption of new accounting policy***

#### **Leases**

On January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value, in which case, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis, if deemed more representative.

The Company has adopted IFRS 16 retrospective from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard.

The Corporation has elected to use the following practical expedients permitted under the standard:

- Account for leases with a remaining term of twelve (12) months or less as at January 1, 2019 as short-term leases, recognized as an expense over the lease term; and
- Account for lease payments as an expense and not recognize a right of use asset if the underlying asset is of low dollar value (less than \$5,000 CAD)

As the Company does not currently have any leases other than short-term or low value leases, there was no impact by the adoption of this new standard and there was no recognition of an asset (right to use asset) or a financial liability to pay rentals. The Company's lease payments are recognized in the financial statements as an expense over the lease term.

## **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 September 30, 2019, the Company's Sudanese operating subsidiary did not have any material foreign currency risk exposure.

*ii) Ivorian operations*

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

*iii) Burkina Faso*

As at September 30, the Company's Burkina Faso operating subsidiaries did not have any material foreign currency risk exposure.

*iii) Canadian head office operations (Orca and Montage)*

At September 30, 2019, the Company's Canadian head office for Orca and Montage 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:

	<b>Foreign currency cash held (in source currency)</b>	<b>Net financial asset (liability) position</b>	<b>Change in net financial position from a 10% variation in exchange rates</b>
US dollar	6,380	8,400	840
British pounds	168,000	51,000	5,100

***Credit risk***

At September 30, 2019, 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 September 30, 2019 are as follows:

	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	2,588,992	2,588,992	-	-
<b>Total</b>	2,588,992	2,588,992	-	-

At September 30, 2019, the Company had cash and cash equivalents of \$17.0 million (December 31, 2018: \$6.2 million) with Orca and Montage retaining \$6.0 million and \$11.0 million respectively. The Montage cash of \$11.0 million is restricted to Montage's expenditures and can not be accessed by Orca for its expenditures under the Montage shareholders agreement.

## **OUTSTANDING SHARE DATA**

As at November 29, 2019, the Company had 211,160,569 common shares outstanding, 13,708,334 share options outstanding under its stock-based incentive plan.

### **Share Units**

During Q2 the Company established two share unit plans and had a share purchase option plan whereby a committee of the Company's Board may, from time to time, grant up to a total of 10% of the issued and outstanding common shares of the Company to directors, officers and other eligible persons of the Company. The number of shares issuable under these plans at any specific time to any one recipient shall not exceed 5% of the issued and outstanding common shares of the Company. Under the share unit plans the Company may grant restricted share units ("RSU") or deferred share units ("DSU"). RSUs and DSUs will vest based on the conditions described in the relevant grant agreement and, in any case, no later than the end of the third calendar year following the date of the grant. DSUs may be awarded annually to non-employee directors of the Company based on the performance of the Company and vest based on the conditions described in the relevant grant agreement. DSUs may not be redeemed until a minimum period of three months has passed following the end of service as a director of the Company. The share unit plans provide for redemption of the share units by way of payment in cash, shares or a combination of cash and shares. Under the option plan the term of any options granted under the option plan will be fixed by the Board and may not exceed ten years from the date of grant. Securities Laws may impose hold periods or resale restrictions. Vesting terms are at the discretion of the Board. All issued share purchase option agreements have terms of five years and vest over two years from grant date. The exercise prices reflect trading values of the Company's shares at grant date.

On September 16, 2019, the Company granted a total of 1,961,538 RSU's to certain senior officers and other eligible persons of the Company. The RSU's vest over a period of three years and are redeemable in shares of the company over a period of five years at a price of CAD 0.39 per share. The RSU grant resulted in total charges to the Statement of Comprehensive Income of \$17,900 for the quarter. The Company also granted 256,410 DSU's to non-employee directors. The grant resulted in total charges of \$3,800 to the Statement of Comprehensive income during the period.

## **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. The material risks and uncertainties, should be taken into account in assessing the Companies activities are described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF"). Any one or more of these risks and uncertainties could have a material adverse effect on the Company.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain of the statements made and contained herein are forward-looking information or forward-looking statements within the meaning of applicable Canadian securities laws, including but not limited to statements regarding Orca's (the "Company", the "Corporation", "we" or "our") plans and expectations relating to the Block 14 Gold Project ("Block 14") in northern Sudan, the Feasibility Study on the Block 14 Gold Project ("FS") as reported by the Corporation on November 9, 2018 (with an effective date of November 7, 2018) and certain exploration assets in Côte d'Ivoire and Burkina Faso held by Montage Gold Corp., an affiliate of the Corporation in Côte d'Ivoire.

Such forward-looking information or forward-looking statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of

management. Statements concerning mineral resource and mineral reserve estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralisation that will be encountered if the property is developed. The assumptions, risks and uncertainties outlined below are non-exhaustive. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of the Corporation or its properties and projects may vary materially from those described herein.

Any 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", "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 statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including without limitation, assumptions about the following (the "Forward-Looking Factors"): future prices of gold and other metals; successful exploration, development, and production; performance of contractual obligations by counterparties; operating conditions; political stability; obtaining governmental approvals and financing on time; financial projections and budgets; obtaining licenses and permits; government regulation of the Corporation's mining activities; environmental risks and expenses; market conditions; the securities market; price volatility of the Corporation's securities; currency exchange rates; foreign mining tax regimes; financial projections and results; competition; availability of sufficient capital, infrastructure, equipment and labour; litigation; land title issues; local community issues; estimation of mineral resources; realization of mineral resources; timing and amount of estimated future production; the life of mine; reclamation obligations; changes in project parameters as plans continue to be evaluated; and anticipated costs and expenditures and our ability to achieve the Corporation's goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, many of which are based on factors and events that are not within the control of the Corporation and there is no assurance they will prove to be correct.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, known and unknown risks, uncertainties and other factors relating to the Forward-Looking Factors above, and those factors disclosed under the heading "Risk Factors" in the Corporation's most recent Annual Information Form available at <http://www.sedar.com> and the Corporation's other continuous disclosure documents filed from time to time with the securities regulators in the provinces of Canada.

In addition, a number of other factors could cause the actual results, performance or achievements of the Corporation to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information, and there is no assurance that the actual results, performance or achievements of the Corporation will be consistent with them. Although the Corporation has attempted to identify important factors that could cause actual actions, events, results, performance or achievements to differ materially from those described in forward-looking statements and forward-looking information, there may be other factors that cause actions, events, results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Such forward-looking statements and information are made or given as at the date of this management's discussion and analysis and the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities law. The reader is cautioned not to place undue reliance on forward-looking statements or forward-looking information.

# **Orca Gold Inc.**

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2019 and 2018

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 17,053,559	\$ 6,166,640
Short-term investments	-	6,830,144
Receivables and other assets (Note 5)	488,862	610,190
	<u>17,542,421</u>	<u>13,606,974</u>
Equipment (Note 6)	1,382,779	851,685
Mineral properties (Note 7)	15,717,285	9,840,101
<b>TOTAL ASSETS</b>	<u>\$ 34,642,485</u>	<u>\$ 24,298,760</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,588,992	\$ 2,644,149
<b>EQUITY</b>		
Equity attributed to common shareholders		
Share capital (Note 8)	133,886,634	131,083,057
Warrants (Note 9)	513,035	513,035
Contributed surplus	7,360,090	7,529,578
Accumulated other comprehensive income	(1,125,356)	755,757
Deficit	(104,160,459)	(95,564,195)
	<u>36,473,944</u>	<u>44,317,232</u>
Non-controlling interest (Note 15)	(4,420,451)	(22,662,621)
	<u>32,053,493</u>	<u>21,654,611</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 34,642,485</u>	<u>\$ 24,298,760</u>

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)**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>2019</b>	<b>September 30, 2018</b>	<b>2019</b>	<b>September 30, 2018</b>
Administration costs (Note 11)	\$ 1,045,850	\$ 1,581,582	\$ 3,967,582	\$ 3,395,864
Exploration and project investigation costs (Note 12)	1,323,879	3,536,197	6,111,264	10,300,958
Foreign exchange (gain) loss	(2,894)	(29,693)	220,991	12,682
Interest income	(28,042)	(48,324)	(84,583)	(101,361)
Other income	-	(116,268)	-	(132,546)
Net loss for the period	<u>\$ 2,338,793</u>	<u>\$ 4,923,494</u>	<u>\$ 10,215,254</u>	<u>\$ 13,475,597</u>
Net loss for the period attributed to:				
Common shareholders of the Company	1,723,938	4,370,048	8,596,264	11,347,268
Non-controlling interest (Note 15)	614,885	553,446	1,618,990	2,128,329
	<u>\$ 2,338,793</u>	<u>\$ 4,923,494</u>	<u>\$ 10,215,254</u>	<u>\$ 13,475,597</u>
Net loss for the period	\$ 2,338,793	\$ 4,923,494	\$ 10,215,254	\$ 13,475,597
Items that may be subsequently reclassified to net loss:				
Loss on translation to presentation currency	136,759	126,305	482,677	86,652
Items that will not be subsequently reclassified to net loss:				
Realized loss (gain) on Investment	-	1,719,232	(228,125)	1,719,232
Comprehensive loss for the period	<u>\$ 2,475,552</u>	<u>\$ 6,769,031</u>	<u>\$ 10,469,806</u>	<u>\$ 15,281,481</u>
Comprehensive loss for the period attributed to:				
Common shareholders of the Company	\$ 2,472,570	\$ 6,706,852	\$ 10,477,377	\$ 13,297,036
Non-controlling interest (Note 15)	2,982	62,179	(7,571)	1,984,445
	<u>\$ 2,475,552</u>	<u>\$ 6,769,031</u>	<u>\$ 10,469,806</u>	<u>\$ 15,281,481</u>
Basic and diluted loss per common share	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.04</u>	<u>\$ 0.07</u>
Basic and diluted weighted average number of shares outstanding	<u>211,032,308</u>	<u>179,065,625</u>	<u>210,108,921</u>	<u>172,966,171</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>Nine months ended</b>	
	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
Cash flows for operating activities		
Net loss for the period	\$ (10,215,254)	\$ (13,475,597)
Add non-cash items		
Depreciation of equipment (Note 6)	183,374	258,817
Stock-based compensation expense (Note 10)	854,089	1,182,172
	<u>(9,177,791)</u>	<u>(12,034,608)</u>
Changes in non-cash working capital items		
Receivables and other assets	58,042	(233,591)
Accounts payable and accrued liabilities	(163,612)	(904,209)
	<u>(9,283,361)</u>	<u>(13,172,408)</u>
Cash flows from investing activities		
Sale of short-term investments	7,058,269	2,960,124
Purchase of equipment	(153,574)	(210,979)
Avant Minerals acquisition (Note 4)	3,610,584	-
	<u>10,515,279</u>	<u>2,749,145</u>
Cash flows from financing activities		
Net proceeds from exercise of stock options	1,780,000	10,259,494
Net proceeds from exercise of warrants (Note 9)	-	4,460,300
Montage Gold Corp private placement (Note 4)	8,033,085	-
	<u>9,813,085</u>	<u>14,719,794</u>
Foreign exchange on cash and cash equivalents	<u>(158,084)</u>	<u>(50,366)</u>
Increase in cash and cash equivalents	10,886,919	4,246,165
Cash and cash equivalents, beginning of period	6,166,640	5,792,695
Cash and cash equivalents, end of period	<u>\$17,053,559</u>	<u>\$10,038,860</u>
Supplemental information		
Interest received	<u>\$ 84,583</u>	<u>\$ 101,361</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 Comprehensive Income	Deficit	Total		
<b>Balance January 1, 2019</b>	<b>204,660,569</b>	<b>\$ 131,083,057</b>	<b>\$ 513,035</b>	<b>\$ 7,529,578</b>	<b>\$ 755,757</b>	<b>\$ (95,564,195)</b>	<b>\$ 44,317,232</b>	<b>\$ (22,662,621)</b>	<b>\$ 21,654,611</b>
Stock based compensation expense (Note 10)	-	-	-	854,089	-	-	854,089	-	<b>854,089</b>
Exercise of options	6,500,000	2,803,577	-	(1,023,577)	-	-	1,780,000	-	<b>1,780,000</b>
Net loss for the period	-	-	-	-	-	(8,596,264)	(8,596,264)	(1,618,990)	<b>(10,215,254)</b>
Gain (loss) on translation to presentation currency	-	-	-	-	(2,109,238)	-	(2,109,238)	1,626,561	<b>(482,677)</b>
Realized Gain on sale of investments	-	-	-	-	228,125	-	228,125	-	<b>228,125</b>
Montage Gold Acquisition	-	-	-	-	-	-	-	18,234,599	<b>18,234,599</b>
<b>Balance September 30, 2019</b>	<b>211,160,569</b>	<b>\$ 133,886,634</b>	<b>\$ 513,035</b>	<b>\$ 7,360,090</b>	<b>\$ (1,125,356)</b>	<b>\$ (104,160,459)</b>	<b>\$ 36,473,944</b>	<b>\$ (4,420,451)</b>	<b>\$ 32,053,493</b>
<b>Balance January 1, 2018</b>	<b>153,476,440</b>	<b>\$ 99,532,458</b>	<b>\$ 959,816</b>	<b>\$ 6,116,654</b>	<b>\$ 1,097,682</b>	<b>\$ (80,760,026)</b>	<b>\$ 26,946,584</b>	<b>\$ (19,114,682)</b>	<b>\$ 7,831,902</b>
Stock based compensation expense (Note 10)	-	-	-	1,182,172	-	-	1,182,172	-	<b>1,182,172</b>
Exercise of options	150,000	63,445	-	(22,945)	-	-	40,500	-	<b>40,500</b>
Exercise of Warrants	8,036,000	4,866,581	(446,781)	-	-	-	4,419,800	-	<b>4,419,800</b>
Proceeds from private placement	32,364,960	22,042,043	404,562	-	-	-	22,446,605	-	<b>22,446,605</b>
Net loss for the period	-	(1,239,851)	-	-	-	-	(1,239,851)	-	<b>(1,239,851)</b>
Share issuance costs	-	-	-	-	-	(11,347,268)	(11,347,268)	(2,128,329)	<b>(13,475,597)</b>
Gain on translation to presentation currency	-	-	-	-	(230,536)	-	(230,536)	143,884	<b>(86,652)</b>
Unrealized Gain (loss) on Investment	-	-	-	-	(1,719,232)	-	(1,719,232)	-	<b>(1,719,232)</b>
<b>Balance September 30, 2018</b>	<b>194,027,400</b>	<b>\$ 125,264,676</b>	<b>\$ 917,597</b>	<b>\$7,275,881</b>	<b>\$ (852,086)</b>	<b>\$ (92,107,294)</b>	<b>\$ 40,498,774</b>	<b>\$ (21,099,127)</b>	<b>\$19,399,647</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 nine months ended September 30, 2019 and 2018**  
**(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 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 include:**

<b>Subsidiary</b>	<b>Ownership %</b>
<b>Canada</b> Montage Gold Corp	45%
<b>Sudan:</b> Sand Metals Company Limited Meyas Sand Minerals Company Limited	100% 100%

**Montage Gold Corp's significant subsidiaries include:**

<b>Subsidiary</b>	<b>Ownership</b>
<b>Côte d'Ivoire</b> Orca Gold CDI S.a.r.l Shark Minerals CDI S.a.r.l Hammerhead Resources CDI XMI S.a.r.l	100% 100% 100% 100%
<b>Burkina Faso</b> Predictive Discovery S.a.r.l Burkina Resources S.a.r.l Progress Minerals S.a.r.l	51% 51% 51%

**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, 2018. 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, 2018, except for leases.

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**Leases**

On January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for almost all leases, unless the lease term is 12 months or less or the underlying asset has a low value, in which case, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis, if deemed more representative.

The Company has adopted IFRS 16 retrospective from January 1, 2019, but has not restated the 2018 comparative periods presented, as permitted under the specific transitional provision in the standard.

The Corporation has elected to use the following practical expedients permitted under the standard:

- Account for leases with a remaining term of twelve (12) months or less as at January 1, 2019 as short-term leases, recognized as an expense over the lease term; and
- Account for lease payments as an expense and not recognize a right of use asset if the underlying asset is of low dollar value (less than \$5,000 CAD)

As the Company does not currently have any leases other than short-term or low value leases, there was no impact by the adoption of this new standard and there was no recognition of an asset (right to use asset) or a financial liability to pay rentals. The Company's lease payments are recognized in the financial statements as an expense over the lease term.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 29, 2019.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS applicable to the preparation of interim financial statements requires judgments, estimates, and assumptions that affect the amounts reported. Those estimates and assumptions concerning the future may differ from actual results. Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant estimates and judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the consolidated financial statements for the year ended December 31, 2018, other than as described below:

**Consolidation of entities with less than 50% ownership**

If a company is a party to an arrangement over which it does not have sole ownership, judgment is required in determining whether control or joint control over this arrangement exists. In assessing whether control exists, the Company analyzes whether it has the power to govern the financial and operating policies in order to obtain benefits from their activities. Management judgment is required in order to determine which factors are considered most relevant in this evaluation. When performing this assessment, management considers the following factors:

- (a) the power to direct the relevant activities that significantly affect the the entities returns;
- (b) the ability to use its power over the investee to affect the amount of the investor's returns; and
- (c) exposure, or rights, to variable returns from its involvement with the investee.

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2019 and 2018**  
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For the Company's investment in Montage, management specifically considered decisions about activities such as managing the assets while they are being explored, the approval of budgets, expansion and disposition of assets, financing, significant operating and capital expenditures, appointment of key management personnel and representation on the board of directors in order to conclude that it controls Montage and consolidated this entity as at September 30, 2019.

**4. MONTAGE GOLD CORP**

On August 29, 2019, the Company completed a corporate restructuring in Côte d'Ivoire creating a new entity, Montage Gold Corp ("Montage"). Orca transferred its permits and permit applications in Côte d'Ivoire to Montage. The transfer of these assets was a transaction between companies under common control and was recorded at their historical book values.

Montage subsequently entered into a share purchase agreement with Avant Minerals Inc. ("Avant") pursuant to which it acquired Avant's assets in Côte d'Ivoire and Burkina Faso and cash of \$3.8 million in exchange for 22 million shares in Montage with a fair value of \$9.9 million. The acquisition was accounted for as an asset acquisition with the net purchase price paid being allocated to the assets acquired and liabilities assumed as follows:

Cash and cash equivalents	3,832,026
Plant and equipment	612,876
Accounts Receivable and prepaid expenses	31,389
Accounts Payable and accrued liabilities	(113,700)
Avant 51% equity interest in Burkina Faso Companies	(301,514)
Mineral Properties	5,838,923
	<b>9,900,000</b>

Contemporaneously with the completion of the Avant transaction, Montage completed a non-brokered private placement issuing 18,226,374 shares in Montage to new shareholders at CA\$0.45/share for cash of \$8.2 million. Following the completion of the Avant transaction and the Montage private placement, the ownership of Montage is Orca 45%, Avant 30% and investors in the private placement 25%.

**5. RECEIVABLES AND OTHER ASSETS**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Prepaid expenses	168,011	132,562
Fuel inventory	144,928	240,798
Other receivables	175,923	236,830
<b>Total receivables and other assets</b>	<b>488,862</b>	<b>610,190</b>

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2019 and 2018**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**6. EQUIPMENT**

<b>Cost</b>	<b>Computer Equipment</b>	<b>Office Furniture and Equipment</b>	<b>Vehicles and Mobile Equipment</b>	<b>Field and Camp Equipment</b>	<b>Total</b>
<b>As at January 1, 2018</b>	<b>232,471</b>	<b>76,210</b>	<b>1,514,084</b>	<b>1,492,019</b>	<b>3,314,784</b>
Additions	24,245	12,113	82,362	88,615	207,335
Write-off and disposals	(1,868)	-	-	-	(1,868)
Effects of foreign exchange on translation to presentation currency	8,928	3,099	58,444	57,741	128,212
<b>As at December 31, 2018</b>	<b>263,776</b>	<b>91,422</b>	<b>1,654,890</b>	<b>1,638,375</b>	<b>3,648,463</b>
Additions	9,507	2,863	-	141,204	153,574
Avant acquisition (Note 4)	54,261	12,425	415,297	573,204	1,055,187
Effects of foreign exchange on translation to presentation currency	(18,542)	(4,838)	(120,779)	(117,758)	(261,917)
<b>As at September 30, 2019</b>	<b>309,002</b>	<b>101,872</b>	<b>1,949,408</b>	<b>2,235,025</b>	<b>4,595,307</b>
<b>Accumulated depreciation</b>					
<b>As at January 1, 2018</b>	<b>(194,128)</b>	<b>(48,565)</b>	<b>(939,838)</b>	<b>(1,178,567)</b>	<b>(2,361,098)</b>
Depreciation	(25,372)	(8,755)	(191,100)	(117,147)	(342,374)
Write-off and disposals	1,868	-	-	-	1,868
Effects of foreign exchange on translation to presentation currency	(7,587)	(1,996)	(39,049)	(46,542)	(95,174)
<b>As at December 31, 2018</b>	<b>(225,219)</b>	<b>(59,316)</b>	<b>(1,169,987)</b>	<b>(1,342,256)</b>	<b>(2,796,778)</b>
Depreciation	(14,290)	(7,062)	(83,709)	(78,313)	(183,374)
Avant acquisition (Note 4)	(44,463)	(11,211)	(158,886)	(227,752)	(442,312)
Effects of foreign exchange on translation to presentation currency	16,547	4,554	88,221	100,614	209,936
<b>As at September 30, 2019</b>	<b>(267,425)</b>	<b>(73,035)</b>	<b>(1,324,361)</b>	<b>(1,547,707)</b>	<b>(3,212,528)</b>
<b>Net book amount</b>					
<b>As at December 31, 2018</b>	<b>38,557</b>	<b>32,106</b>	<b>484,903</b>	<b>296,119</b>	<b>851,685</b>
<b>As at September 30, 2019</b>	<b>41,577</b>	<b>28,837</b>	<b>625,047</b>	<b>687,318</b>	<b>1,382,779</b>

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2019 and 2018**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**7. MINERAL PROPERTIES**

<b>Cost</b>	<b>Sudan</b>	<b>Côte d'Ivoire</b>	<b>Total</b>
<b>As at January 1, 2018</b>	<b>4,257,433</b>	<b>-</b>	<b>4,257,433</b>
Purchase of Kinross properties	-	5,422,916	5,422,916
Effects of foreign exchange on translation to presentation currency	159,752	-	159,752
<b>As at December 31, 2018</b>	<b>4,417,185</b>	<b>5,422,916</b>	<b>9,840,101</b>
Avant acquisition (Note 4)	-	6,201,484	6,201,484
Effects of foreign exchange on translation to presentation currency	(324,300)	-	(324,300)
<b>As at September 30, 2019</b>	<b>4,092,885</b>	<b>11,624,400</b>	<b>15,717,285</b>

The Company's mineral projects are in Sudan and Côte d'Ivoire. The Company's main project in Sudan is Block 14, located in the northern part of the Republic of Sudan. In 2018 the Company completed a transaction with Kinross to acquire projects in Côte d'Ivoire for \$5.4 million including exploration properties with rights to the Morondo, Korokaha North and Bassawa exploration licences and three application exploration licences. On August 29, 2019 the Company acquired from Avant permits in Côte d'Ivoire and Burkina Faso with a mineral property valuation of \$6.2 million (Note 4).

**8. SHARE CAPITAL**

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

The Company's issued and outstanding share purchase warrants and stock options were not included in the calculation of diluted earnings per share as they are anti-dilutive for the nine months ended September 30, 2019.

**9. 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, 2018	18,750	\$0.55
Exercised	(8,036)	\$0.55
Outstanding at December 31, 2018	10,714	\$0.55
Outstanding at September 30, 2019	10,714	\$0.55
Expired Q3, 2019	(10,714)	\$0.55
Exercisable at September 30, 2019	-	

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2019 and 2018**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**10. 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 nine months ended September 30, 2019 was \$854,000 (2018: \$1,182,000). For the nine months ended September 30, 2019, stock-based compensation of \$745,000 (2018: \$1,007,000) has been allocated to administration costs and \$109,000 (2018: \$175,000) to exploration and project investigation costs, for employees directly involved in exploration activities.

The unrecognized compensation cost for non-vested share options at September 30, 2019 was \$450,000 (December 31, 2018: \$800,000).

**b) Share Units**

On September 16, 2019, the Company granted a total of 1,961,538 restricted share unit's ("RSUs") to certain senior officers and other eligible persons of the Company. The RSU's vest over a period of three years and are redeemable in shares of the company over a period of five years at a price of CAD 0.39 per share. The RSU grant resulted in total charges to the Statement of Comprehensive Income of \$17,900 for the three and nine months to September 30, 2019. The Company also granted 256,410 deferred share units ("DSUs") to non-employee directors. The grant resulted in total charges of \$3,800 to the Statement of Comprehensive income for the three and nine months to September 30, 2019.

**c) 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, 2018	11,175	\$0.35
Granted	6,000	\$0.51
Exercised	(150)	\$0.27
Outstanding at December 31, 2018	17,025	\$0.41
Granted	3,450	\$0.35
Exercised	(6,500)	\$0.27
Expired	(267)	\$0.50
Outstanding at September 30, 2019	13,708	\$0.45
Exercisable at September 30, 2019	9,508	\$0.46

**Orca Gold Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2019 and 2018**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

The following summarizes information about the stock options outstanding and exercisable at September 30, 2019:

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\$)
\$0.35	3,450	2.59	\$0.35	1,150	2.59	\$0.35
\$0.36	625	0.43	\$0.36	625	0.43	\$0.36
\$0.47	3,833	0.96	\$0.47	3,833	0.96	\$0.47
\$0.51	5,800	1.80	\$0.51	3,900	1.80	\$0.51
	<u>13,708</u>	1.70	\$0.45	<u>9,508</u>	1.47	\$0.46

**11. ADMINISTRATION COSTS**

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Depreciation	76	461	999	1,837
Management and consulting fees	628,915	335,754	1,554,787	759,155
Office and administration	147,011	103,054	490,487	265,418
Professional fees	(45,261)	47,264	250,411	93,432
Salaries and benefits	138,818	178,857	402,343	557,567
Stock based compensation expense	19,296	723,614	744,760	1,006,911
Travel and promotion	156,995	192,578	523,795	711,544
<b>Total administration costs</b>	<b>\$1,045,850</b>	<b>1,581,582</b>	<b>\$3,967,582</b>	<b>3,395,864</b>

**Orca Gold Inc.**  
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**For the three and nine months ended September 30, 2019 and 2018**  
**(All amounts expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**12. EXPLORATION AND PROJECT INVESTIGATION COSTS**

	Three months ended September 30,	Côte d'Ivoire Burkina Faso & Other			Total
		Sudan			
<b>2019</b>	Depreciation	56,341	6,393	5,124	67,858
	Drilling	1,413	44,185	-	45,598
	Exploration support and administration	87,257	42,713	15,263	145,233
	Field operation and consumables	164,661	82,538	656	247,855
	Geological consulting	17,708	11,016	-	28,724
	Permitting and licensing fees	-	9,735	-	9,735
	Salaries and benefits	589,438	171,574	33,720	794,732
	Sampling, geological and other evaluation costs	(6,436)	25,986	453	20,003
	Stock-based compensation expense	(61,124)	-	-	(61,124)
	Travel and accommodation	6,415	17,585	1,265	25,265
	<b>Total exploration and project investigation costs</b>	<b>855,673</b>	<b>411,725</b>	<b>56,481</b>	<b>1,323,879</b>
<b>2018</b>	Depreciation	86,479	-	-	86,479
	Drilling	504,955	1,026,559	-	1,531,514
	Exploration support and administration	68,765	48,682	-	117,447
	Field operation and consumables	228,528	65,312	-	293,840
	Geological consulting	52,328	5,015	-	57,343
	Permitting and licensing fees	28,777	-	-	28,777
	Salaries and benefits	642,607	172,086	-	814,693
	Sampling, geological and other evaluation costs	324,880	86,224	-	411,104
	Stock-based compensation expense	137,540	-	-	137,540
	Travel and accommodation	42,275	15,185	-	57,460
	<b>Total exploration and project investigation costs</b>	<b>2,117,134</b>	<b>1,419,063</b>	<b>-</b>	<b>3,536,197</b>

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<b>Nine months ended September 30,</b>		<b>Sudan</b>	<b>Côte d’Ivoire</b>	<b>Burkina Faso</b>	<b>Total</b>
<b>2019</b>	Depreciation	163,309	13,942	5,124	182,375
	Drilling	84,387	130,774	-	215,161
	Exploration support and administration	203,043	90,937	15,263	309,243
	Field operation and consumables	526,925	212,555	656	740,136
	Geological consulting	61,944	33,336	-	95,280
	Permitting and licensing fees	376,528	145,890	-	522,418
	Salaries and benefits	1,873,186	555,051	33,720	2,461,957
	Sampling, geological and other evaluation costs	1,035,855	299,170	453	1,335,478
	Stock-based compensation expense	109,329	-	-	109,329
	Travel and accommodation	72,251	66,371	1,265	139,887
	<b>Total exploration and project investigation costs</b>	<b>4,506,757</b>	<b>1,548,026</b>	<b>56,481</b>	<b>6,111,264</b>
<b>2018</b>	Depreciation	256,980	-	-	256,980
	Drilling	2,280,655	1,785,443	-	4,066,098
	Exploration support and administration	262,129	103,496	-	365,625
	Field operation and consumables	667,384	139,997	-	807,381
	Geological consulting	170,146	16,008	-	186,154
	Permitting and licensing fees	68,151	5,968	-	74,119
	Salaries and benefits	1,753,476	502,319	-	2,255,795
	Sampling, geological and other evaluation costs	1,817,365	173,570	-	1,990,935
	Stock-based compensation expense	175,261	-	-	175,261
	Travel and accommodation	80,892	41,718	-	122,610
	<b>Total exploration and project investigation costs</b>	<b>7,532,439</b>	<b>2,768,519</b>	<b>-</b>	<b>10,300,958</b>

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**13. RELATED PARTY TRANSACTIONS**

The related parties with which the Company has transacted during the three and nine months ended September 30, 2019, 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 15). Avant is a related party through its ownership interest in Montage. There were no transactions with Avant during the quarter. 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 September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Drilling and exploration support	Meyas Nub	16,277	12,264	41,885	86,994
Geological consulting	HSEC/Geodex	28,719	55,322	95,280	179,059
<b>Total related party costs</b>		<b>44,996</b>	<b>67,586</b>	<b>137,165</b>	<b>266,053</b>

**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	September 30, 2019	December 31, 2018
Accounts payable and accrued liabilities	HSEC/Geodex	-	(72,576)

**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 directors and executive officers. The remuneration of key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Salaries and management fees	346,787	349,570	1,050,471	797,213
Short term benefits	13,279	11,158	26,689	27,025
Director fees	111,341	65,625	219,413	173,125
Stock-based compensation	(42,028)	515,024	450,337	729,859
<b>Total key management compensation</b>	<b>429,379</b>	<b>941,377</b>	<b>1,746,910</b>	<b>1,727,222</b>

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**14. 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 7 and 12, respectively, represent the manner in which management reviews its business performance. The Company's mineral properties and exploration and project investigation costs in Sudan, Côte d'Ivoire and Burkina Faso. Through the Company's ownership in Montage it owns four permits and four permit applications in Côte d'Ivoire including Korokaha North, Bassawa and nine permits and three permit applications in Burkina Faso. Materially all of the Company's administrative costs are incurred by the Orca's and Montage's 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:

		<b>Sudan</b>	<b>Côte d'Ivoire</b>	<b>Burkina Faso</b>	<b>Corporate &amp; Other</b>	<b>Total</b>
<b>September 30, 2019</b>	Current assets	373,667	100,475	133,724	16,934,555	17,542,421
	Equipment	588,810	212,110	581,228	631	1,382,779
	Mineral properties	4,092,885	11,624,400	-	-	15,717,285
	Total Assets	5,005,362	11,936,985	714,952	16,935,186	34,642,485
	Current liabilities	(1,813,338)	(176,248)	(46,319)	(553,087)	(2,588,992)
<b>December 31, 2018</b>	Current assets	452,978	262,539	-	12,891,457	13,606,974
	Equipment	787,055	63,631	-	999	851,685
	Mineral properties	4,417,185	5,422,916	-	-	9,840,101
	Total Assets	5,657,218	5,749,086	-	12,892,456	24,298,760
	Current liabilities	(2,291,882)	(73,434)	-	(278,835)	(2,644,151)

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<b>Three months ended September 30,</b>					<b>Corporate &amp; Other</b>	<b>Total</b>
		<b>Sudan</b>	<b>Côte d'Ivoire</b>	<b>Burkina Faso</b>		
<b>2019</b>	Exploration and project investigation	855,657	411,726	56,496	-	1,323,879
	General administration and other items	2,003	(2,190)	-	1,015,101	1,014,914
	<b>Net loss</b>	<b>867,660</b>	<b>409,536</b>	<b>56,496</b>	<b>1,015,101</b>	<b>2,338,793</b>
<b>2018</b>	Exploration and project investigation	2,117,169	1,419,028	-	-	3,536,197
	General administration and other items	(18,065)	(20,641)	-	1,426,003	1,387,297
	<b>Net loss</b>	<b>2,099,104</b>	<b>1,398,387</b>	<b>-</b>	<b>1,426,003</b>	<b>4,923,494</b>

<b>Nine months ended September 30,</b>					<b>Corporate &amp; Other</b>	<b>Total</b>
		<b>Sudan</b>	<b>Côte d'Ivoire</b>	<b>Burkina Faso</b>		
<b>2019</b>	Exploration and project investigation	4,506,741	1,548,027	56,496	-	6,111,264
	General administration and other items	13,617	(11,581)	-	4,101,954	4,103,990
	<b>Net loss</b>	<b>4,520,458</b>	<b>1,536,446</b>	<b>56,496</b>	<b>4,101,954</b>	<b>10,215,254</b>
<b>2018</b>	Exploration and project investigation	7,532,439	2,768,519	-	-	10,300,958
	General administration and other items	(3,836)	1,474	-	3,177,001	3,174,639
	<b>Net loss</b>	<b>7,528,603</b>	<b>2,769,993</b>	<b>-</b>	<b>3,177,001</b>	<b>13,475,597</b>

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**15. NON-CONTROLLING INTEREST**

**Sudan**

Pursuant to a purchase agreement, an indirect wholly owned subsidiary of the Company, SMCL, acquired a 70% interest in MSMCL, a Sudanese company incorporated to hold the Block 14 exploration licenses in the Republic of the Sudan, in exchange for cash payments totalling USD \$9.5 million. Under the terms of the agreement, the Company must fund all exploration, development and construction costs to commercial production.

**Montage**

The Company currently owns 45% of Montage. The 55% ownership in Montage, by Avant and other shareholders is reported as non-controlling interest.

Following the acquisition of Avant, Montage has a 51% equity interest in its Burkina Faso properties, with Predictive Discovery Limited, owning 49%. The Predictive Discovery Limited ownership is reported as non-controlling interest.

**16. 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 September 30, 2019, the Company's Sudanese operating subsidiary did not have any material foreign currency risk exposure.

*(ii) Ivorian operations*

As at September 30, 2019, the Company's Ivorian operating subsidiary did not have any material foreign currency risk exposure.

*(iv) Burkina Faso*

As at September 30, 2019, the Company's Burkina Faso operating subsidiaries did not have any material foreign currency risk exposure.

*(iv) Canadian head office operations*

At September 30, 2019, 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

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fluctuations between the foreign currencies and the Canadian dollar, the Company's functional currency, based on these total foreign currency exposures are as follows:

	<b>Foreign currency cash held (in source currency)</b>	<b>Net financial asset (liability) position</b>	<b>Change in net financial position from a 10% variation in exchange rates</b>
US dollar	6,380	8,400	840
British pounds	168,000	51,000	5,100

**b) Credit risk**

At September 30, 2019, 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 September 30, 2019 are as follows:

	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	2,588,992	2,588,992	-	-
<b>Total</b>	2,588,992	2,588,992	-	-

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. Accordingly, the Company anticipates the need for further funding to support a planned exploration program at its operations in Sudan and Côte d'Ivoire. At September 30, 2019, the Company had cash and cash equivalents of \$17.0 million (December 31, 2018: \$6.2 million) with Orca and Montage retaining \$6.0 million and \$11.0 million respectively. The Montage cash of \$11.0 million is restricted to expenditures in Montage and can not be accessed by Orca under the Montage shareholders agreement. The Company continuously evaluates potential additional sources of financing for its exploration program and operations. Historically, capital requirements have been primarily funded through equity financing, and proceeds received through the exercise of stock options and share purchase warrants. Factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global gold markets. Based on the amount of

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funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.



## 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

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