ORCA GOLD INC.

ANNUAL REPORT

For the Year Ended

December 31, 2019

ORCA GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 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 audited consolidated financial statements for the year ended December 31, 2019 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The effective date of this MD&A is April 29, 2019. 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 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 through its subsidiary Montage Gold Corp, a newly created entity between Orca Gold Inc and Avant Minerals Inc (see '2019 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 Energy and Mining (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").

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.

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 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 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 Hamdok has appointed 20 new Ministers. 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 Sudan and its people. An era that looks to prioritize peace, economic restructuring, human rights, equality and freedom of speech.

In October 2019, the newly established national unity government of Sudan issued a new exploration permit to the company for a period of 4 years over an area of 1,000 km2, surrounding the planned Block 14 Mining Lease (38km^2). The exploration permit was backdated to November 18, 2018, the termination date of the prior exploration licence.

During Q1 2020 Sudan continued to progress on its path towards democracy and free elections in 2022 (See Company News Release dated February 24, 2020). Of note and importance, US Foreign Affairs Committee Leaders introduced legislation to the US Congress to support Sudan's democratic transition on March 4, 2020. The introduced Sudan Democratic Transition, Accountability and Financial Transparency Act of 2020 (H.R. 6094) would support a civilian led democratic transition, promote accountability for human rights abuses and encourage fiscal transparency in Sudan. The introduction of this Legislation looks to bring Sudan one step closer to removal from the US list of State Sponsors of Terror and full participation in international trade and commerce.

COVID-19

In light of the COVID-19 pandemic financing discussions for Block 14 have been curtailed and the Company's exploration programme in Côte d'Ivoire have been suspended. The Company is responding to COVID-19 within the framework of internal protocols, and local and national health authority requirements and recommendations. The health and safety of our employees, contractors, visitors, and stakeholders is our number one priority. The Company has put in place plans to manage its fiscal stability during this time, including securing additional financing during 2020.

2019 OPERATING HIGHLIGHTS

Sudan

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. In H1 2020, the Company will review the provision of power for the project by inviting companies to submit alternative proposals to generate power utilising LNG and/or incorporating solar power.

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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 for a value of $9.9 million.

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%.

Montage holds the following permit and permit applications.

- Four permits and nine permit applications in Côte d'Ivoire totaling 4,243km^2. 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.
- A 51% interest in nine permits and three permit applications in Burkina Faso totaling 1,138km^2. 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.

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).

Activity since the inception of Montage in in August 2019, has focused on the 100%-owned Morondo Exploration Permit in central Côte d'Ivoire.

Exploration Highlights:

- Core drilling intersects significant width and higher grade below the current 1.2Moz inferred primary mineral resource at Koné including:
  - 91.33m at 1.22g/t Au from 244m in MRRD002
  - 98.65m grading 1.06g/t Au from 136m in MRRD001

- Aircore drilling intersects 30m at 1.11g/t Au along strike to the south of Koné

- Discovery of a new high-grade anomaly 8km east of Koné
  - +100ppb anomaly covering 1km x 1km.
  - Small artisanal mining site drilled with all 4 holes intersecting mineralisation up to 15m at 1.71g/t Au.

Corporate

On February 5, 2019, 5.7 million incentive stock options at $0.27 per share and 300,000 incentive stock options at $0.32 per share held by certain officers, directors and other eligible persons were exercised. This resulted in proceeds of $1.63 million to the Company. Of the total 6.0 million options exercised, 4.6 million of the shares issued on exercise were purchased from the optionees by a main shareholder for a price of $0.46 per share. A further 0.3 million and 0.2 million incentive stock options at $0.27 and $0.32 per share were exercised during the year for proceeds of $0.15 million.

On May 2, 2019 the Company granted an aggregate 3,450,000 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 $0.35 per share.

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.

On December 23, 2019 the Company entered into share compensation agreements with certain directors and employees. Pursuant to the share compensation agreements, such directors and employees will receive all or a portion of their director fees or wages for the period from September 1, 2019 to December 31, 2020 in common shares of the Company, with the remaining amount, if any, to be satisfied in cash. The common shares will be issued quarterly and will be subject to a four month and one day hold period commencing upon the date of issuance. Under the share compensation agreements, the deemed price per common share to be issued will be no less than the closing price of the Company's common shares on the third trading day prior to the end of each quarter minus the discount permitted under applicable TSX Venture Exchange policies, provided that in any event, such price will be no lower than $0.305 per share, the closing price as of December 23, 2019.

RESULTS FROM OPERATIONS

Year Ended	**Dec-19**	**Dec-18**	**Dec-17**
Net loss ($000's)	12,913	17,619	20,468
Loss per share, basic and diluted ($)	0.06	0.08	0.12
Total assets ($000's)	31,593	24,299	11,464

As a junior mining company, Orca has no expectation of generating operating profits until it develops a commercially viable mineral deposit. During the year ended December 31, 2019, Orca incurred a net loss of $12.9 million (2018: $17.6 million).

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 year ended December 31, 2019 and 2018, are provided in the notes to the audited consolidated financial statements. Exploration costs in Sudan decreased to $5.5 million during the year compared to expenditures of $10.0 million in 2018. This reflects the completion of Block 14 exploration programme and the Company's early works engineering programmes. Block 14 is ready for development and with a financing commitment, could be in production within 24 months. Exploration in Côte d'Ivoire was $2.9 million during the year compared to $3.3 million in 2018. The Company's exploration programme is being financed by its subsidiary Montage Gold Corp. Since Montage's inception in August 2019 the exploration programme has focused on the 100%-owned Morondo Exploration Permit in central Côte d'Ivoire, with expenditures of $1.3 million during Q4, 2019.

Excluding stock-based compensation of $1.0 million for the year ended December 31, 2019 (2018: $1.2 million), respectively administration costs were $4.2 million (2018: $3.4 million), respectively. The increase in administration costs was due to compensation and insurance premium increases and a redundancy payment following the completion of the Montage transaction.

During the year ended December 31, 2019, the Company recognized a gain of $1.3 million related to the reversal of a previously accrued withholding tax liability following a tax audit in Sudan for the period from January 2014 to December 2017. The amount accrued in prior years related to withholding tax that was considered likely to be remitted in connection with work performed by certain foreign contractors. The reversal of the liability reflects the amounts not assessed as part of the tax audit, and as such, the related accrual has been reversed during the period.

The Company also impaired its fixed assets in Burkina Faso, resulting in a loss of $0.3 million during the quarter. In other comprehensive income, the main movements included:

- a foreign exchange translation gain of $0.4 million (2018: gain of $0.1 million) for the year ended December 31, 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.
- a gain of $0.3 million from the sale of the Company's remaining Resolute shares in Q1 2019.

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

Three Months Ended	**Dec-18**	**Sept-19**	**Jun-19**	**Mar-19**	**Dec-18**	**Sep-18**	**Jun-18**	**Mar-18**
Exploration costs ($000's)	2,479	1,324	2,565	2,223	2,939	3,536	3,705	3,060
Total net loss ($000's)	2,647	2,339	4,297	3,630	4,144	4,923	4,508	4,044
Net loss attributed to the Company's shareholders ($000's)	1,242	1,724	3,711	3,579	3,456	4,370	3,691	3,287
Net loss per share attributed to the Company's shareholders, basic and diluted ($)	0.02	0.01	0.02	0.01	0.02	0.02	0.02	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. 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 Q1 2019 trenching and channelling work was completed at Wadi Doum and GSS, with further some exploration work continuing at Morondo and Korokaha.

During Q2 2019 exploration work in Sudan was largely completed and exploration work in Q3 and Q4 was focussed on advancing exploration in Côte d'Ivoire at the Koné Prospect in the Morondo Exploration Permit.

LIQUIDITY AND CAPITAL RESOURCES

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2019 the Company had a total working capital balance of $13.4 million (2018: $11.0 million), including $3.8 million (2018: $11.0 million) for Orca Gold Inc and $9.6 million (2018: n/a) for Montage. The total consolidated cash balance of $14.3 million includes $4.7 million in Orca Gold and $9.6 million in Montage. The Montage cash of $9.6 million is restricted to Montage's expenditures and cannot be accessed by Orca for its expenditures under the Montage shareholders agreement.

For the year ended December 31, 2019, Orca Gold Inc recorded a loss of $12.9 million (2018: $17.6 million) and recorded cash outflows from operating activities of $11.9 million (2018: $17.1 million). The Company has historically financed its operations through equity financings, joint ventures, option agreements or other means. Management projects that the Company's working capital as at December 31, 2019 will be sufficient to enable the Company to continue its operations for at least the next twelve months. Further sources of funding will be needed in order to continue the exploration and development of its mineral properties in 2021 and beyond. The recent COVID-19 pandemic (see note 22) may impact the Company's ability to obtain further financing.

RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the year ended December 31, 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 year. Related party transactions occur and are recorded at the amounts agreed between the parties.

Services received from related parties

	Related party	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Drilling and exploration support	Meyas Nub	81,907	93,792
Geological consulting	HSEC	50,311	161,293
Geological consulting	Geodex	70,971	77,974
Total services received from related parties		**203,189**	**333,059**

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	December 31, 2019	December 31, 2018
Accounts payable and accrued liabilities	HSEC	-	(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 is as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and management fees	1,418,996	1,148,426
Short term benefits	43,436	34,660
Directors fees	241,663	238,750
Stock-based compensation	617,982	882,440
Total key management compensation	**2,322,077**	**2,304,276**

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 audited 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.

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 December 31, 2019, the Company's Sudanese operating subsidiaries' largest foreign currency risk exposure was a net financial liability denominated in British pounds of an amount equivalent to approximately $0.1 million. A 10% change in the foreign exchange rate between the British pound and the European Euro would give rise to increases/decreases of approximately $10,000 in financial position/comprehensive loss.

(i) Ivorian operations

As at December 31, 2019, the Company's Ivorian operating subsidiary's largest foreign currency risk exposure was a net financial liability denominated in US dollars of an amount equivalent to approximately $0.7 million. A 10% change in the foreign exchange rate between the US dollar and the European Euro would give rise to increases/decreases of approximately $70,000 in financial position/comprehensive loss.

(iii) Burkina Faso

As at December 31, 2019, the Company's Burkina Faso operating subsidiaries held in foreign currency the equivalent of $0.1 million.

b) Credit risk

As at December 31, 2019, the majority of the Company's cash was 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 (see note 1 in the financial statements). The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents balances to meet its anticipated operational needs. The Company's accounts payable and accrued liabilities arose as a result of exploration and development of its exploration and evaluation assets and other corporate expenses.

The maturities of the Company's financial liabilities as at December 31, 2019 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	1,394,307	1,394,307	-	-
Total	**1,394,307**	**1,394,307**	**-**	**-**

OUTSTANDING SHARE DATA

As at April 29, 2020, the Company had 212,143,733 common shares outstanding, 13,083,334 share options outstanding under its stock-based incentive plan.

OUTLOOK

In light of the COVID-19 pandemic financing discussions for Block 14 have been curtailed and the Company's exploration programme in Côte d'Ivoire have been suspended. The Company is responding to COVID-19 within the framework of internal protocols, and local and national health authority requirements and recommendations. The health and safety of our employees, contractors, visitors, and stakeholders is our number one priority. The Company has put in place plans to manage its fiscal stability during this time, including securing additional financing during 2020.

Once international conditions improve the Company plans to advance financing discussions for Block 14. Block 14 is ready for development and a financing could be in production within 24 months. Montage plans to recommence its exploration program on the Morondo property in Côte d'Ivoire.

SUBSEQUENT EVENT

The COVID-19 pandemic has negatively impacted global financial markets, and may continue to do so. Accordingly, COVID-19 could affect the economic viability of the Company's business plan if the pandemic continues to disrupt global markets.

The Company will continue to monitor developments with respect to COVID-19, both globally and within its jurisdictions, and will implement any changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and its stakeholders. Such changes have so far included the temporary closures of the Company's project sites and offices and the suspension of Montage's exploration program in Côte d'Ivoire.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ materially from the amounts included in the financial statements. Areas where critical estimates have been the most significant impact effect on the amounts recognize in the consolidated financial statements include the following:

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes reviews of the carrying values of mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. If impairment indicators are identified management of the Company is required to make significant estimates in order to determine the recoverable amount of the mineral property. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Mineral and oil reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101. Assumptions used include production costs, mining and processing recoveries, cut- off grades, marketing and sales, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on pre-feasibility or feasibility study estimates or operating history. Estimates are prepared by or under the supervision of appropriately qualified persons but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs, and recoveries, among other factors

SIGNIFICANT ACCOUNTING POLICIES

Orca follows the accounting policies described in Note 3 of the Company's December 31, 2019 audited consolidated financial statements that were filed on Sedar on April 29, 2019.

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.

QUALIFIED PERSON

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.

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 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 its exploration assets 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, the potential impact of the COVID-19 on our business and operations estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource 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.

Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

Independent auditor's report

To the Shareholders of Orca Gold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Orca Gold Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Craig McMillan.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2020

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

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents (Note 1)	$ 14,293,643	$ 6,166,640
Short-term investments	-	6,830,144
Receivables and other assets (Note 7)	397,406	610,190
	14,691,049	13,606,974
Equipment (Note 8)	1,007,421	851,685
Mineral properties (Note 9)	15,869,983	9,840,101
Other assets	24,461	-
	$ 31,592,914	$ 24,298,760
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,394,307	$ 2,644,149
EQUITY		
Equity attributed to common shareholders		
Share capital (Note 10)	134,186,499	131,083,057
Warrants (Note 10)	513,035	513,035
Contributed surplus	7,641,178	7,529,578
Accumulated other comprehensive income	(789,034)	755,757
Deficit	(100,820,705)	(95,564,195)
	40,730,973	44,317,232
Non-controlling interest (Note 18)	(10,532,366)	(22,662,621)
	30,198,607	21,654,611
	$ 31,592,914	$ 24,298,760

Approved by the Board of Directors

(signed) "Robert F. Chase"
Director

(signed) "Alex Davidson"
Director

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

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

	Year ended December 31, 2019	Year ended December 31, 2018
Administration costs (Note 12)	$ 5,185,141	$ 4,638,338
Exploration and project investigation costs (Note 13)	8,590,681	13,199,958
Foreign exchange loss	221,508	49,003
Interest income	(136,874)	(138,555)
Burkina Faso asset impairment	338,124	-
Other Income (Note 14)	(1,285,563)	(129,901)
Net loss for the year	$ 12,913,017	$ 17,618,843
Net loss for the year attributed to:		
Common shareholders of the Company	$ 10,255,899	$ 14,804,170
Non-controlling interest (Note 18)	2,657,118	2,814,673
	$ 12,913,017	$ 17,618,843
Net loss for the year	$ 12,913,017	$ 17,618,843
Items that may be subsequently reclassified to net loss:		
Loss (gain) on translation to presentation currency	365,452	(81,801)
Items that will not be subsequently reclassified to net loss:		
Realized loss (gain) on Investment	(228,125)	1,156,992
Comprehensive loss for the year	$ 13,050,344	$ 18,694,034
Comprehensive loss for the year attributed to:		
Common shareholders of the Company	$ 6,801,300	$ 15,146,095
Non-controlling interest (Note 18)	6,249,044	3,547,939
	$13,050,344	$ 18,694,034
Basic and diluted loss per common share	$ 0.06	$ 0.08
Basic and diluted weighted average number of shares outstanding	210,395,542	179,840,684

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

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

	Year ended December 31, 2019	**Year ended December 31, 2018**
Cash flows from (for) operating activities		
Net loss for the year	$ (12,913,017)	$ (17,618,843)
Add non-cash items		
Depreciation of equipment (Note 8)	268,395	342,374
Stock-based compensation expense (Note 11)	1,583,862	1,435,869
Burkina Faso impairment	338,124	-
Sudan withholding tax accrual reversal (Note 14)	(1,285,563)	-
	(12,008,199)	(15,840,600)
Changes in non-cash working capital items		
Receivables and other assets	218,763	(140,126)
Accounts payable and accrued liabilities	112,896	(1,092,057)
	(11,676,540)	(17,072,783)
Cash flows from (for) investing activities		
Purchase of equipment	(209,316)	(207,335)
Sale of short-term investments	7,058,269	-
Cash acquired through Avant Minerals acquisition	3,754,546	-
Redemption of short-term investments, net	-	2,960,124
	10,603,499	2,752,789
Cash flows from financing activities		
Net proceeds from private placement	-	10,250,397
Net proceeds from exercise of stock options (Note 11)	1,780,000	40,500
Net proceeds from warrant exercises	-	4,419,800
Montage Gold private placement	8,033,085	-
Montage transaction costs	(357,791)	-
	9,455,159	14,710,697
Foreign exchange on cash and cash equivalents	(255,250)	(16,758)
Increase (decrease) in cash and cash equivalents	8,127,003	373,945
Cash and cash equivalents, beginning of year	6,166,640	5,792,695
Cash and cash equivalents, end of year	$ 14,293,643	$ 6,166,640
Supplemental information		
Interest received	$ 136,874	$ 138,555

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

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

		Equity Attributed to Common Shareholders							
	Number of Shares Issued and Outstanding	**Share Capital**	**Warrants**	**Contributed Surplus**	**Accumulated Other Comprehensive Income**	**Deficit**	**Total**	**Non-controlling Interest**	**Total**
Balance January 1, 2018	**204,660,569**	**$ 131,083,057**	**$ 513,035**	**$ 7,529,578**	**$ 755,757**	**$ (95,564,195)**	**$ 44,317,232**	**$ (22,662,621)**	**$ 21,654,611**
Stock-based compensation expense (Note 11)	-	-	-	1,135,177	-	-	1,135,177	148,820	**1,283,997**
Exercise of stock Options	6,500,000	2,803,577	-	(1,023,577)	-	-	1,780,000	-	**1,780,000**
Net loss for the year	-	-	-	-	-	(10,255,899)	(10,255,899)	(2,657,118)	**(12,913,017)**
Realized Gain on sale of investments	-	-	-	-	228,125	-	228,125	-	**228,125**
Share compensation (see Note 11c)	983,164	299,865	-	-	-	-	299,865	-	**299,865**
Montage Gold Acquisition	-	-	-	-	-	4,999,389	4,999,389	13,231,090	**18,230,479**
Gain (loss) on translation to presentation currency	-	-	-	-	(1,772,916)	-	(1,772,916)	1,407,463	**(365,453)**
Balance December 31, 2019	**212,143,733**	**$ 134,186,499**	**$ 513,035**	**$ 7,641,178**	**$ (789,034)**	**$ (100,820,705)**	**$ 40,730,973**	**$ (10,532,366)**	**$ 30,198,607**
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	-	-	-	1,435,869	-	-	1,435,869	-	**1,435,869**
Proceeds from private placement	32,364,960	$ 20,802,192	-	-	-	-	$ 20,802,192	-	**20,802,192**
Share issuance to Kinross Gold Corporation	10,633,169	$ 5,413,818	-	-	-	-	$ 5,413,818	-	**5,413,818**
Exercise of stock 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**
Expiration of warrants	-	404,563	-	-	-	-	404,563	-	**404,563**
Net loss for the year	-	-	-	-	-	(14,804,169)	(14,804,169)	(2,814,673)	**(17,618,842)**
Gain (loss) on translation to presentation currency	-	-	-	-	815,067	-	815,067	(733,266)	**81,801**
Loss on Investment	-	-	-	-	(1,156,992)	-	(1,156,992)	-	**(1,156,992)**
Balance December 31, 2018	**204,660,569**	**$ 131,083,057**	**$ 513,035**	**$ 7,529,578**	**$ 755,757**	**$ (95,564,195)**	**$ 44,317,232**	**$ (22,662,621)**	**$ 21,654,611**

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

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

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:

Subsidiary	Ownership %
Canada	
Montage Gold Corp	45%
Sudan:	
Sand Metals Company Limited	100%
Meyas Sand Minerals Company Limited	70%

Montage Gold Corp's significant subsidiaries include:

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

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2019 the Company had a total working capital balance of $13.4 million (2018: $11.0 million), including $3.8 million (2018: $11.0 million) for Orca Gold Inc and $9.6 million (2018: n/a) for Montage. The total consolidated cash balance of $14.3 million includes $4.7 million in Orca Gold and $9.6 million in Montage. The Montage cash of $9.6 million is restricted to Montage's expenditures and cannot be accessed by Orca for its expenditures under the Montage shareholders agreement.

For the year ended December 31, 2019, Orca Gold Inc recorded a loss of $12.9 million (2018: $17.6 million) and recorded cash outflows from operating activities of $11.9 million (2018: $17.1 million). The Company has historically financed its operations through equity financings, joint ventures, option agreements or other means. Management projects that the Company's working capital as at December 31, 2019 will be sufficient to enable the Company to continue its operations for at least the next twelve months. Further sources of funding will be needed in order to continue the exploration and development of its mineral properties in 2021 and beyond. The recent COVID-19 pandemic (see note 22) may impact the Company's ability to obtain further financing.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis.

These financial statements were approved for issue by Orca's board of directors on April 29, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used to prepare these consolidated financial statements are outlined below. These accounting policies have been applied by all of Orca's subsidiaries, as necessary, to ensure consistency with the policies adopted by the Company.

a) Consolidation

These financial statements consolidate the financial statements of the Company and its subsidiaries. Inter-company transactions, balances and unrealized gains or losses on transactions between group companies are eliminated in full on consolidation.

(i) Subsidiaries

Subsidiaries are entities controlled by Orca. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power, directly or indirectly, to govern the financial and operating policies of that investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Acquisitions

The acquisition method of accounting is used to account for acquisitions. The cost of an acquisition is measured as the aggregate fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

If the investee constitutes a business, as defined by IFRS, the acquisition is accounted for as a business combination whereby identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in net loss.

If the investee does not meet the definition of a business, the acquisition is accounted for as an asset acquisition, whereby the cost of the acquisition is allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. No goodwill can be recognized in an asset acquisition.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the parent company and a Canadian holding company is the Canadian dollar. The functional currency of Sand Metals Company Limited and Meyas Sand Minerals Company Limited is the Euro, and that of Orca Gold CDI, Shark Minerals CDI S.a.r.l and Hammerhead Resources CDI, XMI S.a.r.l, Predictive Discovery S.a.r.l, Burkina Resources S.a.r.l, Progress Minerals S.a.r.l are the West African Franc. The consolidated financial statements are presented in Canadian dollars.

The results and financial positions of the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each statement of financial position presented are translated using the exchange rate prevailing at the date of that statement of financial position.

b) Income, expenses, and other comprehensive income for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

c) All resulting exchange differences are recognized as a separate component of equity and in other comprehensive income.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from changes in the translation rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss within the consolidated statement of comprehensive loss.

c) Equipment

Equipment is carried at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The depreciation rates and methods are as follows:

Computer equipment	straight line basis over 2 to 4 years
Office furniture and equipment	straight line basis over 4 to 10 years
Vehicles and mobile equipment	straight line basis over 6 to 7 years
Field and camp equipment	straight line basis over 4 years

The assets' residual values, depreciation methods, and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3e).

When an asset is disposed of, the difference between the net sale proceeds and its carrying amount is recognized as a gain or loss within net loss on the consolidated statement of comprehensive loss.

d) Exploration and evaluation expenditure and mineral properties

Exploration and evaluation expenditures comprise of costs which are directly attributable to: researching and analyzing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditures also includes the costs incurred in acquiring mining rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation expenditures are expensed as incurred except for the costs associated with the acquisition of mineral interests and for costs incurred after management has determined the technical feasibility and commercial viability of extracting a mineral resource deposit are demonstrable. Once a mineral property's technical and economic potential is demonstrable, all further expenditures for the current year and subsequent years are capitalized as incurred and subsequently amortized on a units of production based on proven and probable reserves of the assets they relate to. These costs include further exploration, costs of maintaining the site until commercial production, mine planning costs, and other development and infrastructure costs. The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination a factors, including the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document, the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in a feasibility study and the status of environment permits and mining leases or permits. Once a mineral property's technical and economic potential is demonstrable an impairment test on the asset is completed. The impairment test is performed under the Company's impairment of non-financial assets policy.

e) Impairment of non-financial assets

At each reporting period, the Company assesses whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it against the asset's carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of earnings during the period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset and its eventual disposal.

Reversals of impairment are assessed at each reporting period where there is an indication that an impairment loss recognized previously may no longer exist or has decreased. If an impairment reversal indicator exists, the recoverable amount is calculated. If the recoverable amount exceeds the carrying amount, the carrying value of the asset is increased to the recoverable amount net of depreciation. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the consolidated statement of earnings in the period it is determined.

f) Financial instruments

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Non-derivative financial instruments

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Amortized cost

Trade and other receivables and fixed rate investments are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any. Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash is classified as a financial asset that is subsequently measured at amortized cost

Financial assets at fair value through other comprehensive income

The Company's investments in equity marketable securities are designated as financial assets at fair value through other comprehensive income and are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss.

Non-derivative financial liabilities

Accounts payable and accrued liabilities are accounted for at amortized cost, using the effective interest rate method.

g) Impairment of financial assets

Financial assets measured at amortized cost are reviewed for impairment at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence, that can be estimated reliably, indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment charge in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

A prior period impairment charge is reviewed for possible reversal of impairment whenever an event or change in circumstance indicates the impairment may have reversed. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Impairment charge reversals are recognized in the Consolidated statements of earnings.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks, including monetary instruments that may be cashed or redeemed within three months of purchase.

i) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the related proceeds, net of applicable tax.

j) Income tax

Tax is recognized in net loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is the expected tax payable on the taxable income for the year plus any adjustment to tax payable in respect to previous years. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries and associates operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

k) Stock-based compensation

Share-based compensation arises when the Company issues equity instruments as consideration for services received from employees and non-employees. Its amount is calculated based on the fair value of shares or stock options awarded to employees, measured on their grant date.

The fair value of the shares and stock options is recognized as an expense over their vesting period with a corresponding increase in equity.

l) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: (1) the Company has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

ADOPTION OF NEW ACCOUNTING POLICIES

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may defer materially from the amounts included in the financial statements. Key sources of estimation uncertainty with respect to amounts recognized in the consolidated financial statements include the following:

Valuation of mineral properties – The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes reviews of the carrying values of mineral properties at each reporting period and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. If impairment indicators are identified, management of the Company is required to make significant estimates in order to determine the recoverable amount of the mineral property.. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Mineral and oil reserve and resource estimates are based on various assumptions relating to operating matters as set forth in National Instrument 43-101. Assumptions used include production costs, mining and processing recoveries, cut- off grades, marketing and sales, long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on pre-feasibility or feasibility study estimates or operating history. Estimates are prepared by or under the supervision of appropriately qualified persons but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs, and recoveries, among other factors

5. CRITICAL ACCOUNTING JUDGMENTS

Management exercised judgements in applying the entity's accounting policies. Areas where critical accounting judgments have the most significant effect on the consolidated financial statements include:

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 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 December 31, 2019.

Assessment of impairment and reverse impairment indicators

Management applies significant judgement in assessing whether indicators of impairment exits for an asset or a group of assets which would necessitate impairment testing. Internal and external factors such as significant changes in use of the asset, commodity prices, foreign exchange rates are used by management in determining whether there are any indicators.

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

6. 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	(297,393)
Mineral Properties	5,834,799
	9,900,000

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 per 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 following contingent payments exist on certain mineral properties owned by Montage:

Wendene

- US$2.50 per ounce of proven and probable reserves identified in a feasibility study due within 30 business days following the receipt of the feasibility study.
- US$7.50 per ounce of proven and probable reserves identified in the feasibility study due within 30 days following the commencement of commercial production on the Wendene permit area.
- $1.0 million paid within 30 business days following the commencement of commercial production on the Wendene permit area.

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

Bassawa

- US$10.00 per ounce of proven and probable reserves identified in the Bassawa Feasibility Study due within 30 business days following the achievement of first production on the Bassawa permit area.
- US$0.5 million to be paid within 30 days following the commencement of commercial production on the Bassawa permit area.

Dabakala

- US$0.3 million paid within 30 business days following the commencement of commercial production in respect of the first mine developed on the Dabakala Permit Area.

First Mine Minimum Payment

In respect of the first mine development that occurs anywhere within the permit areas, the applicable variable payment based on the number of ounces contained in the feasibility study (which shall be in connection with one of Wendene, Bassawa or the Dabakala permits, as applicable) shall be no less than US$5 million.

7. RECEIVABLES AND OTHER ASSETS

	December 31, 2019	December 31, 2018
Prepaid expenses	137,211	132,562
Fuel inventory	139,904	240,798
Other receivables	120,291	236,830
Total receivables and other assets	**397,406**	**610,190**

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

8. EQUIPMENT

Cost	Computer Equipment	Office Furniture and Equipment	Vehicles and Mobile Equipment	Field and Camp Equipment	Total
As at January 1, 2018	**232,471**	**76,210**	**1,514,084**	**1,492,019**	**3,314,784**
Additions	24,245	12,113	82,362	88,615	207,335
Disposals	(1,868)	-	-	-	(1,868)
Effects of foreign exchange on translation to presentation currency	8,928	3,099	58,444	57,741	128,212
As at December 31, 2018	**263,776**	**91,422**	**1,654,890**	**1,638,375**	**3,648,463**
Additions	11,851	4,845	16,375	176,245	209,316
Avant acquisition	8,979	2,580	256,593	344,327	612,479
Effects of foreign exchange on translation to presentation currency	(24,620)	(5,923)	(133,464)	(154,610)	(318,617)
As at December 31, 2019	**259,986**	**92,924**	**1,794,394**	**2,004,317**	**4,151,641**
Accumulated depreciation					
As at January 1, 2018	**(194,128)**	**(48,565)**	**(939,838)**	**(1,178,567)**	**(2,361,098)**
Depreciation	(25,372)	(8,755)	(191,100)	(117,147)	(342,374)
Disposals	1,868	-	-	-	1,868
Effects of foreign exchange on translation to presentation currency	(7,587)	(1,996)	(39,049)	(46,542)	(95,174)
As at December 31, 2018	**(225,219)**	**(59,316)**	**(1,169,987)**	**(1,342,256)**	**(2,796,778)**
Depreciation	(20,911)	(8,323)	(129,422)	(109,739)	(268,395)
Burkina Faso impairment	(8,979)	(2,580)	-	(294,393)	(305,952)
Effects of foreign exchange on translation to presentation currency	22,490	3,169	112,212	89,034	226,905
As at December 31, 2019	**(232,619)**	**(67,050)**	**(1,187,197)**	**(1,657,354)**	**(3,144,254)**
Net book amount					
As at December 31, 2018	**38,557**	**32,106**	**484,903**	**296,119**	**851,685**
As at December 31, 2019	**27,367**	**25,874**	**607,197**	**346,983**	**1,007,421**

The Company has impaired its fixed assets in Burkina Faso including site infrastructure, containers and equipment. The impairments reflect deteriorating conditions in the country and the current operating conditions at its permit areas in Burkina Faso.

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

9. MINERAL PROPERTIES

Cost	Sudan	Côte d'Ivoire	Total
As at January 1, 2018	**4,257,433**	**-**	**4,257,433**
Purchase of Kinross properties	-	5,422,916	5,422,916
Effects of foreign exchange on translation to presentation currency	159,752	-	159,752
As at December 31, 2018	**4,417,185**	**5,422,916**	**9,840,101**
Avant acquisition (Note 6)	-	6,192,590	6,192,590
Effects of foreign exchange on translation to presentation currency	(282,196)	119,488	(162,708)
As at December 31, 2019	**4,134,989**	**11,734,994**	**15,869,983**

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 through is subsidiary in Montage, acquired from Avant permits in Côte d'Ivoire and Burkina Faso with a mineral property valuation of $6.2 million (Note 6).

10. 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 year ended December 31, 2019.

On December certain directors and employees entered into share compensation agreements with the Company to receive all or a portion of their director fees or wages in common shares of the Company with the remaining amount satisfied in cash. A total of 983,164 common shares were issued at a share price of $0.305 per share.

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 December 31, 2019	10,714	$0.55
Expired	(10,714)	$0.55
Exercisable at December 31, 2019	-	

11. 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 year ended December 31, 2019 was $1.3 million (2018: $1.4 million). For the year ended December 31, 2019, stock-based compensation of $1.0 million (2018: $1.2 million) has been allocated to administration costs and $0.3 million (2018: $0.2 million) to exploration and project investigation costs, for employees directly involved in exploration activities.

The unrecognized compensation cost for non-vested share options at December 31, 2019 was $0.3 million (December 31, 2018: $0.8 million).

Stock options outstanding

On February 5, 2019, 5.7 million incentive stock options at $0.27 per share and 300,000 incentive stock options at $0.32 per share held by certain officers, directors and other eligible persons were exercised. This resulted in proceeds of $1.63 million to the Company. Of the total 6.0 million options exercised, 4.6 million shares were purchased from the optionees by a main shareholder for a price of $0.46 per share. A further 0.3 million and 0.2 million incentive stock options at $0.27 and $0.32 per were exercised during the year for proceeds of $0.15 million.

On May 2, 2019 the Company granted an aggregate 3,450,000 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 $0.35 per share.

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 December 31, 2019	13,708	$0.45
Exercisable at December 31, 2019	9,508	$0.46

The following summarizes information about the stock options outstanding and exercisable at December 31, 2018:

	Outstanding options			Exercisable options		
Exercise prices (CDN$)	Number of options outstanding (In thousands)	Weighted average remaining contractual life (Years)	Weighted average exercise price (CDN$)	Number of options exercisable (In thousands)	Weighted average remaining contractual life (Years)	Weighted average exercise price (CDN$)
$0.35	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
	13,708	1.70	$0.45	9,508	1.47	$0.46

The fair value method of accounting was applied to options granted to employees, directors and non-employees on the date of the grant using the Black Scholes option pricing model with the following weighted average assumptions:

(i) Average risk-free interest rate: 1.47%
(ii) Expected life: 3 years
(iii) Expected volatility: 68.5%
(iv) Expected dividends: nil
(v) Weighted average fair value per option: $0.16

The weighted average share price on the exercise date for the share options exercised during the year ended December 31, 2019 was CDN $0.46.

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

b) Restricted 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 Loss of $136,000 for the period to December 31, 2019. The Company also granted 256,410 deferred share units ("DSUs") to non-employee directors. The grant resulted in total charges of $165,000 to the Statement of Comprehensive income for the year ended December 31, 2019.

c) Share Compensation Agreement

On December 23, 2019 the Company entered into share compensation agreements with certain directors and employees. Pursuant to the share compensation agreements, such directors and employees will receive all or a portion of their director fees or wages for the period from September 1, 2019 to December 31, 2020 in common shares of the Company, with the remaining amount, if any, to be satisfied in cash. The common shares will be issued quarterly and will be subject to a four month and one day hold period commencing upon the date of issuance. Under the share compensation agreements, the deemed price per common share to be issued will be no less than the closing price of the Company's common shares on the third trading day prior to the end of each quarter minus the discount permitted under applicable TSX Venture Exchange policies, provided that in any event, such price will be no lower than $0.305 per share, the closing price as of December 23, 2019

Montage Stock Option Plan

Montage has a stock option plan in which common shares of Montage have been made available for Montage to grant incentive stock options to certain directors, officers, employees and consultants of Montage. Under this stock option plan, the total number of options outstanding at any given point in time cannot exceed 10% of Montage's issued and outstanding common shares. Vesting and terms of the option agreements are at the discretion of the Montage Board of Directors.

On September 17, 2019 Montage granted an aggregate 5,150,000 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 $0.45 per share.

12. ADMINISTRATION COSTS

	Year ended December 31, 2019	Year ended December 31, 2018
Depreciation	999	2,299
Management and consulting fees	2,107,049	1,570,920
Office and administration	602,851	357,746
Professional fees	294,975	221,333
Salaries and benefits	523,064	341,716
Stock based compensation expense (Note 10a)	1,000,796	1,221,164
Travel and promotion	655,407	923,160
Total administration costs	**5,185,141**	**4,638,338**

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

13. EXPLORATION AND PROJECT INVESTIGATION COSTS

Year ended December 31,		Sudan (Block 14)	Côte d'Ivoire	Burkina Faso	Total
2019	Depreciation	219,367	38,863	9,166	267,396
	Drilling	79,863	957,855	-	1,037,718
	Exploration support and administration	325,384	138,717	39,396	503,497
	Field operation and consumables	695,464	343,341	1,127	1,039,932
	Geological consulting	68,275	67,714	20,501	156,490
	Permitting and licensing fees	410,879	157,252	11,500	579,631
	Salaries and benefits	2,273,590	782,739	135,129	3,191,458
	Sampling, geological and other evaluation costs	1,037,658	334,195	-	1,371,853
	Stock-based compensation expense (Note 11)	283,201	-	-	283,201
	Travel and accommodation	84,885	62,032	12,588	159,505
	Total exploration and project investigation costs	**5,478,566**	**2,882,708**	**229,407**	**8,590,681**
2018	Depreciation	334,859	5,214	-	340,073
	Drilling	3,026,653	1,840,717	-	4,867,370
	Exploration support and administration	349,883	160,450	-	510,333
	Field operation and consumables	849,612	198,985	-	1,048,597
	Geological consulting	213,288	37,151	-	250,439
	Permitting and licensing fees	80,999	5,939	-	86,938
	Salaries and benefits	2,367,064	693,174	-	3,060,238
	Sampling, geological and other evaluation costs	2,343,058	299,681	-	2,642,739
	Stock-based compensation expense	214,705	-	-	214,705
	Travel and accommodation	127,923	50,603	-	178,526
	Total exploration and project investigation costs	**9,908,044**	**3,291,914**	**-**	**13,199,958**

14. OTHER INCOME

During the year ended December 31, 2019, the Company recognized a gain of $1.3 million related to the reversal of a previously accrued withholding tax liability following a tax audit in Sudan for the period from January 2014 to December 2017. The amount accrued in prior years related to withholding tax that was considered likely to be remitted in connection with work performed by certain foreign contractors. The reversal of the liability reflects the amounts not assessed as part of the tax audit, and as such, the related accrual has been reversed during the period.

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

15. RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the year ended December 31, 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 year. Related party transactions occur and are recorded at the amounts agreed between the parties.

a) Services received from related parties

	Related party	Year ended December 31, 2019	Year ended December 31, 2018
Drilling and exploration support	Meyas Nub	81,907	93,792
Geological consulting	HSEC	50,311	161,293
Geological consulting	Geodex	70,971	77,974
Total services received from related parties		**203,189**	**333,059**

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	December 31, 2019	December 31, 2018
Accounts payable and accrued liabilities	HSEC	-	(72,576)

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

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:

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and management fees	1,418,996	1,194,176
Short term benefits	43,436	34,660
Directors fees	241,663	238,750
Stock-based compensation	617,982	882,440
Total key management compensation	**2,322,077**	**2,350,026**

16. INCOME TAX

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss for the year. These differences result from the following items:

	Year ended December 31, 2019	Year ended December 31, 2018
Loss before taxes	12,913,017	17,618,843
Combined Canadian federal and provincial statutory income tax rates	27.00%	27.00%
Income tax recovery based on the above rate	3,486,515	4,757,088
Losses and temporary differences for which an income tax benefit has not been recognized	(2,057,154)	(3,624,010)
Differences between Canadian and foreign tax rates	(814,869)	(1,129,975)
Non-deductible expenses	(37,976)	(407,336)
Impacts of changes in enacted tax rates	-	-
Impacts of changes in foreign exchange rates	(576,516)	404,233
Total income tax recovery	**-**	**-**

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

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following:

	December 31, 2019	December 31, 2018
Non-capital losses carried forward – Canada	11,709,073	10,667,745
Capital losses carried forward – Canada	9,100,471	9,129,268
Non-Capital losses carried forward – United Kingdom	226,332	46,635
Share issue costs – Canada	390,368	390,368
Other asset/resource pools – Canada	1,625,943	1,624,946
Cumulative exploration losses – Sudan	11,368,373	11,335,401
Cumulative operating losses – Sudan	584,502	766,156
Cumulative operating losses – Ivory Coast	1,618,262	883,875
Non-capital losses carried forward - Burkina Faso	99,320	-
	36,722,644	**34,844,394**

The Company's Canadian capital loss carry-forwards have no expiration and the respective years of expiration of the Canadian non-capital loss carry-forwards are as follows:

Year of expiration	
2026	946,533
2027	821,178
2028	971,806
2029	964,651
2030	1,762,183
2031	4,940,525
2032	4,476,464
2033	7,558,852
2034	3,583,583
2035	5,288,437
2036	2,187,592
2037	2,812,578
2038	3,213,813
2039	3,130,759
Total non-capital loss carry-forwards	**42,658,954**

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

Operating losses in Sudan may be carried forward for five years, and no benefit has been recognized for tax purposes.

The respective years of expiration of the cumulative operating losses in Sudan are as follows:

Year of expiration	
2020	491,254
2021	268,204
2022	177,845
2023	328,425
2024	341,543
Cumulative operating losses in Sudan	**1,607,271**

In addition, should the Company reach a development decision with respect to a mineral property, cumulative exploration costs incurred may be capitalized and subsequently depleted against the related mineral property as operating costs for tax purposes in Sudan. As at December 31, 2019, the Company's exploration losses are $75.9 million (2018: $75.6 million) and relate to Block 14, its sole mineral property as of that date.

Operating losses totalling $6.4 million have accumulated in the Ivory Coast and may be carried forward for five years. These operating losses will expire by 2024, and no deferred tax asset has been recognized.

17. 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 9 and 13, respectively, represent the manner in which management reviews its business performance. The Company's mineral properties and exploration and project investigation costs are located in in Sudan, Côte d'Ivoire and Burkina Faso. Through the Company's ownership in Montage it owns four permits and nine permit applications in Côte d'Ivoire 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 legal entities, 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.

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

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

As at December 31,		Sudan (Block 14)	Côte d'Ivoire	Burkina Faso	Corporate & Other	Total
2019	Current assets	199,382	97,093	119,419	14,275,155	14,691,049
	Equipment	539,010	468,411	-	-	1,007,421
	Mineral properties	4,134,989	11,734,994	-	-	15,869,983
	Other assets	-	24,461	-	-	24,461
	Total Assets	4,873,381	12,324,958	119,419	14,275,155	31,592,914
	Current liabilities	445,020	679,621	15,267	254,399	1,394,307
2018	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	2,644,149

Year ended December 31,		Sudan (Block 14)	Côte d'Ivoire	Burkina Faso	Corporate & Other	Total
2019	Exploration and project investigation	5,478,566	2,882,708	229,407	-	8,590,681
	General administration and other items	-	-	-	5,269,775	5,269,775
	Burkina Faso asset impairment	-	-	338,124	-	338,124
	Sudan withholding tax accrual reversal	(1,285,563)	-	-	-	(1,285,563)
	Net loss	4,193,003	2,882,708	567,531	5,269,775	12,913,017
2018	Exploration and project investigation	9,908,044	3,291,914	-	-	13,199,958
	General administration and other items	38,261	(3,326)	-	4,383,950	4,418,885
	Net loss	9,946,305	3,288,588	-	4,383,950	17,618,843

18. 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's 45% interest in Montage is governed by a shareholders' agreement. Day to day operating decisions with respect to the activities of Montage can be made by management and Orca with a majority of the representation on the Board of Directors. The shareholders agreement requires an extraordinary resolution of Montage shareholders for a number of matters, which could be passed by written consent of 70% of the Montage shareholders or by 70% of the Montage shareholders present in person or by proxy at a shareholders meeting. The key matters subject to extraordinary vote are:

- any material change in the undertaking of any business or operation the Montage;
- the making of agreements with any of the Montage Shareholders not in the ordinary course of business;
- entering into an agreement with any other Person or business entity not in the ordinary course of business;
- the material acquisition or substantially all of the assets of any other company or business entity the establishment or change or the sale, lease, exchange or other disposition of all or substantially all of the assets of the Montage and its subsidiaries
- any dividend policy or other policy with respect to the distribution of surplus or earnings;
- the issue of Montage shares, incurring new debt not in the course of normal operations

These provisions preclude Orca from accessing cash held in Montage for its other business activities without a supermajority vote of Montage shareholders.

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.

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

The changes to the non-controlling interest for the year ended December 31, 2019 are as follows:

Balance, January 1, 2018	**19,114,682**
Non-controlling interest's 30% share of MSMCL's net loss for the year	2,814,673
Non-controlling interest's 30% share of MSMCL's other comprehensive gain for the year on translation to presentation currency	733,266
Balance, December 31, 2018	**22,662,621**
Non-controlling interest's 30% share of MSMCL's net loss for the year	1,075,787
Non-controlling interest's 30% share of MSMCL's other comprehensive loss for the year on translation to presentation currency	(1,407,463)
Non-controlling interest 55% share of Montage net loss for the year	1,581,331
Non-controlling interest 55% share of Montage Acquisition	(13,231,090)
Montage share options issued	(148,820)
Balance, December 31, 2019	**10,532,366**

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

The following is summarized financial information of Meyas Sand Minerals Company Limited:

	December 31, 2019	**December 31, 2018**
Current assets	190,477	299,799
Equipment, net	485,812	688,528
Mineral properties	4,134,989	4,417,185
Current liabilities	(423,763)	(2,216,871)
Advances from SMCL	(74,978,405)	(74,791,527)
Advances from another wholly owned subsidiary of Orca	(385,824)	(412,155)

	Year ended December 31, 2019	**Year ended December 31, 2018**
Net loss	3,585,956	9,382,243
Cash flows for operating activities	(5,124,741)	(10,198,985)
Cash flows from financing activities	5,026,425	10,342,181
Cash flows for investing activities	(11,006)	(139,726)

The following is summarized financial information of Montage Gold Corp:

	December 31, 2019
Current assets	9,701,690
Equipment, net	468,411
Mineral properties	11,734,994
Other assets	24,460
Current liabilities	(914,237)
	August 31-December 31, 2019
Net loss	2,988,843
Cash flows for operating activities	(1,752,780)
Cash flows from financing activities	7,675,294
Cash flows for investing activities	3,545,230

19. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to provide returns for shareholders, through investment in mineral exploration, while safeguarding the Company's ability to continue as a going concern.

In the management of capital, the Company considers its capital resources to be the shareholders' equity, existing cash resources and short-term investments, if any.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, adjust the level of operations, acquire or dispose of assets, bring in joint venture partners, or enter into corporate transactions.

In order to facilitate the management of its capital requirements, the Company prepares annual exploration budgets that are updated as necessary depending on various factors, including exploration results, political stability, and general industry conditions.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has estimated the fair values of its financial instruments based on appropriate valuation methodologies. These values are not materially different from their carrying value.

The Company classifies the fair values of its financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted price (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, receivables and other assets, trade payables and accrued liabilities with carrying values considered to be reasonable approximations of fair value due to the short term nature of these instruments.

21. MANAGEMENT OF FINANCIAL RISK

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

a) Currency risk

Foreign currency risk can arise when the Company or its subsidiaries transact in currencies other than their functional currencies (Note 3b(i)).

(i) Sudanese operations

As at December 31, 2019, the Company's Sudanese operating subsidiaries' largest foreign currency risk exposure was a net financial liability denominated in British pounds of an amount equivalent to approximately

$0.1 million. A 10% change in the foreign exchange rate between the British pound and the European Euro would give rise to increases/decreases of approximately $10,000 in financial position/comprehensive loss.

(i) Ivorian operations

As at December 31, 2019, the Company's Ivorian operating subsidiary's largest foreign currency risk exposure was a net financial liability denominated in US dollars of an amount equivalent to approximately $0.7 million. A 10% change in the foreign exchange rate between the US dollar and the European Euro would give rise to increases/decreases of approximately $70,000 in financial position/comprehensive loss.

(iii) Burkina Faso

As at December 31, 2019, the Company's Burkina Faso operating subsidiaries held in foreign currency the equivalent of $0.1 million.

b) Credit risk

At December 31, 2019, the majority of the Company's cash was 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 (see note 1). The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents balances to meet its anticipated operational needs. The Company's accounts payable and accrued liabilities arose as a result of exploration and development of its exploration and evaluation assets and other corporate expenses.

The maturities of the Company's financial liabilities as at December 31, 2019 are as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	1,394,307	1,394,307	-	-
Total	**1,394,307**	**1,394,307**	**-**	**-**

22. SUBSEQUENT EVENT

The COVID-19 pandemic has negatively impacted global financial markets, and may continue to do so. Accordingly, COVID-19 could affect the economic viability of the Company's business plan if the pandemic continues to disrupt global markets.

The Company will continue to monitor developments with respect to COVID-19, both globally and within its jurisdictions, and will implement any changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and its stakeholders. Such changes have so far included the temporary closures of the Company's project sites and offices and the suspension of Montage's exploration program in Côte d'Ivoire.

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
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ISIN: CA68558N1024