ORCA GOLD INC.

Annual Report

For the Year Ended

December 31, 2014

ORCA GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014
(Amounts in Canadian Dollars unless otherwise indicated)

The following management's discussion and analysis ("MD&A") of Orca Gold Inc. ("Orca" or the "Company") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 and related notes therein. The financial information in this MD&A is reported in Canadian dollars unless otherwise indicated and is partly derived from the Company's consolidated 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 30, 2015. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and the Company's website www.orcagold.com.

Orca is a junior exploration company focused on the acquisition and exploration of mineral properties in Africa. Its current exploration focus is on the Arabian Nubian Shield in the north of Sudan, where it currently holds the Block 14 prospecting license. This property is located close to the Egyptian border, 700 km north of Khartoum and 300 km west of the Red Sea. The nearest significant population centre is the town of Abu Hamad located 160 km due south of the Block 14 prospecting license perimeter. Block 14's total area is 7,046 km^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 ("MEM"). Industrial levels of exploration and mining rights are provided for in the Mining Code, defined by concession agreements and granted under exclusive prospecting licenses and the mining leases (the "Concession Agreement").

The license for Block 14 was originally granted to Orca's partner, Meyas Nub Multiactivities Co. Ltd. ("Meyas Nub") under a Concession Agreement dated May 19, 2010 and is in good standing. The license is currently held by Meyas Sand Minerals Company Ltd ("MSMCL"). Sand Metals Company Ltd. ("SMCL"), a 100% owned subsidiary of Orca, and Meyas Nub own 70% and 30% of MSMCL respectively. Under the Concession Agreement, MEM has a right to a 20% free-carried interest in any mining operation developed on Block 14. Under an agreement between SMCL and Meyas Nub, MEM's 20% interest will come from Meyas Nub's current 30% ownership interest in MSMCL.

During the third quarter of 2014, the license for Block 68, which was originally granted to SMCL on July 17, 2011 under a separate concession agreement, was relinquished following the conclusion of the Company's review of technical results and reprioritization of its mineral projects. No significant exploration costs were incurred on Block 68 over the 12 months prior to its relinquishment.

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

OPERATING HIGHLIGHTS

Update on Mineral Resource Estimate

Orca's sole mineral exploration license at December 31, 2014 is Block 14, which has been and continues to be the Company's exploration focus in 2014. Following the identification of its initial NI 43-101 compliant mineral resource estimate at the Galat Sufar South ("GSS") target in the first quarter of 2014, Orca's exploration efforts have been focused on extending the existing resource through drilling and geophysics, on evaluating other targets on Block 14, and on hydrological studies, all of which are designed to further enhance the prospectivity of Block 14.

Subsequent to December 31, 2014, as a result of successfully executing the 2014 exploration program on Block 14, Orca announced an update to its NI 43-101 compliant mineral resource estimate, which saw increases to the indicated and inferred resources by 24% and 48%, respectively. Using a cut-off grade of 1.0 Au g/t the indicated resource is now estimated to be 27.6Mt at 1.83 Au g/t for 1,625,000 ounces of gold with an inferred resource of 10.3Mt at 1.8 Au g/t for an additional 594,000 ounces of gold (see News Release dated February 4, 2015). This updated mineral resource estimate now includes resources from both GSS and Wadi Doum, a target discovered in 2014 and previously known as EG3.2, which is located approximately 55km east of GSS. Approximately 87% of the indicated mineral resource and 54% of the inferred mineral resource lie within 150 metres of surface.

Specific highlights of the 2014 exploration results that supported the update to the mineral resource estimate include:

- The discovery of Wadi Doum and execution of a subsequent drill campaign in this area, which led to the identification of Wadi Doum as a new resource, boasting high grade intercepts including 21 metres at 19.35 Au g/t (4.94 Au g/t cut), 22 metres at 7.17 Au g/t (4.15 Au g/t cut), 28 metres at 16.52 Au g/t (3.11 Au g/t cut), and 31 metres at 6.08 Au g/t (4.21 Au g/t cut).
- The addition of previous and newly identified mineralized zones to the existing GSS resource as a result of targeted drilling in and around GSS. Additions include the high grade J Zone, located south of the Main Zone resource at GSS, which has yielded intercepts including 22 metres at 3.65 Au g/t (3.21 Au g/t cut), 17 metres at 5.04 Au g/t (4.18 Au g/t cut), and 16 metres at 6.13 Au g/t (5.47 Au g/t cut).

The updated mineral resource has been estimated using the results of 71,072 metres of drilling (5,060 metres of diamond drilling and 66,012 metres of reverse circulation drilling, including 8,751 meters at Wadi Doum) completed between November 2012 and December 2014.

Orca continued to conduct metallurgical test work in 2014, and direct leach test work has returned recoveries of 92% for oxide, 87% for transition, and 79% from fresh rock. Oxide material comprises approximately 20% and 9% of the indicated and inferred mineral resource, respectively.

The Company is further encouraged by these developments and its growing understanding of the geology at Block 14. Following the Company's decision to make the third and last option payment to Meyas Nub during the third quarter of 2014, the Company's crystalized its interest in Block 14 at 70% (see "Liquidity and Capital Resources" section of this MD&A). Exploration on the property is planned to continue through 2015 with efforts concentrated on the identification of new targets that will add satellite resources to GSS and Wadi Doum, and the continuation of metallurgical test work to determine the optimum process route ahead of scoping studies.

Hydrological Studies

Hydrological studies were conducted in 2014, with pump tests being performed on various targets. Positive results were received from one borehole, which tested a sequence of cretaceous sandstones to the north of the license. The Company is optimistic based on the results to date, however no significant work with respect to hydrological studies has been currently scheduled for 2015 in an effort to control costs and properly manage the treasury during difficult capital market conditions in the resource sector, and for junior gold exploration companies in particular.

RESULTS FROM OPERATIONS

Year Ended	Dec-14	Dec-13	Dec-12
Net loss ($000's)	17,146	23,203	8,761
Loss per share, basic and diluted ($)	0.11	0.18	0.21
Total assets ($000's)	33,154	53,934	14,786

As a junior exploration company, Orca has no expectation of generating operating profits until it identifies and develops a commercially viable mineral deposit. Orca incurred a net loss of $17.1 million (2013: $23.2 million) during the year ended December 31, 2014. Exploration and administration expenses account for approximately 81% and 21% of the loss, respectively (2013: 63% and 19%). The reported net loss for the Company is net of $0.6 million of interest income (2013: $0.5 million) and $105,000 in other income (2013: $30,000) generated by management and administrative services to a third party.

Exploration costs are the most significant expenditure of the Company and have been expensed in accordance with its accounting policy. A detailed breakdown of the 2014 and 2013 exploration costs is provided in the notes to the audited consolidated financial statements. Drilling and other technical geological costs, such as assays, accounted for approximately half of the exploration costs, with technical staff in support of all of aspects of exploration activities being the second largest cost for the year ended December 31, 2014. In addition, costs related to logistics and infrastructure are high due to the remoteness of the properties. As fully described under the section ”Operating Highlights”, the focus of activities was Block 14, accounting for approximately 95% of Orca's year-to-date exploration costs.

Excluding stock-based compensation of $1.0 million (2013: $2.4 million), administration costs were $2.6 million (2013: $2.0 million) for the year ended December 31, 2014. The higher costs in 2014 as compared to 2013 is the result of lower costs during the first quarter of 2013, which reflected the lower support costs of Orca's predecessor company, a privately held company in its formative stages at the time. There was a step change in administrative costs starting in the second quarter of 2013 to reflect the necessary complement of ongoing head office expenses of a public company.

Stock-based compensation, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period. Options were granted during November 2014 and will vest over two years. The calculation of the fair value of options is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of Orca's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years.

Interest income of $0.6 million (2013: $0.5 million) reflects the interest earned from cash held on deposit and invested in short-term money market instruments. Foreign exchange gains or losses reflect the short-term fluctuations of foreign currencies used in operations against the Canadian dollar.

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

In other comprehensive income, the Company also reported foreign exchange translation losses of $0.2 million (2013: gain of $0.4 million) for the year ended December 31, 2014 on translation of subsidiary company accounts from their functional currency to the Canadian dollar presentation currency. This is principally the result of the strengthening of the Canadian dollar against the Euro.

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

Three Months Ended	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sept-13	Jun-13	Mar-13
Exploration costs ($000's)	4,515	2,983	3,158	3,289	4,692	2,487	4,557	2,975
Total loss ($000's)	5,482	3,709	3,831	4,124	5,474	3,501	7,230	6,998
Net loss attributed to the Company's shareholders ($000's)	4,186	2,579	2,445	2,654	3,370	2,435	4,746	5,436
Net loss per share attributed to the Company's shareholders, basic and diluted ($)	0.04	0.02	0.02	0.02	0.03	0.02	0.05	0.14

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

Under its accounting policies, Orca capitalizes the acquisition cost of mining and exploration rights. The loss in the first quarter of 2013 reflects the write-down of the acquisition costs of two properties relative to which Orca decided to cease further exploration on the basis of its continuous assessment of technical results and reprioritization of its mineral projects ($3.9 million). The loss in the second quarter of 2013 also includes higher stock-based compensation expense due to the immediate partial vesting of newly granted options during the period, the expensing of the listing acquired on April 4, 2013, and increased administration costs. Lower administrative costs were incurred in the first quarter of 2013 before the Company became a public company trading on the TSX-V.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company had cash and cash equivalents of $24.7 million, fixed income short-term investments of $3.0 million and working capital of $25.9 million as compared to cash and cash equivalents of $48.0 million and working capital of $45.0 million at December 31, 2013. Other than for general corporate and administrative costs, the majority of funds spent by Orca are directed towards exploration in Sudan. The short-term investments have a maturity of approximately six months from the date of purchase.

Orca's interest on its Block 14 license was acquired on March 1, 2012 when SMCL acquired the right and option to a 70% interest in MSMCL from Meyas Nub. Under the purchase agreement, SMCL agreed to pay USD $9.5 million in three installments in exchange for an increasing ownership interest in MSMCL, as follows:

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

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

On August 28, 2014, following continued encouraging discoveries and exploration results on Block 14, the Company made its third and final installment payment of USD $3.0 million, thereby purchasing an additional 17.5% interest in MSMCL, and crystalizing its interest at 70%. Accordingly, the Company adjusted the carrying amounts of the controlling and non-controlling interests disclosed in its shareholders' equity to reflect the new relative ownership interests in MSMCL. Orca also recognized directly in equity the difference between the amount paid by which the non-controlling interest was adjusted and the fair value of the consideration paid (i.e. USD $3.0 million).

Based on the Company's financial position at December 31, 2014, the Company has a strong treasury to support its ongoing exploration expenditures in Sudan and general corporate activities.

RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the year ended December 31, 2014, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), RB Energy Inc. ("RB Energy"), Meyas Nub Multiactivities Company Limited ("Meyas Nub") and SinoTech (Hong Kong) Corporate Limited ("SinoTech"). Other than Meyas Nub and SinoTech, these companies are related by way of directors, officers and shareholders in common. Meyas Nub is identified as a related party as a result of its ability to exert significant influence on MSMCL through its non-controlling equity interest. SinoTech is related by virtue of its greater than 10% shareholding in the Company. Related party transactions are recorded at the exchange amounts.

Services received from related parties

	Related party	Year ended December 31, 2014	Year ended December 31, 2013
Drilling and exploration support	Meyas Nub	837,821	552,313
Geological consulting	SinoTech	96,349	53,346
Geological consulting	HSEC	663,407	458,043
Management fees	HSEC	-	40,352
Support and administration	RB Energy	378,000	358,300
Support and administration	Sinotech	30,000	14,000
Total services received from related parties		**2,005,577**	**1,476,354**

Related party balances

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

	Related party	December 31, 2014	December 31, 2013
Accounts payable and accrued liabilities	Meyas Nub	(28,072)	-
Accounts payable and accrued liabilities	RB Energy	(75,365)	-
Accounts payable and accrued liabilities	HSEC	(121,587)	(108,550)
Accounts payable and accrued liabilities	SinoTech	(31,575)	(24,000)
Receivables and other assets	HSEC	-	971

Key management compensation

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

The remuneration of key management personnel were as follows:

	Year ended December 31, 2014	**Year ended December 31, 2013**
Salaries and management fees	558,843	362,644
Short term benefits	11,714	8,344
Stock-based compensation	459,083	1,124,302
Total key management compensation	**1,029,640**	**1,495,290**

CRITICAL ACCOUNTING ESTIMATES

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

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

Valuation of mineral properties

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

Stock-based compensation

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

Income taxes

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

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

Decommissioning and site restoration

The future obligations for site closure activities are estimated by the Company based on the laws and regulations of the countries in which it operates, with due consideration to the fact that the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The decommissioning and site restoration provisions are more uncertain the further into the future the site closure activities are to be carried out. In light of the early stage of its exploration activities, the Company has determined that its closure costs as at December 31, 2014 would not be material.

SIGNIFICANT ACCOUNTING POLICIES

Adoption of new accounting policies

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

IFRIC 21, Levies

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

New accounting pronouncements

The IASB issued IFRS 9, *Financial Instruments*, which has not yet been adopted by the Company. This new standard is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted. The Company is currently evaluating the impact that the new standard will have on its consolidated financial statements.

The following is a brief summary of IFRS 9, *Financial Instruments*:

IFRS 9 will replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standard introduces a revised methodology for the recognition, classification and measurement of financial instruments, as well as a model for assessing impairment of financial assets. The standard also provides significant changes to hedge accounting.

In addition, the IASB has issued the Annual Improvements 2010-2012 and 2011-2013 cycles, which are effective for annual periods beginning on or after July 1, 2014, and the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. The Company has reviewed the amendments presented in these Annual Improvements and does not expect them to have a significant impact on its consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, short-term investments, and accounts payable and accrued liabilities. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities approximate their fair value because of the immediate or short-term maturity of these financial instruments.

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

Currency risk

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

(i) Sudanese operations

The Company's Sudanese operating subsidiaries, including SMCL and MSMCL, incur costs in multiple foreign currencies and, therefore, they are exposed to foreign exchange risks arising from these transactions. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. Based on the approximate costs incurred during the year ended December 31, 2014 in the three foreign currencies outlined below, a 10% variation in the exchange rate between these currencies and the European Euro, the functional currency of the Company's Sudanese operating subsidiaries, would have resulted in the following change in costs:

		In thousands of dollars
	Percentage of total costs	**Change in costs resulting from a 10% variation in exchange rates**
Sudanese pound	34%	594
US dollar	42%	737
British pound	14%	239

As at December 31, 2014, the Company's Sudanese operating subsidiaries' largest material foreign currency risk exposure is a US dollar net financial liability with an equivalent of approximately $363,000 Canadian dollars. A 10% change in the foreign exchange rate between US dollar and the European Euro would give rise to increases/decreases of approximately $36,000 in financial position/comprehensive loss.

ii) Canadian head office operations

At December 31, 2014, the Company's Canadian head office also held cash in foreign currencies and had net foreign currency financial assets. The estimated impacts of relative currency rate fluctuations between the foreign currencies and the Canadian dollar, the Company's functional currency, based on these total foreign currency exposures are as follows:

In thousands of dollars

	Foreign currency cash held (in source currency)	Net financial asset (liability) position	Change in net financial position from a 10% variation in exchange rates
US dollar	53	57	6
British pounds	-	(29)	3

Credit risk

At December 31, 2014, the majority of the Company's cash and short-term investments were held through Canadian institutions with high investment grade ratings.

Liquidity risk

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

The maturities of the Company's financial liabilities are as follows:

In thousands of dollars

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	1,999	1,999	-	-
Total	**1,999**	**1,999**	**-**	**-**

OUTSTANDING SHARE DATA

As at April 30, 2015, the Company had 107,405,754 common shares outstanding and 9,100,000 share options outstanding under its stock-based incentive plan and no share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

OUTLOOK

Orca is a Canadian resource company focused on exploration opportunities in Africa with an experienced board of directors and management team and a strong balance sheet which includes $24.7 million in cash, $3.0 million in short-term investments, and net working capital of $25.9 million. Management and board are mindful of the subdued equity market conditions in the resource sector and for junior gold exploration companies in particular and the importance of properly managing the treasury. Future exploration programs will continue to be guided by results and prospectivity.

In early 2014, the Company confirmed an initial indicated resource of 1.3 million ounces at 1.84 Au g/t on Block 14 where it now holds a 70% interest. Following the execution of the 2014 work program designed to expand the resource at GSS and add an additional resource through drilling of new prospective targets on Block 14 and subsequent to December 31, 2014, the Company confirmed that the indicated resource estimate on Block 14 has increased to 1.6 million ounces at 1.83 Au g/t(see News Release dated February 4, 2015).

Orca continues to be encouraged by Block 14's exploration results to date, and its planned work program is now focused on further exploration on the license with the goal of identifying new targets that will add satellite resources to the main resource, GSS, and the newly confirmed Wadi Doum resource. Metallurgical test work is also planned to continue in 2015 to determine the optimum process route ahead of scoping studies.

With a strong treasury, and following the crystallization of its 70% interest in Block 14, Orca is well poised to remain flexible and adaptable to resource sector market conditions, while continuing to focus on enhancing the prospectivity of the Block 14 license. In addition, the Company actively pursues future growth opportunities by evaluating other exploration, development or production assets on an on-going basis with a view to building a diversified, African focused exploration company. While at any given time discussions and activities may be in progress on a number of initiatives, Orca currently does not have any binding agreements or binding commitments to enter into any such transactions. There is no assurance that these corporate activities will ever progress to the stage where a potential transaction might be successfully completed.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

Orca Gold Inc.

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Orca Gold Inc.

We have audited the accompanying consolidated financial statements of **Orca Gold Inc.**, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Orca Gold Inc.** as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Vancouver, Canada
April 30, 2015

Chartered Accountants

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

	December 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 24,701,443	$ 47,958,645
Short-term investments	2,996,415	-
Receivables and other assets (Note 6)	176,488	366,043
	27,874,346	48,324,688
Equipment (Note 7)	1,329,132	1,470,595
Mineral properties (Note 8)	3,950,127	4,138,399
	$ 33,153,605	$ 53,933,682
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,998,823	$ 3,367,821
	1,998,823	3,367,821
EQUITY		
Equity attributed to common shareholders		
Share capital (Note 9)	82,739,268	82,739,268
Contributed surplus	4,530,018	3,352,497
Accumulated other comprehensive income	132,350	841,045
Deficit	(47,467,999)	(28,179,356)
	39,933,637	58,753,454
Non-controlling interest (Note 16)	(8,778,855)	(8,187,593)
	31,154,782	50,565,861
	$ 33,153,605	$ 53,933,682

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

	Year ended December 31, 2014	Year ended December 31, 2013
Administration costs (Note 11)	$ 3,655,780	$ 4,368,755
Exploration and project investigation costs (Note 12)	13,945,421	14,710,640
Write-off of mineral properties (Note 8)	14,664	3,865,513
Loss on disposal of equipment	24,454	36,495
Listing expense	-	800,000
Foreign exchange loss (gain)	204,334	(67,874)
Interest income	(594,142)	(480,134)
Other income	(105,000)	(30,000)
Net loss for the year	$ 17,145,511	$ 23,203,395
Net loss for the year attributed to:		
Common shareholders of the Company	11,863,570	15,986,910
Non-controlling interest (Note 16)	5,281,941	7,216,485
	$ 17,145,511	$ 23,203,395
Net loss for the year	$ 17,145,511	$ 23,203,395
Items that may be subsequently reclassified to net loss:		
Loss (gain) on translation to presentation currency	185,989	(370,300)
Comprehensive loss for the year	$ 17,331,500	$ 22,833,095
Comprehensive loss for the year attributed to:		
Common shareholders of the Company	$ 12,509,098	$ 15,009,624
Non-controlling interest (Note 16)	4,822,402	7,823,471
	$ 17,331,500	$ 22,833,095
Basic and diluted loss per common share	$ 0.11	$ 0.18
Basic and diluted weighted average number of shares outstanding	107,405,790	89,990,101

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

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

	Year ended December 31, 2014	**Year ended December 31, 2013**
Cash flows from (for) operating activities		
Net loss for the year	$ (17,145,511)	$ (23,203,395)
Add non-cash items		
Depreciation of equipment (Note 7)	529,138	388,919
Write-off of mineral properties (Note 8)	14,664	3,865,513
Loss on disposal of equipment	24,454	36,495
Stock-based compensation expense	1,177,521	2,698,358
Listing expense	-	800,000
	(15,399,734)	(15,414,110)
Changes in non-cash working capital items		
Receivables and other assets	185,500	83,553
Accounts payable and accrued liabilities	(1,296,820)	965,989
	(16,511,054)	(14,364,568)
Cash flows from financing activities		
Proceeds from exercise of stock options	-	168,927
	-	168,927
Cash flows from (for) investing activities		
Payment to increase interest in MSMCL (Note 16)	(3,257,100)	(3,101,097)
Purchase of equipment	(470,421)	(456,625)
Proceeds from disposal of equipment	-	1,088
Purchase of short-term investments	(2,996,415)	-
Cash acquired in Canaco's acquisition	-	60,622,084
Transaction costs paid on acquisition of Canaco	-	(387,160)
	(6,723,936)	56,678,290
Foreign exchange on cash	(22,212)	62,998
Increase (decrease) in cash	(23,257,202)	42,545,647
Cash, beginning of year	47,958,645	5,412,998
Cash, end of year	$ 24,701,443	$ 47,958,645

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	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total	Non-controlling Interest	Total
Balance January 1, 2014	107,405,790	82,739,268	3,352,497	841,045	(28,179,356)	58,753,454	(8,187,593)	50,565,861
Stock-based compensation expense (Note 10)	-	-	1,177,521	-	-	1,177,521	-	1,177,521
Increase in proportionate shareholding in MSMCL (Note 16)	-	-	-	(63,167)	(7,425,073)	(7,488,240)	4,231,140	(3,257,100)
Net loss for the year	-	-	-	-	(11,863,570)	(11,863,570)	(5,281,941)	(17,145,511)
Gain (loss) on translation to presentation currency	-	-	-	(645,528)	-	(645,528)	459,539	(185,989)
Balance December 31, 2014	**107,405,790**	**$ 82,739,268**	**$ 4,530,018**	**$ 132,350**	**$ (47,467,999)**	**$ 39,933,637**	**$ (8,778,855)**	**$ 31,154,782**
Balance January 1, 2013	39,528,245	22,869,280	-	(11,339)	(7,216,102)	15,641,839	(2,364,271)	13,277,568
Existing shares of Orca	67,305,879	59,318,661	1,036,539	-	-	60,355,200	-	60,355,200
Exercise of stock options	571,666	551,327	(382,400)	-	-	168,927	-	168,927
Stock-based compensation expense	-	-	2,698,358	-	-	2,698,358	-	2,698,358
Increase in proportionate shareholding in MSMCL	-	-	-	(124,902)	(4,976,344)	(5,101,246)	2,000,149	(3,101,097)
Net loss for the year	-	-	-	-	(15,986,910)	(15,986,910)	(7,216,485)	(23,203,395)
Gain (loss) on translation to presentation currency	-	-	-	977,286	-	977,286	(606,986)	370,300
Balance December 31, 2013	**107,405,790**	**$ 82,739,268**	**$ 3,352,497**	**$ 841,045**	**$ (28,179,356)**	**$ 58,753,454**	**$ (8,187,593)**	**$ 50,565,861**

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

1. NATURE OF OPERATIONS

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

Orca was incorporated under the Business Corporations Act (British Columbia) on January 13, 1987 and its registered office is located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3. On April 4, 2013, following the closing of the acquisition of Canaco Resources Inc. ("Canaco") by way of a reverse takeover, the Company changed its name from Shark Minerals Inc. to Orca Gold Inc.

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

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on IFRS in effect as at December 31, 2014, including those adopted during the year ended December 31, 2014 as noted in Note 3 below. The consolidated financial statements have been prepared on a historical cost basis. Certain comparative figures have been reclassified to conform to the basis of presentation adopted in the current period.

These financial statements were approved for issue by Orca's board of directors on April 30, 2015.

3. ADOPTION OF NEW ACCOUNTING POLICIES

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

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

4. 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. The Company exercises control when it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is often evidenced by a shareholding representing more than one half of an entity's voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated on the date that control ceases. As at December 31, 2014, the only material subsidiaries were SMCL and MSMCL.

(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 all other subsidiaries is the European Euro. 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 4e).

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 expenditure comprises 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 expenditure 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 that there is sufficient technical evidence to support the potential for positive economic returns from a deposit. Once a mineral property is considered to be sufficiently advanced and economic potential is identified, 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.

e) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units, or "CGU's"). Value in use is determined as the present value of future cash inflows expected to be derived from a CGU using a pre-tax discount rate that reflects the current time value of money and the risks specific to that CGU.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Financial assets

Purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company classifies its financial assets in the following categories: (i) at fair value through profit or loss, (ii) loans and receivables, and (iii) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired.

(i) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling it in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial assets carried at fair value through profit or losses are initially and subsequently recognized at fair value, and transaction costs are expensed through net loss in the consolidated statement of comprehensive loss. Gains or losses arising from changes in the fair value of these assets are presented in the consolidated statement of comprehensive loss within 'other (losses)/gains – net', a component of net loss, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of comprehensive loss as part of other income, a component of net loss, when the Company's right to receive payments is established.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are classified as current assets, unless they have maturities extending to more than 12 months after the end of the reporting period. Orca's loans and receivables comprise cash and cash equivalents, short-term investments, and trade and other receivables.

Loans and receivables are initially recognized at the amount expected to be received less, if applicable, a discount to reduce the asset to its fair value. Subsequently, they are carried at amortized cost using the effective interest method less a provision for impairment.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets are initially recognized at fair value plus transaction costs and subsequently carried at fair value. Changes in the fair value of assets classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in accumulated other comprehensive income are included in net loss on the consolidated statement of comprehensive loss as 'other (losses)/gains – net'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive loss as part of other income, a component of net loss. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive loss as part of other income, a component of net loss, when the Company's right to receive payments is established.

g) Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets (other than financial assets classified at fair value through profit or loss) is impaired as a result of one or more events that occurred after the initial recognition of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired.

(i) Assets carried at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in net loss.

(ii) Assets classified as available for sale

The amount of the impairment loss is measured as the difference between the acquisition cost of the asset and its current fair value, less any impairment loss previously recognized in net loss. This amount is removed from accumulated other comprehensive income and recognized in net loss.

Impairment losses on financial assets carried at amortized costs or available for sale are reversed in a subsequent period if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in net loss on the consolidated statement of comprehensive loss. Impairment losses on available for sale equity instruments are not reversed.

h) Cash

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

i) Short-term investments

Short-term investments include monetary instruments which may not be cashed or redeemed within three months of purchase, and are expected to be held for no more than twelve months.

j) Receivables and other assets

Receivables and other assets are amounts prepaid or expected to be collected in the normal course of business within the next twelve months.

k) 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.

l) Payables

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payable are classified as current liabilities if payment is due within one year or less.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

m) 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.

n) 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 shares or stock options awarded to non-employees is measured on the date that the goods or services are received.

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

o) 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.

p) New accounting pronouncements

The IASB issued IFRS 9, *Financial Instruments,* which has not yet been adopted by the Company. This new standard is effective for annual periods beginning on or after January 1, 2018, however early adoption is permitted. The Company is currently evaluating the impact that the new standard will have on its consolidated financial statements.

The following is a brief summary of IFRS 9, *Financial Instruments:*

IFRS 9 will replace IAS 39, *Financial Instruments: Recognition and Measurement.* The standard introduces a revised methodology for the recognition, classification and measurement of financial instruments, as well as a model for assessing impairment of financial assets. The standard also provides significant changes to hedge accounting.

In addition, the IASB has issued the Annual Improvements 2010-2012 and 2011-2013 cycles, which are effective for annual periods beginning on or after July 1, 2014, and the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. The Company has reviewed the amendments presented in these Annual Improvements and does not expect them to have a significant impact on its consolidated financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

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

Decommissioning and site restoration – The future obligations for site closure activities are estimated by the Company based on the laws and regulations of the countries in which it operates, with due consideration to the fact that the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The decommissioning and site restoration provisions are more uncertain the further into the future the site closure activities are to be carried out. In light of the early stage of its exploration activities, the Company has determined that its closure costs as at December 31, 2014 would not be material.

6. RECEIVABLES AND OTHER ASSETS

	December 31, 2014	December 31, 2013
Prepaid expenses	113,826	245,173
Other receivables	62,662	120,870
Total receivables and other assets	**176,488**	**366,043**

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

7. EQUIPMENT

Cost	Computer Equipment	Office Furniture and Equipment	Vehicles and Mobile Equipment	Field and Camp Equipment	Total
As at January 1, 2013	**158,661**	**45,424**	**728,435**	**593,103**	**1,525,623**
Additions	55,685	15,224	86,389	299,327	456,625
Reclassifications	13,409	-	(13,409)	-	-
Write-off and disposal of equipment	-	(4,766)	-	(77,912)	(82,678)
Effects of foreign exchange on translation to presentation currency	21,069	6,070	89,953	85,325	202,417
As at December 31, 2013	**248,824**	**61,952**	**891,368**	**899,843**	**2,101,987**
Additions	33,958	10,040	200,123	226,299	470,420
Disposal of equipment	(100,862)	(996)	-	(5,868)	(107,726)
Effects of foreign exchange on translation to presentation currency	(7,535)	(2,582)	(46,071)	(35,252)	(91,440)
As at December 31, 2014	**174,385**	**68,414**	**1,045,420**	**1,085,022**	**2,373,241**
Accumulated depreciation					
As at January 1, 2013	**(33,613)**	**(4,737)**	**(85,904)**	**(113,897)**	**(238,151)**
Depreciation for the year	(67,515)	(8,614)	(120,090)	(192,700)	(388,919)
Write-off and disposal of equipment	-	871	-	44,222	45,093
Effects of foreign exchange on translation to presentation currency	(5,692)	(1,110)	(18,652)	(23,961)	(49,415)
As at December 31, 2013	**(106,820)**	**(13,590)**	**(224,646)**	**(286,336)**	**(631,392)**
Depreciation for the period	(82,734)	(11,614)	(165,163)	(269,627)	(529,138)
Disposal of equipment	83,271	-	-	-	83,271
Effects of foreign exchange on translation to presentation currency	4,459	655	16,508	11,528	33,150
As at December 31, 2014	**(101,824)**	**(24,549)**	**(373,301)**	**(544,435)**	**(1,044,109)**
Net book amount					
As at December 31, 2013	**142,004**	**48,362**	**666,722**	**613,507**	**1,470,595**
As at December 31, 2014	**72,561**	**43,865**	**672,119**	**540,587**	**1,329,132**

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

8. MINERAL PROPERTIES

	Sudan		
Cost	**Northern Blocks**	**South-eastern Blocks**	**Total**
As at January 1, 2013	**3,751,501**	**3,852,037**	**7,603,538**
Write-off of mineral properties	(13,476)	(3,852,037)	(3,865,513)
Effects of foreign exchange on translation to presentation currency	400,374	-	400,374
As at December 31, 2013	**4,138,399**	**-**	**4,138,399**
Write-off of mineral property	(14,664)	-	(14,664)
Effects of foreign exchange on translation to presentation currency	(173,608)	-	(173,608)
As at December 31, 2014	**3,950,127**	**-**	**3,950,127**

On the basis of the Company's continuous assessment of technical results and reprioritization of its mineral projects, the Company has ceased further exploration work on one of its Northern Blocks, Block 68, and relinquished the related exploration license. As a result, the carrying value of Block 68 has been written off to $nil in the statement of loss and comprehensive loss during 2014.

The Company's sole mineral project as at December 31, 2014 is Block 14, located in the northern part of the Republic of Sudan.

9. SHARE CAPITAL

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

The Company's issued and outstanding stock options were not included in the calculation of diluted earnings per share because they are anti-dilutive for the years ended December 31, 2014 and 2013.

10. STOCK OPTIONS

a) Stock option plan

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

The total stock-based compensation for the year ended December 31, 2014 was $1,178,000 (2013: $2,698,000). Stock-based compensation of $1,016,000 (2013: $2,368,000) has been allocated to administration costs and $162,000 (2013: $330,000) 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, 2014 was $443,000 (December 31, 2013: $1,106,000).

b) Stock options outstanding

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

	Number of shares (In thousands)	Weighted average exercise price CDN$
Options recognized on acquisition of Shark Minerals Inc.	4,815	$7.08
Granted	5,850	$0.90
Exercised	(572)	$0.30
Expired	(3,523)	$7.79
Forfeited	(150)	$0.90
Outstanding at December 31, 2013	6,420	$1.81
Granted	2,875	$0.40
Forfeited	(67)	$0.90
Outstanding at December 31, 2014	9,228	$1.38
Exercisable at December 31, 2014	5,445	$1.88

During the year ended December 31, 2014, 2,875,000 options were granted at an exercise price of CDN $0.40 per share.

The Company uses the Black Scholes option pricing model to estimate the fair value for all stock-based compensation. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per option, for options granted during the year ended December 31, 2014 are as follows:

(i)	Average risk-free interest rate:	1.05%
(ii)	Expected life:	3 years
(iii)	Expected volatility:	80.09%
(iv)	Expected dividends:	nil
(v)	Weighted average fair value per option:	$0.20

The following summarizes information about the stock options outstanding and exercisable at December 31, 2014:

	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$)
$0.40	2,875	2.91	$0.40	958	2.91	$0.40
$0.90	5,600	1.30	$0.90	3,734	1.30	$0.90
$1.20 – $1.50	337	2.45	$1.22	337	2.45	$1.22
$14.52 – $14.64	416	0.92	$14.64	416	0.92	$14.64
	9,228	1.83	$1.38	5,445	1.63	$1.88

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

11. ADMINISTRATION COSTS

	Year ended December 31, 2014	Year ended December 31, 2013
Office and administration	328,882	300,025
Management and consulting fees	1,025,251	728,414
Salaries and benefits	786,029	473,364
Stock based compensation expense	1,015,310	2,368,227
Travel and promotion	339,033	330,252
Professional fees	160,940	168,473
Depreciation	335	-
Total administration costs	**3,655,780**	**4,368,755**

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

12. EXPLORATION AND PROJECT INVESTIGATION COSTS

Year ended December 31,		Sudan Northern Blocks	Sudan South-eastern Blocks	Other	Total
2014	Drilling	4,775,282	-	-	4,775,282
	Salaries and benefits	3,077,599	-	70,456	3,148,055
	Stock-based compensation expense	158,581	-	3,630	162,211
	Sampling, satellite and geological costs	1,820,673	-	-	1,820,673
	Field operation and consumables	1,514,452	-	4,015	1,518,467
	Exploration support and administration	647,327	-	66,645	713,972
	Travel and accommodation	396,438	-	3,567	400,005
	Geological consulting	581,476	-	75,615	657,091
	Permitting and licensing fees	220,862	-	-	220,862
	Depreciation	365,706	-	163,097	528,803
	Total exploration and project investigation costs	**13,558,396**	**-**	**387,025**	**13,945,421**
2013	Drilling	6,413,967	124	-	6,414,091
	Salaries and benefits	2,771,903	162,178	210,520	3,144,601
	Stock-based compensation expense	289,409	-	40,722	330,131
	Sampling, satellite and geological costs	1,049,529	34,677	46,334	1,130,540
	Field operation and consumables	1,315,432	28,123	30,186	1,373,741
	Exploration support and administration	630,354	25,787	58,181	714,322
	Travel and accommodation	436,076	15,238	18,152	469,466
	Geological consulting	395,046	16,157	76,863	488,066
	Permitting and licensing fees	217,291	21,019	18,453	256,763
	Depreciation	261,266	40,793	86,860	388,919
	Total exploration and project investigation costs	**13,780,273**	**344,096**	**586,271**	**14,710,640**

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

13. RELATED PARTY TRANSACTIONS

The related parties with which the Company has transacted during the year ended December 31, 2014, were Hugh Stuart Exploration Consulting Ltd. ("HSEC"), RB Energy Inc. ("RB Energy"), Meyas Nub Multiactivities Company Limited ("Meyas Nub") and SinoTech (Hong Kong) Corporate Limited ("SinoTech"). Other than Meyas Nub and SinoTech, these companies are related by way of directors, officers and shareholders in common. Meyas Nub is identified as a related party as a result of its ability to exert significant influence on MSMCL through its non-controlling equity interest (Note 16). SinoTech is related by virtue of its greater than 10% shareholding in the Company. Related party transactions are recorded at the exchange amounts.

a) Services received from related parties

	Related party	Year ended December 31, 2014	Year ended December 31, 2013
Drilling and exploration support	Meyas Nub	837,821	552,313
Geological consulting	SinoTech	96,349	53,346
Geological consulting	HSEC	663,407	458,043
Management fees	HSEC	-	40,352
Support and administration	RB Energy	378,000	358,300
Support and administration	Sinotech	30,000	14,000
Total services received from related parties		**2,005,577**	**1,476,354**

b) Related party balances

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

	Related party	December 31, 2014	December 31, 2013
Accounts payable and accrued liabilities	Meyas Nub	(28,072)	-
Accounts payable and accrued liabilities	RB Energy	(75,365)	-
Accounts payable and accrued liabilities	HSEC	(121,587)	(108,550)
Accounts payable and accrued liabilities	SinoTech	(31,575)	(24,000)
Receivables and other assets	HSEC	-	971

(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 executive officers and vice-presidents.

The remuneration of key management personnel were as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and management fees	558,843	362,644
Short term benefits	11,714	8,344
Stock-based compensation	459,083	1,124,302
Total key management compensation	**1,029,640**	**1,495,290**

14. 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 period. These differences result from the following items:

	Year ended December 31, 2014	Year ended December 31, 2013
Loss before taxes	17,145,511	23,203,395
Combined Canadian federal and provincial statutory income tax rates	26.00%	25.75%
Income tax recovery based on the above rate	4,457,833	5,974,874
Losses and temporary differences for which an income tax benefit has not been recognized	(2,892,949)	(5,640,794)
Impacts of changes in income tax rates	797,329	1,264,968
Differences between Canadian and foreign tax rates	(1,771,488)	(1,244,021)
Non-deductible expenses	(328,435)	(702,553)
Impacts of changes in foreign exchange rates	(262,290)	347,526
Total income tax recovery	**-**	**-**

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

The following are temporary differences for which benefits have not been recognized:

	December 31, 2014	December 31, 2013
Non-capital losses carried forward – Canada	28,701,865	24,911,903
Capital losses carried forward – Canada	67,589,120	67,589,120
Share issue costs – Canada	977,929	2,946,036
Other asset/resource pools – Canada	6,016,883	6,016,432
Cumulative exploration and operating losses – Sudan	40,872,780	27,661,258
	144,158,577	**129,124,749**

The 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	December 31, 2014
2015	588,915
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	2,087,175
Total non-capital loss carry-forwards	**28,701,865**

Operating losses in Sudan may be carried forward for five years, and no benefit has been recognized for tax purposes. In addition, should the Company reach a development decision with respect to a mineral property, cumulative exploration losses incurred may be capitalized and subsequently depleted against the related mineral property as operating costs for tax purposes in Sudan. As at December 31, 2014, the Company has $29,674,000 (2013: $17,098,000) in cumulative exploration losses incurred on Block 14, its sole mineral property as of that date.

15. SEGMENT INFORMATION

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

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

16. NON-CONTROLLING INTEREST

On March 1, 2012, an indirect wholly owned subsidiary of Orca, SMCL, closed a transaction whereby it acquired the right and option to a 70% interest in MSMCL, a Sudanese company incorporated to hold the Block 14 exploration license in the Republic of Sudan. Under the purchase agreement, SMCL agreed to pay the holder of the license USD $9.5 million in three installments, in exchange for an increasing ownership interest in MSMCL, as follows:

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

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

On August 28, 2014, the Company made its third and final installment payment of USD $3.0 million and crystalized its 70% interest in MSMCL. As a result, the non-controlling interest in MSMCL has reduced from 47.5% to 30%. The Company adjusted the carrying amounts of the controlling and non-controlling interests disclosed in its shareholders' equity to reflect the new relative ownership interests in MSMCL. The changes to the non-controlling interest for the year ended December 31, 2014, including this adjustment, are as follows:

Balance, January 1, 2013	**2,364,271**
Non-controlling interest's 65% share of MSMCL's comprehensive loss, from January 1, 2013 to September 11, 2013	5,064,856
Balance, before change in non-controlling interest in MSMCL	7,429,127
Change in the non-controlling interest in MSMCL from 65% to 47.5%	(2,000,149)
Non-controlling interest's 47.5% share of MSMCL's comprehensive loss, from September 12, 2013 to December 31, 2013	2,758,615
Balance, December 31, 2013	**8,187,593**
Non-controlling interest's 47.5% share of MSMCL's comprehensive loss, from January 1, 2014 to August 28, 2014	3,296,931
Balance, before change in non-controlling interest in MSMCL	11,484,524
Change in the non-controlling interest in MSMCL from 47.5% to 30%	(4,231,140)
Non-controlling interest's 30% share of MSMCL's comprehensive loss, from August 29, 2014 to December 31, 2014	1,525,471
Balance, December 31, 2014	**8,778,855**

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

The impact of the change in the non-controlling interest in MSMCL from 47.5% to 30% includes:

- $4,170,879 for the additional portion of the non-controlling interest's cumulative net losses allocated to SMCL;
- $63,167 representing the additional portion of the non-controlling interest's accumulated other comprehensive losses allocated to SMCL; net of,
- the decrease in the non-controlling interest's amount of the share capital of MSMCL.

The Company also recognized directly in deficit the difference between the amount by which the non-controlling interest was adjusted and the fair value of the consideration paid (i.e. USD $3.0 million).

The following is summarized financial information of MSMCL:

	December 31, 2014	December 31, 2013
Current assets	193,205	188,398
Equipment, net	624,669	685,387
Mineral properties	3,950,127	4,123,744
Current liabilities	(1,606,942)	(3,082,390)
Advances from SMCL	(28,525,948)	(15,245,943)
Advances from Ghazal	(370,932)	(379,206)

	Year ended December 31, 2014	Period ended December 31, 2013
Net loss for the period	13,165,034	12,579,661
Comprehensive loss for the period	12,025,810	13,599,697
Cash flows for operating activities	(14,229,855)	(10,163,677)
Cash flows from financing activities	14,542,707	10,560,771
Cash flows for investing activities	(268,284)	(350,175)

17. 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.

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.

18. 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 cash equivalents and short-term investments are considered to be Level 2 of the fair value hierarchy.

The following provides a comparison of carrying and fair values of each classification of financial instrument as at December 31, 2014 and 2013:

In thousands of dollars

December 31, 2014	Loans and receivables	Available-for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	24,701	-	-	-	24,701	24,701
Deposits and other receivables	63	-	-	-	63	63
Short-term investments	2,996		-	-	2,996	2,996
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	1,999	1,999	1,999

In thousands of dollars

December 31, 2013	Loans and receivables	Available-for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	47,959	-	-	-	47,959	47,959
Deposits and other receivables	95	-	-	-	95	95
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	3,368	3,368	3,368

19. 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 4b(i)).

(i) Sudanese operations

The Company's Sudanese operating subsidiaries, including SMCL and MSMCL, incur costs in multiple foreign currencies and, therefore, they are exposed to foreign exchange risks arising from these transactions. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. Based on the approximate costs incurred during the year ended December 31, 2014 in the three foreign currencies outlined below, a 10% variation in the exchange rate between these currencies and the European Euro, the functional currency of the Company's Sudanese operating subsidiaries, would have resulted in the following change in costs:

In thousands of dollars

	Percentage of total costs	Change in costs resulting from a 10% variation in exchange rates
Sudanese pound	34%	594
US dollar	42%	737
British pound	14%	239

As at December 31, 2014, the Company's Sudanese operating subsidiaries' largest foreign currency risk exposure is a US dollar net financial liability of an amount equivalent to approximately 363,000 Canadian dollars. A 10% change in the foreign exchange rate between the US dollar and the European Euro would give rise to increases/decreases of approximately 36,000 Canadian dollars in financial position/ comprehensive loss.

ii) Canadian head office operations

At December 31, 2014, the Company's Canadian head office also held cash in foreign currencies and had net foreign currency financial assets and liabilities. The estimated impacts of relative currency rate fluctuations between the foreign currencies and the Canadian dollar, the Company's functional currency, based on these total foreign currency exposures are as follows:

In thousands of dollars

	Foreign currency cash held (in source currency)	Net financial asset (liability) position	Change in net financial position from a 10% variation in exchange rates
US dollar	53	57	6
British pounds	-	(29)	3

b) Credit risk

At December 31, 2014, the majority of the Company's cash was held through Canadian institutions with high investment grade ratings.

c) Liquidity risk

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

The maturities of the Company's financial liabilities are as follows:

In thousands of dollars

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	1,999	1,999	-	-
Total	**1,999**	**1,999**	**-**	**-**

ORCA GOLD INC

CORPORATE DIRECTORY

OFFICERS
Richard Clark
Chairman of the Board
Hugh Stuart
President/Chief Executive Officer
Alessandro Bitelli
Chief Financial Officer
Rashida McLean
Corporate Secretary

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

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

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

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

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

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

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

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