ORLA MINING LTD

Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2018

Unaudited

Presented in Canadian dollars

NOTICE TO READER

Pursuant to National Instrument 51-102, subsection 4.3(3)(a), we advise that the Company's auditor has not performed a review of these condensed interim consolidated financial statements.

ORLA MINING LTD.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Presented in Canadian Dollars)

As at	**September 30, 2018**	December 31, 2017
	(unaudited)	
ASSETS		
Current assets		
Cash	**$ 21,127,063**	$ 6,142,278
Accounts receivable	**361,768**	148,915
Prepaid expenses	**292,600**	770,056
Total current assets	**21,781,431**	7,061,249
Reclamation deposits	**197,621**	188,259
Equipment (note 4)	**317,615**	234,317
Exploration and evaluation assets (note 5)	**187,791,582**	164,560,651
TOTAL ASSETS	**$ 210,088,249**	$ 172,044,476
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	**$ 2,182,780**	$ 2,256,759
Total current liabilities	**2,182,780**	2,256,759
Loan payable (note 7)	**4,910,004**	—
TOTAL LIABILITIES	**7,092,784**	2,256,759
SHAREHOLDERS' EQUITY		
Share capital	**201,065,500**	174,435,785
Reserves	**24,844,470**	19,175,865
Accumulated deficit	**(21,348,693)**	(14,984,344)
Accumulated other comprehensive loss	**(1,565,812)**	(8,839,589)
TOTAL SHAREHOLDERS' EQUITY	**202,995,465**	169,787,717
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 210,088,249**	$ 172,044,476

Nature and continuance of operations (note 1)

Authorized on November 29, 2018 by the Board of Directors for issuance.

/s/ Charles Jeannes
Charles Jeannes, Director

/s/ David Stephens
David Stephens, Director

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

ORLA MINING LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Presented in Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2018	2017	**2018**	2017
EXPENSES				
Depreciation (note 4)	**$ 5,657**	$ 1,724	**$ 8,489**	$ 6,002
Management and directors' fees (note 9)	**434,250**	209,363	**878,000**	550,838
Office and administrative	**234,749**	142,937	**666,933**	609,655
Professional fees	**288,696**	80,409	**777,548**	498,410
Property investigation	**44,891**	192,707	**90,734**	292,496
Public and community relations	**124,651**	155,854	**333,574**	507,311
Regulatory and transfer agent	**18,549**	5,923	**72,672**	80,076
Rent	**37,959**	20,356	**94,559**	68,961
Salaries and benefits	**183,784**	162,532	**456,293**	573,191
Share-based payments	**596,466**	821,409	**2,920,249**	2,885,725
Travel	**76,322**	74,991	**225,799**	313,560
	2,045,974	1,868,205	**6,524,850**	6,386,225
OTHER EXPENSES (INCOME)				
Interest income	**(133,620)**	(50,449)	**(336,580)**	(152,255)
Interest accretion (note 7)	**149,119**	—	**305,929**	—
Finance costs	**3,585**	3,793	**11,904**	12,278
Foreign exchange loss (gain)	**10,687**	472,681	**(141,754)**	820,292
NET LOSS (INCOME) FOR THE PERIOD	**$ 2,075,745**	$ 2,294,230	**$ 6,364,349**	$ 7,066,540
OTHER COMPREHENSIVE LOSS (INCOME)				
Items that may in future periods be reclassified to profit or loss				
Foreign currency differences arising on translation of foreign operations	**(350,799)**	4,434,635	**(7,273,777)**	8,257,705
TOTAL COMPREHENSIVE LOSS (INCOME)	**$ 1,724,946**	$ 6,728,865	**$ (909,928)**	$ 15,324,245
Loss per share - basic and diluted	**0.01**	0.02	**0.04**	0.06
Weighted average number of common shares outstanding (millions)	**179.2**	128.3	**176.0**	126.3

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

ORLA MINING LTD.

Condensed Interim Consolidated Statements of Cash Flow
(Unaudited – Presented in Canadian Dollars)

Cash flows provided by (used in):	Three months ended September 30 2018	Three months ended September 30 2017	Nine months ended September 30 2018	Nine months ended September 30 2017
OPERATING ACTIVITIES				
Net income (loss) for the period	**$ (2,075,745)**	$ (2,294,230)	**$ (6,364,349)**	$ (7,066,540)
Adjustments for items not affecting cash:				
Depreciation	**5,658**	1,724	**8,489**	6,002
Share-based compensation	**596,466**	821,409	**2,920,249**	2,885,725
Interest accretion	**149,119**	—	**305,929**	—
Changes in non-cash working capital				
Accounts receivable	**7,515**	232,197	**98,441**	264,874
Prepaid expenses	**46,041**	(173,052)	**180,299**	(519,215)
Accounts payable and accrued liabilities	**(98,841)**	(275,976)	**(110,881)**	(1,226,203)
Cash used in operating activities	**(1,369,787)**	(1,687,928)	**(2,961,823)**	(5,655,357)
FINANCING ACTIVITIES				
Proceeds on issuance of common shares, net of share issuance costs	—	100,585	**29,171,289**	844,180
Advance from Goldcorp Inc. (note 7)	**3,010,874**	—	**6,928,157**	—
Cash provided by financing activities	**3,010,874**	100,585	**36,099,446**	844,180
INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets	**(7,271,122)**	(2,056,411)	**(18,031,411)**	(6,571,239)
Purchase of equipment	**(107,653)**	(10,638)	**(172,557)**	(40,817)
Reclamation deposits funded	**(4,113)**	—	**(4,113)**	—
Cash used in investing activities	**(7,382,888)**	(2,067,049)	**(18,208,081)**	(6,612,056)
Effects of exchange rate changes on cash	**(60,654)**	(15,394)	**55,243**	(36,414)
Net increase (decrease) in cash	**(5,802,455)**	(3,669,786)	**14,984,785**	(11,459,647)
Cash, beginning of period	**26,929,518**	18,145,288	**6,142,278**	25,935,149
Cash, end of period	**$ 21,127,063**	$ 14,475,502	**$ 21,127,063**	$ 14,475,502

Cash consist of:	2018	2017
Bank current accounts and cash on hand	$ 21,104,063	$ 14,475,502
Short term highly liquid investments	23,000	—
Cash	$ 21,127,063	$ 14,475,502

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

(Unaudited – Presented in Canadian Dollars)

	Share capital		Reserves								
	Number of shares	Amount	Bonus shares	Options	Warrants	Restricted share units	Deferred share units	Total	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2016	116,498,572	$128,139,781	$ —	$ 1,655,150	$10,330,332	$ —	$ —	$ 11,985,482	$ (5,059,078)	$ 1,285,599	$ 136,351,784
Exercise of warrants	11,708,000	1,132,880	—	—	(354,480)	—	—	(354,480)	—	—	778,400
Exercise of stock options	213,000	147,626	—	(81,846)	—	—	—	(81,846)	—	—	65,780
Share-based payments	—	—	63,700	2,822,025	—	—	—	2,885,725	—	—	2,885,725
Net loss	—	—	—	—	—	—	—	—	(7,066,540)	—	(7,066,540)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(8,257,705)	(8,257,705)
Balance at September 30, 2017	128,419,572	$129,420,287	$ 63,700	$ 4,395,329	$ 9,975,852	$ —	$ —	$ 14,434,881	$ (12,125,618)	$ (6,972,106)	$ 124,757,444
Balance at December 31, 2017	160,441,213	$174,435,785	$ 118,300	$ 4,944,181	$14,113,384	$ —	$ —	$ 19,175,865	$ (14,984,344)	$ (8,839,589)	$ 169,787,717
Private placement	17,581,200	27,803,272	—	—	2,963,828	—	—	2,963,828	—	—	30,767,100
Share issue costs	—	(1,777,232)	—	—	—	—	—	—	—	—	(1,777,232)
Shares issued for debt settlement	147,702	206,783	—	—	—	—	—	—	—	—	206,783
Exercise of warrants	387,500	63,735	—	—	(18,485)	—	—	(18,485)	—	—	45,250
Exercise of stock options	657,000	333,157	—	(196,987)	—	—	—	(196,987)	—	—	136,170
Share-based payments	—	—	163,800	2,462,297	—	69,152	225,000	2,920,249	—	—	2,920,249
Net loss	—	—	—	—	—	—	—	—	(6,364,349)	—	(6,364,349)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	7,273,777	7,273,777
Balance at September 30, 2018	179,214,615	$201,065,500	$ 282,100	$ 7,209,491	$17,058,727	$ 69,152	$ 225,000	$ 24,844,470	$ (21,348,693)	$ (1,565,812)	$ 202,995,465

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Orla Mining Ltd. was incorporated in Alberta in 2007 and was continued into British Columbia in 2010 and subsequently into Ontario under the Business Corporations Act (Ontario) in 2014. The "Company", "Orla", "we", and "our" refer to Orla Mining Ltd. and its subsidiaries.

The head office, principal address, registered office, and records office of the Company are located at Suite 1240, 1140 West Pender Street, Vancouver, British Columbia, Canada.

The Company is engaged in the acquisition, exploration, and development of mineral properties, and holds two material gold projects with near-term production potential – the Camino Rojo gold and silver project in Zacatecas State, Mexico, and the Cerro Quema gold project in Panama. In January 2018, the Company entered into an option agreement to acquire up to 100% of the Monitor Gold exploration project in Nevada.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2018, the Company had not advanced any of its properties to commercial production and was not able to fund day-to-day activities through operations. The Company's continuation as a going concern is dependent upon successful results from our mineral exploration activities and our ability to attain profitable operations and generate cash, or raise equity capital or borrowings sufficient to meet current and future obligations. We expect to fund operating costs of the Company over the next twelve months with cash on hand and with further equity financings.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 «Interim Financial Reporting» and do not include all of the information required for full annual financial statements.

The Board of Directors approved these condensed interim consolidated financial statements for issue, on November 29, 2018.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These condensed interim consolidated financial statements are presented in Canadian dollars and include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated upon consolidation.

(Unaudited – Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2017, except as described in (a) and (b) below.

In preparing these condensed interim consolidated financial statements, the significant judgements we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2017.

You should read these condensed interim consolidated financial statements in conjunction with the Company's annual audited consolidated financial statements as at and for the years ended December 31, 2017 and 2016.

(a) IFRS 9 «Financial Instruments»

Effective January 1, 2018, we adopted a new standard, IFRS 9 «Financial Instruments», retrospectively.

IFRS 9 introduced a revised model for classification and measurement. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39 «Financial Instruments: Recognition and Measurement». The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements.

We completed an assessment of our financial instruments as at January 1, 2018, and determined that neither the classifications used for, nor the measurement of, our financial instruments were materially impacted by adopting this standard. The adoption of this new standard had no material impact on the financial position, changes in financial position, or results of operations in any period previously presented.

IFRS 9 amends some of the requirements of IFRS 7 «Financial Instruments: Disclosures», and now includes added disclosures about investments in equity instruments measured at FVOCI, and guidance on the measurement of financial liabilities and the derecognition of financial instruments.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	IAS 39	**IFRS 9**
Financial assets:		
Cash	Fair value through profit or loss	Fair value through profit or loss
Accounts receivable	Loans and receivables	Amortized cost
Financial liabilities:		
Accounts payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

As a result of the adoption of IFRS 9, we updated our accounting policy for financial assets as follows:

<u>Financial instruments</u>

Financial assets

Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

<u>Financial assets at FVTPL</u>

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

<u>Financial assets at FVTOCI</u>

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

<u>Financial assets at amortized cost</u>

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

<u>Impairment of financial assets at amortized cost</u>

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

(b) IFRS 15 «Revenue from Contracts with Customers»

The new accounting standard, IFRS 15 «Revenue from Contracts with Customers», contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, and if so, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced, which may affect the amounts or timing of revenue recognized.

We adopted IFRS 15 and its related clarifications effective January 1, 2018.

The adoption of this standard did not have a material impact on the financial position, changes in financial position or results of operations of the Company.

(c) New Accounting Standards Not Yet Adopted

In January 2016, the International Accounting Standards Board published a new standard, IFRS 16 «Leases», eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a very low value. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rental payments are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

To prepare for this standard, our accounting staff have begun initial training and we have commenced building a database of existing agreements which may contain leases as defined in the new standard, and reviewing contracts which may be affected by the change. We have not yet concluded the potential effects of this new standard to our financial position, changes in financial position, and results of operations.

(Unaudited – Presented in Canadian Dollars)

4. EQUIPMENT

		Equipment		Vehicles		Computer equipment		Office equipment		Total
Cost										
At December 31, 2017	$	273,113	$	26,624	$	98,035	$	13,160	$	410,932
Additions		106,192		—		46,859		19,505		172,556
Effect of movements in exchange rates		9,552		731		3,197		664		14,144
At September 30, 2018	$	388,857	$	27,355	$	148,091	$	33,329	$	597,632
Accumulated depreciation										
At December 31, 2017	$	119,109	$	3,661	$	46,402	$	7,443	$	176,615
Charged in the period		58,560		8,537		29,290		1,936		98,323
Effect of movements in exchange rates		3,410		116		1,318		235		5,079
At September 30, 2018	$	181,079	$	12,314	$	77,010	$	9,614	$	280,017
Net book value										
At December 31, 2017	$	154,004	$	22,963	$	51,633	$	5,717	$	234,317
At September 30, 2018	$	207,778	$	15,041	$	71,081	$	23,715	$	317,615

The depreciation related to mineral properties was capitalized to exploration and evaluation asset as follows:

	Three months ended September 30				Nine months ended September 30			
		2018		**2017**		**2018**		**2017**
Depreciation expense	$	5,657	$	1,724	$	8,489	$	6,002
Capitalized to exploration and evaluation		29,099		43,820		91,890		141,970
Depreciation charged in the period	$	38,357	$	45,544	$	100,379	$	147,972

(Unaudited – Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Three months ended September 30, 2018	Cerro Quema Project	Camino Rojo Project	Monitor Gold Project	Total
At June 30, 2018	$ 121,514,198	$ 58,661,911	$ 564,502	$ 180,740,611
Additions during the period				
Acquisition costs	—	—	86,138	86,138
Assays and analysis	185,931	194,464	—	380,395
Community and government	—	53,911	—	53,911
Consulting	3,603	—	42,143	45,746
Depreciation	27,892	1,207	—	29,099
Drilling	291,698	828,407	—	1,120,105
Engineering	—	171,589	—	171,589
Environmental	—	130,507	—	130,507
Geological and geophysical	280,995	286,087	172,124	739,207
Land and water access fees	—	819,300	—	819,300
Land tenure fees	—	1,247,840	—	1,247,840
Project management	—	40,000	—	40,000
Rentals and supplies	149,507	393,400	—	542,907
Repairs and maintenance	29,927	—	—	29,927
Salaries and benefits	444,102	90,077	—	534,179
Transportation	—	80,023	8,489	88,512
Travel	125,246	66,438	44,331	236,015
Value added taxes	—	238,494	—	238,494
	1,538,901	4,641,745	353,225	6,533,871
Effect of movements in exchange rates	(2,122,979)	2,640,079	—	517,100
At September 30, 2018	$ 120,930,120	$ 65,943,735	$ 917,727	$ 187,791,582

(Unaudited – Presented in Canadian Dollars)

Nine months ended September 30, 2018	Cerro Quema Project	Camino Rojo Project	Monitor Gold Project	Total
At December 31, 2017	$ 112,548,573	$ 52,012,078	$ —	$ 164,560,651
Additions during the period				
Acquisition costs	—	230,279	501,205	731,484
Assays and analysis	463,646	393,508	—	857,154
Community and government	—	96,423	—	96,423
Consulting	39,876	31,550	85,751	157,177
Depreciation	89,835	2,055	—	91,890
Drilling	1,097,568	1,167,493	—	2,265,061
Engineering	—	373,081	—	373,081
Environmental	—	221,613	—	221,613
Geological and geophysical	1,012,758	1,167,384	262,577	2,442,719
Land and water access fees	—	1,086,020	—	1,086,020
Land tenure fees	—	2,769,260	—	2,769,260
Project management	—	144,860	—	144,860
Rentals and supplies	495,349	1,014,023	258	1,509,630
Repairs and maintenance	140,009	—	—	140,009
Salaries and benefits	1,594,624	100,266	—	1,694,890
Transportation	—	158,937	11,375	170,312
Travel	404,525	192,804	56,561	653,890
Value added taxes	—	508,241	—	508,241
	5,338,190	9,657,797	917,727	15,913,714
Effect of movements in exchange rates	3,043,357	4,273,860	—	7,317,217
At September 30, 2018	$ 120,930,120	$ 65,943,735	$ 917,727	$ 187,791,582

(Unaudited – Presented in Canadian Dollars)

Three months ended September 30, 2017	Cerro Quema Project	Camino Rojo Project	Blue Quartz Project	Total
At June 30, 2017	$ 111,972,289	$ —	$ 594,145	$ 112,566,434
Additions during the period				
Assays and analysis	(1,037)	—	—	(1,037)
Depreciation	43,820	—	—	43,820
Drilling	678,573	—	—	678,573
Geological and geophysical	312,340	—	—	312,340
Rentals and supplies	178,392	—	—	178,392
Repairs and maintenance	69,717	—	—	69,717
Salaries and benefits	627,933	—	—	627,933
Community and government	6,863	—	—	6,863
Travel	183,631	—	—	183,631
	2,100,232	—	—	2,100,232
Effect of movements in exchange rates	(4,414,023)	—	—	(4,414,023)
At September 30, 2017	$ 109,658,498	$ —	$ 594,145	$ 110,252,643

Nine months ended September 30, 2017	Cerro Quema Project	Camino Rojo Project	Blue Quartz Project	Total
At December 31, 2016	$ 111,131,832	$ —	$ 593,676	$ 111,725,508
Additions during the period				
Acquisition costs	—	—	469	469
Assays and analysis	63,212	—	—	63,212
Depreciation	141,970	—	—	141,970
Drilling	1,184,404	—	—	1,184,404
Geological and geophysical	1,845,929	—	—	1,845,929
Rentals and supplies	798,868	—	—	798,868
Repairs and maintenance	226,288	—	—	226,288
Salaries and benefits	1,864,446	—	—	1,864,446
Community and government	6,863	—	—	6,863
Travel	580,760	—	—	580,760
	6,712,740	—	469	6,713,209
Effect of movements in exchange rates	(8,186,074)	—	—	(8,186,074)
At September 30, 2017	$ 109,658,498	$ —	$ 594,145	$ 110,252,643

(a) Camino Rojo Project

In November 2017, we acquired the Camino Rojo Project, a gold and silver oxide heap leach project located in Zacatecas State, Mexico, from Goldcorp Inc. by:

- issuing 31,860,141 common shares of Orla,
- granting to Goldcorp a 2% net smelter royalty (the "Royalty") on the sale of all metal production from Camino Rojo, and
- paying certain obligations, including Mexican value-added taxes, of approximately $4,922,860.

In addition, the Company and Goldcorp entered into an option agreement regarding the potential development of sulphide operations at Camino Rojo. Pursuant to the option agreement, Goldcorp will, subject to the applicable sulphide project meeting certain thresholds, have an option to acquire a 60% or 70% interest in the applicable sulphide project. The Royalty excludes revenue on the sale of metals produced from a sulphide project where Goldcorp has exercised its Sulphide Option.

We maintain a right of first refusal on the sale if Goldcorp elects to sell the Royalty, in whole or in part.

(b) Cerro Quema Project

In December 2016, we acquired the Cerro Quema Project by acquiring Pershimco Resources Inc. through the issuance of a combination of Orla common shares and warrants, and the assumption of Pershimco's long term debt, which we promptly paid off.

The Cerro Quema Project is located on the Azuero Peninsula in Los Santos Province, in south western Panama, about 45 kilometres southwest of the city of Chitre. The project is at the exploration and development stage for a proposed open pit mine with process by heap leaching. We own the mineral rights as well as the surface rights over the current mineral resources areas, proposed mine development areas, and priority drill target areas. Related mineral concession renewals are pending.

(c) Monitor Gold Project

On January 25, 2018, we entered into an agreement to acquire up to a 100% interest in the Monitor Gold project (the "Project") consisting of 340 claims covering approximately 2,800 hectares in central Nevada, USA.

Pursuant to the terms of the agreement, the Company is required to make an advance royalty payment of US$5,000 on execution of the agreement (paid), and advance royalty payments in the aggregate amount of US$525,000 (as allocated in varying amounts per year in the agreement) until the 10th anniversary date, and US$100,000 on the 11th anniversary date and each anniversary date thereafter. The Company has annual work commitments totaling US$155,000 for the first four years of the lease, and US$100,000 for the fifth year and each year thereafter. We have also agreed to make payments of US$50,000, US$150,000 and US$250,000, on each of the first, third and fifth anniversary dates, respectively, with such payments to be satisfied in cash or through the issuance of common shares of the Company, which number of shares will be issued based on the closing price on the trading day preceding the applicable anniversary date.

(Unaudited – Presented in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Trade payables	$ 815,910	$ 598,194
Payroll related liabilities	358,349	473,532
Accrued liabilities	879,934	682,742
Due to related parties (note 9)	9,354	387,420
Other liabilities	119,233	114,871
	$ 2,182,780	$ 2,256,759

7. LOAN PAYABLE

Pursuant to our agreement with Goldcorp for the acquisition of the Camino Rojo project (note 5(a)), Goldcorp agreed to pay for land holding costs as they are incurred on the Camino Rojo project, from November 7, 2017 until December 31, 2019. Such amounts received from Goldcorp are treated as tranches of an interest free loan. The loan is to be repaid upon the declaration of commencement of commercial production of a heap leach operation at Camino Rojo. At our option, we may repay any amounts owing to Goldcorp, earlier than that time, in the form of a lump sum cash payment, the issuance of common shares of the Company, or a combination of cash and shares, with the limitation that the total number of shares issued to Goldcorp to repay the loan may not result in Goldcorp holding more than 19.99% of the issued common shares of the Company.

	Three months ended September 30, 2018			Nine months ended September 30, 2018		
	MXN	MXN	CAD	MXN	MXN	CAD
	Undiscounted	Discounted		Undiscounted	Discounted	
Balance, begin of period	59,401,381	39,854,698	$ 2,624,472	—	—	$ —
Advances received	43,146,831	29,301,100	2,021,584	102,548,212	66,817,346	4,495,630
Repayments made	—	—	—	—	—	—
Accretion	—	2,189,798	149,883	—	4,528,250	306,693
Foreign exchange	—	—	114,065	—	—	107,681
At September 30, 2018	102,548,212	71,345,596	$ 4,910,004	102,548,212	71,345,596	$ 4,910,004

Comparative figures for 2017 are not presented as the loan was not outstanding during any periods in 2017.

Subsequent to September 30, 2018, the Company received a further US$1,011,260 from Goldcorp pursuant this loan agreement.

Because the loan is non-interest bearing, for accounting purposes we estimated the fair value of the loan advances at the dates of each advance by using a risk-adjusted discount rate of 14.6%. The differences between the amount received and the loan obligations recognized were recorded as reductions of exploration and evaluation assets.

8. SHARE CAPITAL

(a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(b) Issued Share Capital

During nine months ended September 30, 2018:

- On January 17, 2018, the Company issued 147,702 common shares of the Company as settlement for $206,783 of accounts payable.
- On February 15, 2018, the Company completed a brokered financing of 17,581,200 units at a price of $1.75 for gross proceeds of $30,767,100. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant may be exercised to purchase one additional common share at an exercise price of $2.35 at any time prior to February 15, 2021.

  We estimated the grant date fair value of warrants issued with the financing (using a Black-Scholes option pricing model assuming a risk-free interest rate of 1.80%, an expected life of 3 years, an expected volatility of 50%, and an expected dividend yield of nil) at $2,963,828, and recorded this value in warrant reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining $27,803,272 was recorded as share capital.

  In connection with this financing, we incurred share issuance costs of $1,775,697.
- 387,500 warrants were exercised for proceeds of $45,250.
- 657,000 stock options were exercised for proceeds of $136,170.

(Unaudited – Presented in Canadian Dollars)

(c) Warrants

The following summarizes information about warrants outstanding at September 30, 2018:

Expiry date	Exercise price	December 31, 2017	Issued	Exercised	Cancelled	September 30, 2018
February 15, 2018	$ 0.10	375,000	—	(375,000)	—	—
October 13, 2018	$ 1.75	865,668	—	—	—	865,668
December 6, 2018	$ 2.00	5,825,160	—	—	—	5,825,160
February 15, 2021	$ 2.35	—	8,790,600	—	—	8,790,600
July 8, 2021	$ 0.62	6,850,000	—	(12,500)	—	6,837,500
November 7, 2022	$ 1.40	3,000,000	—	—	—	3,000,000
Total number of warrants		16,915,828	8,790,600	(387,500)	—	25,318,928
Weighted average exercise price		$ 1.28	$ 2.35	$ 0.12		$ 1.67

Subsequent to September 30, 2018, the 865,668 warrants with a maturity date of October 13, 2018, expired unexercised.

(d) Stock Options

On June 27, 2018, the Company's shareholders approved an amended Stock Option Plan (the "2018 Amended Plan") applicable to directors, officers, employees and consultants, under which the maximum number of stock options which may be outstanding at any time is limited to 10% of the outstanding common shares of the Company at that time. Under this 2018 Amended Plan, a stock option's maximum term is limited to ten years from the grant date.

During the nine months ended September 30, 2018:

- On May 31, 2018, the Company granted 1,050,000 stock options with an exercise price of $1.25 to certain officers and consultants. The options are exercisable for a period of five years. One third of these stock options vested on the date of grant and one-third will vest on each of May 31, 2019 and May 31, 2020.
- On June 27, 2018, the Company granted 1,641,504 stock options with an exercise price of $1.25 to certain directors, officers, employees and consultants. These stock options are exercisable for a period of five years. One third vested on the date of grant and one third will vest on each of June 27, 2019 and June 27, 2020.
- On September 10, 2018, the Company granted 150,000 stock options with an exercise price of $1.25 to an employee. The options are exercisable for a period of five years. One third vested on the date of grant and one-third will vest on each of September 10, 2019 and September 10, 2020.
- 337,248 stock options with exercise prices ranging from $0.81 to $3.53 expired unexercised.

The estimated grant date fair value of the options granted during the nine months ended September 30, 2018 and 2017 was calculated using a Black-Scholes option pricing model with the following weighted average assumptions: volatility 50%, expected life 5 years, risk free interest rate 1.97%, and expected dividend yield of nil (nine month ended September 30, 2017 – volatility 232%, expected life 5 years, risk free interest rate 1.07%, and expected dividend yield of nil).

(Unaudited – Presented in Canadian Dollars)

Stock options outstanding and exercisable at September 30, 2018:

Expiry date	Exercise price	Number outstanding	Number exercisable	Estimated grant date fair value (each)	Remaining life (years)
October 1, 2019	$ 1.48	66,500	66,500	$ 1.28	1.0
November 27, 2020	0.15	775,000	775,000	0.20	2.2
December 3, 2020	0.82	76,000	76,000	1.34	2.2
June 23, 2022	1.39	4,365,000	2,910,003	1.38	3.7
May 31, 2023	1.25	1,050,000	350,000	0.57	4.7
June 27, 2023	1.25	1,641,505	547,174	0.57	4.7
September 10, 2023	1.25	150,000	50,000	0.57	5.0
Total number of options		8,124,005	4,774,677		

During the nine months ended September 30, 2018, the Company recognized share-based payments expense arising from stock options of $2,462,297 (nine months ended September 30, 2017 – $2,822,025).

(e) Bonus Shares

On June 26, 2017, the Company's Board of Directors approved the issuance of up to 500,000 common shares to the non-executive Chairman of the Company as bonus shares. The bonus shares are subject to a vesting period from June 19, 2017 to June 18, 2020 (the "Eligibility Period"). If the non-executive Chairman ceases to be the director of the Company before the Eligibility Period ends, the bonus shares shall be forfeited. The bonus shares will become issuable on the date that the non-executive Chairman ceases to act as a director of the Company after the Eligibility Period, or upon a change of control of the Company.

The Company estimated the fair value of the bonus shares ($1.31 each) based on the market price of the common shares at the date of the approval. Accordingly, the amount of $655,000 is being recognized evenly over the Eligibility Period.

Subsequent to September 30, 2018, the Company issued 1,000,000 bonus shares to an officer and director. The bonus shares vest upon the achievement of certain share price thresholds.

(f) Restricted Share Units

On June 27, 2018, the Board approved a Restricted Share Unit ("RSU") Plan. The purposes of the RSU Plan are to help retain key employees by providing them with the opportunity to acquire Company shares to permit them to participate in the growth and development of the Company, and, through the acquisition of shares in the Company under the RSU Plan, to better align their interests with the long-term interests of the shareholders of the Company. The Board of Directors sets the terms of incentive awards under the RSU Plan. The maximum number of common shares available for issuance under the RSU Plan is 3,000,000. Upon vesting, the Company has the option to settle RSUs by issuing common shares of the Company, or cash.

(Unaudited – Presented in Canadian Dollars)

During the nine months ended September 30, 2018:

- On June 27, 2018, the Company granted 348,000 RSUs to eligible participants. One third of these RSUs each vest on June 27^{th} of 2019, 2020, and 2021.
- On September 10, 2018, the Company granted 20,000 RSUs to eligible participants. One third of these RSUs each vest on September 10^{th} of 2019, 2020, and 2021.

During the nine months ended September 30, 2018, the Company recognized an expense of $69,152 in respect of these awards (September 30, 2017 – $nil).

(g) Deferred Share Units

On June 27, 2018, the Board adopted a Deferred Share Unit ("DSU") Plan for the purposes of strengthening the alignment of interests between directors and shareholders by linking a portion of annual director compensation to the future value of the Company's common shares, in lieu of cash compensation. DSU awards vest immediately upon grant date; however, DSUs are only redeemable when the DSU holder ceases to be a director of the Company.

The maximum number of common shares available for issuance under the DSU Plan is 2,000,000.

During the nine months ended September 30, 2018, the Company granted 180,000 DSUs to directors, and recognized an expense of $225,000 in respect of these awards.

At September 30, 2018, all 180,000 of these DSUs had vested but none had been redeemed.

9. RELATED PARTY TRANSACTIONS

The Company's related parties include:

Related party	**Nature of the relationship**
Key management personnel	Officers and directors of the Company.
Pref-Ex Geological Inc.	Private company controlled by the former Chief Executive Officer of the Company.
Hans Smit P.Geo Inc.	Private company controlled by Chief Operating Officer of the Company.
Quantum Advisory Partners LLP ("Quantum")	Registered limited liability partnership, of which the former CFO is an incorporated partner. Quantum provides bookkeeping and accounting services to the Company at agreed monthly quantities and rates, with additional charges for excess usage. Pricing is at normal commercial terms, at prices negotiated annually. We share office space with Quantum. Quantum ceased to be a related party on April 30, 2018.

(Unaudited – Presented in Canadian Dollars)

(a) Key Management Personnel

Compensation to key management personnel was as follows:

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Short term incentive plans				
Salaries, management fees, and directors' fees	**$ 434,250**	$ 209,363	**$ 878,000**	$ 450,838
Consulting fees	**—**	—	**—**	100,000
Professional fees	**—**	2,646	**—**	102,646
	434,250	212,009	**878,000**	653,484
Post-employment benefits	**—**	—	**—**	—
Other long term benefits	**—**	—	**—**	—
Termination benefits	**—**	—	**—**	—
Share based payments	**959,856**	636,086	**2,694,932**	2,197,811
Total	**$ 1,394,106**	$ 848,095	**$ 3,572,932**	$ 2,851,295

Included within management fees for the three and nine months ended September 30, 2018 is an accrual in the amount of $210,000 (three and nine months ended September 30, 2017 – $nil) in respect of year end short term incentive plans.

(b) Other Related Party Transactions

There were no transactions with related parties other than key management personnel during the three and nine months ended September 30, 2017 and 2018.

(c) Outstanding Balances at the Reporting Date

At September 30, 2018, the balances due to the Company's directors and officers were included in accounts payables and accrued liabilities and totaled $9,354 (December 31, 2017 – $387,420). These amounts are unsecured, non-interest bearing and are payable on demand.

(Unaudited – Presented in Canadian Dollars)

10. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties in four geographic regions: Canada, the United States, Panama and Mexico.

The Company's long-lived assets are as follows:

	Canada	USA	Panama	Mexico	**Total**
At September 30, 2018					
Reclamation deposits	$ —	$ —	$ 193,431	$ —	**$ 193,431**
Equipment	21,754	—	136,908	158,953	**317,615**
Exploration and evaluation assets	—	917,727	120,930,120	65,943,735	**187,791,582**
	$ 21,754	$ 917,727	$ 121,260,459	$ 66,102,688	**$ 188,302,628**

	Canada	USA	Panama	Mexico	**Total**
At December 31, 2017					
Reclamation deposits	$ —	$ —	$ 188,259	$ —	**$ 188,259**
Equipment	10,475	—	218,967	4,875	**234,317**
Exploration and evaluation assets	—	—	112,548,573	52,012,078	**164,560,651**
	$ 10,475	$ —	$ 112,955,799	$ 52,016,953	**$ 164,983,227**

11. CAPITAL MANAGEMENT

Our objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of our mineral properties and to maintain a flexible capital structure. In the management of capital, we include long term loans and share capital.

There were no changes to our policy for capital management during the nine months ended September 30, 2018.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the Company's capital structure, we may issue new shares, acquire or dispose of assets, or adjust the amount of cash and short-term investments. In order to maximize ongoing development efforts, we do not currently pay dividends. The Company and its subsidiaries are not subject to any externally imposed capital requirements.

Loan advances from Goldcorp are used within a few weeks of receipt to pay land holding costs pursuant to the loan agreement governing these advances.

Our investment policy is to invest the Company's excess cash in very low risk financial instruments such as term deposits and higher yield savings accounts with major Canadian banks. By using this strategy, the Company preserves its cash resources and is able to marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

(Unaudited – Presented in Canadian Dollars)

Our ability to carry out our long range strategic objectives in future periods depends on our ability to raise financing from lenders, shareholders and other investors. We continue to regularly review and consider financing alternatives to fund the Company's ongoing exploration and development activities.

12. FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

To provide an indication of the reliability of the inputs used in determining fair value, we classify our financial instruments into the three levels prescribed by the accounting standards.

Level 1 The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices as at the reporting date. The quoted market price used for financial assets held by the Company is the closing trading price on the reporting date. Such instruments are included in Level 1.

Level 2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, we include that instrument in Level 2.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. We have no financial assets or liabilities included in Level 3 of the hierarchy.

At September 30, 2018, the carrying values and fair values of our financial instruments by category were as follows:

	FVTPL	Amortized cost	Carrying value	Fair value	Hierarchy
Financial assets					
Cash	$ 21,127,063	$ —	$ 21,127,063	$ 21,127,063	Level 1
Accounts receivable	—	361,768	361,768	361,768	Level 2
Total financial assets	$ 21,127,063	$ 361,768	$ 21,488,831	$ 21,488,831	
Financial liabilities					
Trade payables		$ 825,264	$ 825,264	$ 825,264	
Loan payable		4,910,004	4,910,004	4,910,004	
Total financial assets		$ 5,735,268	$ 5,735,268	$ 5,735,268	

The carrying values of trade payables and the loan payable approximate fair value.

Our policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. As at September 30, 2018, we had no financial assets or financial liabilities which we measured at fair value on a non-recurring basis.

(b) Financial Risk Management

(i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to financial instruments fails to meet its contractual obligations. The Company's exposure to credit risk includes cash.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper. We believe that the credit risk related to our cash is negligible.

Our maximum exposure to credit risk is the carrying value of our financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. We manage liquidity by anticipating and maintaining adequate cash balances to meet liabilities as they become due.

(iii) Market risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

(A) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our cash and cash equivalents are held mainly in higher yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values compared to carrying value.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A one percent change in interest rates on cash and cash equivalents outstanding at September 30, 2018 would result in a change of approximately $210,000 to the Company's net loss for the nine months ended September 30, 2018.

The Company's loan payable is not subject to interest rate risk as it is non-interest bearing.

(B) Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. We have not entered into any foreign currency contracts or similar arrangements to mitigate this risk.

The Company's cash, sales taxes recoverable, and accounts payable and accrued liabilities are held in Canadian dollars ("CAD"), US dollars ("USD"), and Mexican pesos ("MXN"). As such, our US- and Mexican-currency accounts and balances are subject to fluctuation against the Canadian dollar.

We had the following balances in foreign currency as at September 30, 2018:

	CAD	USD	MXN
Cash	$ 17,347,133	$ 2,822,541	$ 2,002,430
Value added tax recoverable	16,211	17,092	–
Accounts payable and accrued liabilities	(695,476)	(947,700)	(4,372,413)
Loan payable	–	–	(71,345,597)
Total foreign currency	16,667,868	1,891,933	(73,715,580)
Exchange rate	1.0000	1.2895	0.0688
Equivalent Canadian dollars	$ 16,668,000	$ 2,440,000	$ (5,072,000)

Based on the above net exposures as at September 30, 2018, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and MXN would increase/decrease profit or loss by approximately $260,000.

(C) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is also exposed to price risks related to fuel and electricity, but such risks are not currently material to our financial results.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to September 30, 2018:

- On November 1, 2018, the Company graduated its listing from the TSX Venture Exchange and commenced trading on the TSX Exchange.
- On October 22, 2018, the Company received a further US$1,011,260 from Goldcorp pursuant the loan agreement. note 7
- On October 13, 2018, a total of 865,668 warrants expired unexercised. note 8(c)

- On November 12, 2018, the Company issued to an officer and director 1,000,000 stock options with a five year maturity, and 1,000,000 bonus shares which vest upon the achievement of certain share price thresholds. note 8(e)