MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2018

Background

This Management's Discussion and Analysis ("MD&A") of Orla Mining Ltd. (the "Company" or "Orla") provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition for the six months ended June 30, 2018. This MD&A supplements the unaudited consolidated interim financial statements of the Company and the notes thereto for the six months ended June 30, 2018, which was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's audited consolidated financial statements and corresponding notes for the fiscal year ended December 31, 2017 and related MD&A. This MD&A is prepared as of August 23, 2018.

Except as otherwise disclosed, all dollar figures included herein are quoted in Canadian dollars. The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

Orla is a mineral exploration company led by a group of seasoned mining executives with strong financial backing. The Company's focus is the acquisition of mineral exploration and producing assets where Orla's exploration and development expertise can substantially increase shareholder value. Orla has two material gold projects with near-term production potential based on open pit mining and heap leaching: the Camino Rojo gold and silver project in Zacatecas State, Mexico and the Cerro Quema gold project in Panama (refer to *Property Descriptions* below for further details). Both projects have good infrastructure, including paved road access, supportive local communities, and under-explored land package.

The Company was incorporated under the Business Corporations Act of Alberta on May 31, 2007 as a Capital Pool Company as defined by Policy 2.4 of the TSX Venture Exchange. The Company was continued into British Columbia under the Business Corporations Act in 2010 and subsequently into Ontario under the Business Corporations Act (Ontario) in 2014. On December 6, 2016, Orla and Pershimco Resources Inc. completed a plan of arrangement under the Canada Business Corporations Act, amalgamated and continued as one company named Orla Mining Ltd.

Orla's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "OLA".

Property Descriptions

Hans Smit, P. Geo, the Company's Chief Operating Officer, is the Qualified Person, as defined by National Instrument 43-101 ("NI 43-101"), who has reviewed and approved the technical information disclosed in this MD&A.

Camino Rojo, Mexico

On November 7, 2017, the Company completed the acquisition of the Camino Rojo Project, a gold and silver oxide heap leach project located in Zacatecas State, Mexico, for consideration to Goldcorp Inc. ("Goldcorp") consisting of 31,860,141 million common shares of Orla and a 2% net smelter royalty (pursuant to an asset purchase agreement dated June 20, 2017, as amended). In addition, Orla and Goldcorp entered into an option agreement regarding the potential development of sulphide operations at Camino Rojo whereby 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. Details of the transaction agreements can be found on Orla's SEDAR profile at www.sedar.com.

In May 2018, the Company announced the results of a NI 43-101 compliant Mineral Resource for the Camino Rojo deposit, and the results of a Preliminary Economic Assessment ("PEA") for the development of an open pit project with heap leaching process to recover the gold and silver mineralization. Details are in an independent technical report for the Camino Rojo Project titled "*Preliminary Economic Assessment NI 43-101 Technical Report on the Camino Rojo Gold Project, Municipality of Mazapil, Zacatecas, Mexico*" dated June 19, 2018 (the "Camino Rojo Report") prepared by Carl E. Defilippi, RM, SME of Kappes Cassiday & Associates ("KCA"), Matthew D. Gray, Ph.D., C.P.G. of Resource Geosciences Incorporated ("RGI") and Michael G. Hester, FAusIMM of Independent Mining Consultants, Inc. ("IMC"). The Camino Rojo Report is available for review under the Company's profile on SEDAR at *www.sedar.com*.

Overview of Camino Rojo

Camino Rojo is a 100% owned advanced-stage project located in the Municipality of Mazapil, State of Zacatecas, Mexico near the village of San Tiburcio. As currently understood, Camino Rojo is comprised of a near-surface oxide gold and silver deposit and a deeper sulphide zone containing gold, silver, zinc and lead mineralization.

The project lies 190km NE of the city of Zacatecas, 48km S-SW of the town of Concepcion del Oro, and 54km S-SE of Goldcorp's Peñasquito Mine.

The Camino Rojo Project consists of eight concessions covering in aggregate 205,936 hectares. Surface rights over the main area of known mineralization are held by the Ejido San Tiburcio. Exploration has been carried out under the authority of agreements between the project operators and the Ejido San Tiburcio. There is a temporary occupation agreement in place with the Ejido San Tiburcio, with the right to expropriate, covering all the area of the mineral resource and area of potential development described in the Camino Rojo Report. Orla has water rights for sufficient volumes of water to develop the project.

Canplats Resources Corporation ("Canplats") initially discovered gold-silver mineralization at Camino Rojo in 2007 during a regional prospecting program. Canplats completed 39,725 metres of drilling in 92 reverse circulation holes and 30 diamond drill holes, largely delineating the shallow oxide mineralization. Canplats also carried out metallurgical studies (18 column tests on 6 composite samples) prior to its acquisition by Goldcorp in 2010. Subsequent to acquiring Camino Rojo in 2010, Goldcorp completed in excess of 250,000 metres of drilling, conducted airborne and ground geophysical surveys and did extensive geological and mineralogical investigations. Numerous metallurgical studies were also conducted, including detailed mineralogical studies, column leach tests on oxide material, size fraction analysis, variability test work and sulphide flotation studies.

Key Highlights

- Oxide/Leach Resources: Measured Mineral Resources and Indicated Mineral Resources total 2.38 million ounces of gold, 41.1 million ounces of silver, 455.8 million pounds of lead, and 814.8 million pounds of zinc. The Inferred Mineral Resource is an additional 120,600 ounces of gold, 874,000 ounces of silver, 7.0 million pounds of lead, and 25.9 million pounds of zinc.

- Sulphide/Mill Resources: Measured Mineral Resources and Indicated Mineral total 7.3 million ounces of gold, 61.3 million ounces of silver, 402.0 million pounds of lead, and 1.46 billion pounds of zinc. The Inferred Mineral Resource is an additional 1.7 million ounces of gold, 15.3 million ounces of silver, 68.1 million pounds of lead, and 310.8 million pounds of zinc.

- Total Measured Mineral Resources and Indicated Mineral Resources for the entire project amounts to 9.6 million ounces of gold, 102.4 million ounces of silver, 857.8 million pounds of lead, and 2.27 billion pounds of zinc. The total Inferred Mineral Resource is an additional 1.8 million ounces of gold, 16.2 million ounces of silver, 75.2 million pounds of lead, and 336.8 million pounds of zinc.

- Large prospective land package: Over 200,000 hectares, with potential to find additional oxide and sulphide mineral resources.

- Ejido agreements for proposed project development and strong community relationships are in place.

Sulphide Option

Orla is the operator of the 100% owned Camino Rojo and has full rights to explore, evaluate, and exploit the property. However, in the event sulphide projects are defined through one or more positive pre-feasibility studies outlining a development scenario as outlined below, Goldcorp will have an option to enter into a joint venture with Orla for the purpose of future exploration, advancement, construction, and exploitation of such sulphide project. The structure of the joint venture will depend on the following circumstances:

a) for sulphide projects where ore from Camino Rojo is processed using the existing infrastructure of Peñasquito, the applicable sulphide project would be operated by Goldcorp, who would hold a 70% interest, with Orla owning 30%; or,

b) for standalone sulphide projects with a mine plan containing at least 500 million tonnes of proven and probable mineral reserves using standalone facilities not associated with Peñasquito, the applicable sulphide project would be operated by Goldcorp, who would hold a 60% interest, with Orla owning 40%.

In the event that Goldcorp exercises its option, Orla has the option to require Goldcorp to finance Orla's share to develop the project. If Goldcorp elects to sell its portion of the sulphide project, in whole or in part, Orla holds a right of first refusal on the sale.

Camino Rojo Mineral Resource Estimates

The mineral resource estimates were prepared by IMC and are documented in the Camino Rojo Report. The Mineral Resource in the Camino Rojo Report includes potential mill resources and potential heap leach resources, which are oxide dominant and are the emphasis of the Camino Rojo Report. The Mineral Resource estimate is based on a block model developed by IMC with an effective date of April 2018.

Summary of the Mineral Resource at Camino Rojo:

M&I Resource	K tonnes	Au (g/t)	Ag (g/t)	Au (Koz)	Ag (Koz)
Leach – Oxide/Trans	100,839	0.734	12.67	2,381	41,091
Mill - Sulphide	254,069	0.889	7.50	7,265	61,286
Total M&I	**354,908**	**0.845**	**8.97**	**9,646**	**102,377**
Total Inferred	65,200	0.867	7.73	1,817	16,208
M&I Resource	**K tonnes**	**Lead (%)**	**Zinc (%)**	**Lead (Mlbs)**	**Zinc (Mlbs)**
Leach – Oxide/Trans	100,389	0.21	0.37	455.8	814.8
Mill - Sulphide	254,069	0.07	0.26	402	1,458.3
Total M&I	**354,908**	**0.11**	**0.29**	**875.8**	**2,273.2**
Total Inferred	65,200	0.05	0.23	75.2	336.8

***Notes*:**
(1) *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*
(2) Mineral resources for mill material is based on prices of $1,400/oz gold, $20/oz silver, $1.05/lb lead, and $1.25/lb zinc.
(3) *Numbers may not add up due to rounding.*
(4) *The NSR cutoff grade for leach resource is US$ 5.06 per tonne. The NSR cutoff grade for mill resource is US$ 13.72 per tonne*
(5) *Effective as of April 27, 2018.*
(6) *The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as indicated or measured mineral resources*

Preliminary Economic Assessment

On May 29, the Company released the results of the Camino Rojo PEA. The PEA is based on near-surface oxide and partly oxidized (transitional) material within the overall mineral resource that can be processed by heap leaching. All mineral resources and the proposed open pit are within Orla mineral concessions. The below table includes the key highlights of the PEA:

PEA Highlights	
Production Rate per Day	18,000 tonnes
Life of Mine	6.6 years
Total Material to Leach Pad	42.5M tonnes
Average Grade Au / Ag (g/t)	0.71 / 13.56
Contained Gold / Silver Ounces	966,000 / 18,517,000
Average Recovery Au / Ag	67% / 15%
Average Annual Gold Production	97,500 ounces
Strip Ratio	0.58
Initial Capex	$125 million
Avg. LOM Production Costs (per tonne of material processed)	$8.02
Total By-Product Cash Cost[1] ($/oz Au)	$499
All-In Sustaining Cost[1] ($/oz Au)	$555
Pre -Tax - Net Present Value (5%) / Internal Rate of Return ("IRR")	$231 million / 38.1%
After-Tax - Net Present Value (5%) / IRR	$121 million / 24.5%
Payback	3.3 years
Gold / Silver Price Assumptions ($/oz)	$1,250 / $17

(1) Includes royalties payable.

Opportunities

Key opportunities for the Camino Rojo project include:

- Based on test work to date, metal recoveries are relatively insensitive to crush size and the same results may be achievable at coarser material sizes, which would result in lower capital and operating costs.

- If an agreement can be reached with the owner of the adjoining claim, there would be an increase in the amount of material that could potentially be mined and processed with similar overall mine and process plan and costs estimates to those used in the PEA.

Risks

Risks for the Camino Rojo project include:

- Metallurgical results for the Camino Rojo project are based on information and data that have been extrapolated from results of historical test work and are speculative due to lack of direct confirmatory test work. There is a risk that the results may be overstated.

- Carbonaceous material with preg-robbing characteristics has been identified, which may reduce overall heap performance and metal recovery if processed.

- Additional studies on the proposed power line to site, including approval from the Mexican CFE, is required to confirm the proposed power line is feasible. Based on the results of these studies, an alternative power supply method may be required which may increase project costs.

Outlook/Future Plans

With the PEA now complete, the Company has commenced feasibility work. Completion of this work is anticipated in the first half of 2019. A 14-hole diamond drill program to acquire material for additional column-leach metallurgical testing has been completed with results underway. Three holes for pit-wall geotechnical studies have also been completed. A program of reverse-circulation ("RC") drilling to explore for water well locations is underway.

Environmental baseline and assessment activities for permitting have been initiated. A Community and Social Responsibility ("CSR") program was started in November of 2017 and activities remain ongoing.

Exploration work to evaluate previously identified targets and develop new targets for gold and silver mineralization on the large land position started in early 2018. As mineralization previously discovered on the property demonstrates, shallow cover can mask extensive near-surface mineralization. Prospective targets will be geologically mapped, sampled and potentially trenched. In the event where initial work on priority target is positive, drilling will be planned.

Two reconnaissance-style IP grids with 400 metre spaced lines were completed over the area of the current deposit and to the west. Results are being evaluated.

Cerro Quema, Panama

The Company's 100% owned Cerro Quema project is located on the Azuero Peninsula in the Los Santos Province of Southwestern Panama, about 45 kilometres southwest of the city of Chitre and about 190 kilometres southwest of Panama City. The project is at the exploration and development stage for a proposed open-pit mine with process by heap leaching. The Company owns mineral rights as well as the surface rights over the areas of the current mineral resources, proposed mine development and the priority drill targets.

Mineral concessions are comprised of three contracts between the Republic of Panama and Minera Cerro Quema S.A., a wholly owned subsidiary of Orla. The original 20-year term for these concessions expired on February 26, 2017 (Contracts 19 and 20) and March 3, 2017 (Contract 21). The Company has applied for the prescribed 10-year extension to these contracts as it is entitled to under Panamanian mineral law. On March 6, 2017, the Ministry of Commerce and Industry provided written confirmation to the Company that the extension applications were received, and that exploration work could continue while the Company waits for the renewal. Orla has also received verbal assurances from government officials that the renewal applications are complete with no outstanding legal issues. On April 26, 2017, the Company received authorization from the Ministry of Environment to drill in two areas outside of the existing permitted drill area. On June 28, 2017, the Company received a permit to use water for drilling. A permit was received on May 8, 2018 to drill in the Sombrero zone and on May 11, 2018 two permits to use water for drilling were received. As of the date of this MD&A, final concession renewals have not been received. An existing permit that allows drilling in the areas of the current mineral resources was extended for two years in May 2018.

The Company owns the surface rights for land required to mine the Cerro Quema mineral reserves and to construct and operate a heap leach facility and part of the land required for proposed upgrades to the project access road.

Details of a mineral resource estimate and a Pre-Feasibility Study for Cerro Quema are presented in an independent technical report for the Cerro Quema Project titled "*Cerro Quema Project – Pre-Feasibility Study on the La Pava and Quemita Oxide Gold Deposits*" dated August 15, 2014 with an effective date of June 30, 2014 (the "Cerro Quema Report") prepared by Eugene Puritch, P. Eng., Richard H. Sutcliffe, P.Geo., Tracy Armstrong, P.Geo., Antoine Yassa, P.Geo., David Burga, P.Geo., Kenneth Kuchling, P.Eng., and Fred Brown, P.Geo., of P&E Mining Consultants Inc., Gene Tortelli, PE, George Lightwood, PE, and David Brown, P.Geo., of Golder Associates Inc., and Mark Gorman, PE of KCA. The Cerro Quema Report is available for review under the Company's profile on SEDAR at *www.sedar.com*.

Cerro Quema Mineral Reserves

Zone	Category	Cut-Off (Au g/t)	Tonnes (Mt)	Au (g/t)	Au (kozs)
La Pava	Proven	0.21	6.82	0.80	176
	Probable	0.21	7.40	0.67	159
	Sub-Total	**0.21**	**14.22**	**0.73**	**335**
Quema	Proven	0.21	-	-	-
	Probable	0.21	5.49	0.86	153
	Sub-Total	**0.21**	**5.49**	**0.86**	**153**
Total	Proven	0.21	6.82	0.80	176
	Probable	0.21	12.89	0.75	312
	Total	**0.21**	**19.71**	**0.77**	**488**

(1) Numbers may not add up due to rounding.
(2) A cut-off grade of 0.21 g/t of gold is used for reporting mineral reserves.
(3) Mineral reserves are estimated at a gold price of US$1,300 per ounce.
(4) Effective as of June 30, 2014.
(5) See NI 43-101 Technical Report "Cerro Quema Project – Pre-Feasibility Study on the La Pava and Quemita Oxide Gold Deposits" published on August 15, 2014 for additional information. A copy of the report is available on the Company's website and on SEDAR at www.sedar.com.

2018 Exploration

Drilling continued at Cerro Quema during the first six months of 2018 with one rig currently in operation. As of the date of this MD&A, approximately 5,000 metres in 19 holes have been drilled in 2018 at Cerro Quema and in the Sombrero zone directly to the north.

The Caballito zone is defined by a 650 to 800 metre-long northwest-southeast trending chargeability anomaly outlined in a 2017 IP survey. It is 350 to 400 metres wide. Highest grade mineralization occurs on the southwest side of the zone and is associated with very low resistivity within the overall chargeability due to very high sulphide content. Widths in excess of 100 metres grading better than 1% copper and associated 0.2 to 0.4 gram per tonne gold have been reported. A summary of all significant intercepts previously reported in 2018 is provided below.

To the northwest of the Caballito zone, the induced polarization ("IP") shows a similar, but steeper dipping, chargeability high and resistor low at depth (200 metres) that could be a down-faulted continuation of the same mineralization. Drilling in this area, known as Sombrero, has recently been started.

Company geologists have re-examined core from sulphide intercepts below the Quemita oxide gold mineral reserve located 1.2 km to the northwest of Caballito and have found indications of Caballito style copper-gold mineralization with low arsenic. The 2018 IP grid was extended northward through this area and 25 line-km of new surveying has just been completed. Results are being modelled and evaluated to develop new drill target.

Hole ID	Zone	East (m)	North (m)	Azimuth	Dip	Depth	From (m)	To (m)	Width (m)	Au g/t	Cu %
CQDH-18-156	Caballito	554266	834599	90	-60	240.0	46.2	193.8	147.6	0.21	0.33
CQDH-18-157	Caballito	554352	834630	90	-60	247.5	9.0	39.0	30.0	0.73	ox
							39.0	52.5	13.5	0.59	-
							75.0	199.5	124.5	0.47	1.54
						including	*94.5*	*127.5*	*33.0*	*0.49*	*2.78*
CQDH-18-158	Caballito	554157	834600	90	-60	351.0	No significant intercept				
CQDH-18-159	Caballito	554320	834475	70	-50	327.0	No significant intercept				
CQDH-18-160	Caballito	554472	834626	90	-60	300.0	39.6	125.4	85.8	0.39	1.44
CQDH-18-161	Caballito	554432	834715	90	-60	229.5	No significant intercept				
CQDH-18-162	Idaida	554389	834902	90	-60	300.0	No significant intercept				
CQDH-18-163	Caballito	554280	834703	90	-60	300.0	4.5	18.0	13.5	0.45	ox
							42.5	190.2	147.7	0.28	1.25
						including	*145.0*	*187.0*	*42.0*	*0.36*	*3.12*
CQDH-18-164	Idaida	554192	834931	90	-60	232.5	0.0	33.0	33.0	0.81	ox
							52.5	96.3	43.8	0.36	ox
							96.3	122.0	25.7	0.52	1.96
							129.5	144.0	14.5	0.35	0.72
CQDH-18-165	Caballito	554642	834604	90	-60	231.0	36.0	45.0	9.0	0.92	0.19
							56.7	78.8	22.1	0.27	0.52
CQDH-18-166	Caballito	554650	834850	250	-65	285.0	56.8	71.0	14.2	0.31	0.32
							80.8	146.0	65.2	0.30	0.83
						including	*81.3*	*93.0*	*11.7*	*0.28*	*2.38*
CQDH-18-167	Idaida	554155	835144	90	-50	295.5	134.5	236.2	101.7	0.10	0.27
						including	*223.5*	*234.0*	*10.5*	*0.16*	*0.76*
CQDH-18-168	Idaida	554151	835146	225	-50	250.5	No significant intercept				
CQDH-18-169	Idaida	554153	835145	60	-50	300.0	128.0	262.0	134.0	0.14	0.62
CQDH-18-170	Idaida	554498	834911	90	-45	232.5	25.5	54.0	28.5	0.30	0.30
CQDH-18-171	Idaida	554498	834911	90	-70	201.0	79.9	84.5	4.6	0.12	0.94
							130.5	135.0	4.5	0.13	1.07

Footnote:
1. All gold and copper values are uncut except for hole CQDH-18-160 where a 7.0% and a 36.0% assay were cut to 3.4% (third highest assay)
2. Widths are shown as intercepted widths
3. Drill results were reviewed and approved by Hans Smit, P.Geo., Chief Operating Officer at Orla Mining Ltd.
4. Data as of August 23, 2018
5. ox = oxide

Pre-Feasibility Study

A Pre-Feasibility Study ("PFS") was completed on the Cerro Quema project in 2014. The PFS was prepared by independent consulting groups KCA; Golder Associates Inc.; and P&E Mining Consultants Inc. The PFS is detailed in the Company's NI 43-101 report dated August 15, 2014 and effective June 30, 2014 entitled "Cerro Quema Project - Pre-Feasibility Study on the La Pava and Quemita Oxide Gold Deposits", which was filed on SEDAR on August 22, 2014.

The report envisions a standard open pit mine with two pits, one at La Pava and one at Quemita (which includes Quema, Quemita and Mesita mineral resources) coupled with a 10,000 ton per day heap leach facility to extract the gold. With an average head grade of 0.77 g/t Au and a crush size of 80% passing minus 50mm, an average gold recovery of 86% was estimated. This would result in 488,000 ounces of gold being produced over a 5.3-year mine life.

Pre-Feasibility Highlights

Pre-Feasibility Highlights	
Production Rate per Day (ore)	10,000 tonnes
Life of Mine	5.3 years
Total Material to Leach Pad	19.7 million tonnes
Average Gold Grade (g/t)	0.77
Contained Gold	487,000 ounces
Average Gold Recovery	86%
Average Annual Gold Production	78,800 ounces
Strip Ratio (waste:ore)	0.72
Initial Capex	$117 million
Avg. LOM Production Costs (per tonne of material processed)	$8.63
Total By-Product Cash Cost ($/oz Au)	$402
After-Tax - Net Present Value (5%) / IRR	$111 million / 33.7%
Payback	2.2 years
Gold Price Assumptions ($/oz)	$1,275

Permitting

To develop a mine at Cerro Quema, a Category 3 environmental permit (ESIA) is required from the Ministry of Environment. An application for this permit was submitted in 2016. The Ministry has completed the technical evaluation of the ESIA. Timing of approval is presently not known. When drilling commenced in January 2017, it was in an area covered by previously issued permits. Since then, the Ministry of Environment has issued Orla permits to drill four new areas, including a permit received on May 8, 2018 to drill in the Sombrero zone. On May 11, 2018 two permits to use water for drilling were issued.

The Company is actively engaged with government officials at various levels in regards to the ESIA and concession renewals. It is reviewing all options including ceasing site activities until such time as approval of the renewals and the permits is finalized.

Outlook/Future Plans

Drilling to test for additional Caballito-style copper-gold mineralization in the area to the north of the Caballito zone will continue.

Drilling in the Sombreo zone directly north of Caballito will also test for near-surface oxide gold target. The Pelona zone, in the eastern part of the property, will be drill tested early in 2019 during the dry season which will allow easier access. This area is a target for both oxide gold and deeper copper-gold sulphide mineralization

Column testing on material at larger sizes than previous testing started in late April 2018 and is nearing completion. The results from this work, 2017 and 2018 drilling on oxide gold targets and a review of engineering and environmental aspects of the project will form the basis of an updated mineral resource estimate and an updated PFS on the project which is expected to be completed in the first half of 2019. Preliminary metallurgy on the Caballito copper-gold sulphide mineralization is underway.

Results of Operations

Selected Financial Information

	For the six months ended		
	June 30, 2018	**June 30, 2017**	**June 30, 2016**
Net loss	$ (4,288,604)	$ (4,772,310)	$ (353,508)
Comprehensive income (loss)	2,634,374	(8,595,380)	(353,508)
Basic and diluted loss per share	$ (0.02)	$ (0.04)	$ (0.02)

As at:	**June 30, 2018**	**December 31, 2017**	**December 31, 2016**
Working capital	$ 25,569,902	$ 4,804,490	$ 24,006,757
Total assets	208,823,950	172,044,476	139,048,461
Total liabilities	4,700,004	2,256,759	2,696,677
Share capital	201,065,501	174,435,785	128,139,781
Deficit	(19,272,948)	(14,984,344)	(5,059,078)

The increase in the net loss during the six months ended June 30, 2018 and 2017 is mainly due to the acquisition of the Camino Rojo project and Pershimco Resources Inc. These acquisitions increased the business activities in both periods.

The increase in total assets and share capital as of June 30, 2018 compared to December 31, 2017 is mainly due to a financing completed in February 2018 and the expenditures incurred in the exploration activities during the six months ended June 30, 2018. The increase in total assets in fiscal year 2017 compared to fiscal year 2016 is mainly due to the acquisition of Camino Rojo project during the year ended December 31, 2017. In addition, the increase in total assets for fiscal year 2017 compared to fiscal year 2016 is due to the significant expenditures incurred in the exploration activities following the Pershimco acquisition. The increase in total liabilities as of June 30, 2018 compared to fiscal year 2017 is mainly related to advance received from Goldcorp for the landholding costs on the Camino Rojo project. The increase in share capital in fiscal year 2017 is mainly due to the shares issued for acquisition of Camino Rojo project (2017) and Pershimco Resources Inc. (2016) and the completions of the financing.

Summary of Quarterly Results

	Three months ended			
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Net loss	$ (2,492,481)	$ (1,796,123)	$ (2,858,726)	$ (2,294,230)
Comprehensive income (loss)	(4,408,527)	7,042,901	(4,726,209)	(6,728,865)
Loss per share (basic and diluted)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)

	Three months ended			
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Net loss	$ (3,465,296)	$ (1,307,014)	$ (2,287,925)	$ (248,750)
Comprehensive loss	(6,464,992)	(2,130,388)	(638,690)	(612,386)
Loss per share (basic and diluted)	$ (0.02)	$ (0.01)	$ (0.05)	$ (0.01)

With the completion of the acquisition of the Camino Rojo project and Pershimco Resources Inc. during in Q4-2017 and Q4-2016, respectively, the Company's operations and activities have expanded. As a result of the expansion on business activities, net loss in Q4-2016 to Q2-2018 was increased significantly compared to Q2-2016 to Q3-2016. In addition, in Q4-2017, the Company impaired the Blue Quartz Property and recognized an impairment loss of $594,144.

The fluctuation in net loss on a quarterly basis is attributable to variations in various expense items, such as management and directors' fees, professional fees, salaries and employee benefits and share-based payments, which occur due to the administrative, exploration and fund-raising activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend.

The Company anticipates significant future fluctuations in its quarterly operating results caused by a number of factors, as provided in the "Risks and Uncertainties" discussion. Consequently, the Company is of the opinion that operating results comparisons will not necessarily be meaningful and that such comparisons should not be relied upon to assess future returns.

Three months ended June 30, 2018 compared to three months ended June 30, 2017

During the three months ended June 30, 2018, the Company incurred a net loss of $2,492,481 representing a decrease of $972,815, when compared to a net loss of $3,465,296 during the three months ended June 30, 2017. The decrease in net loss was primarily due to the decrease in share-based payments, salaries and benefits, and public and community relations expenses and the increase in foreign exchange gain. The decrease in net loss was partially offset by the increase in professional fees, accretion of interest on loan payable, and management and directors' fees during the three months ended June 30, 2018.

Share-based payments decreased during the three months ended June 30, 2018 mainly due to the decrease in the fair value of the option granted during the three months ended June 30, 2018. During the three months ended June 30, 2018, the Company recognized $54,600, $2,184 and $225,000 share-based payments for the bonus shares approved for issuance to the non-executive Chairman of the Company, the restricted share units and deferred share units vested during the three months ended June 30, 2018, respectively. No such share-based payments were recognized during the thee months ended June 30, 2017.

Public and community relations expenses for the three months ended June 30, 2018 was $84,378, a decrease of $75,159 compared to $159,537 for the three months ended June 30, 2017. The public and community relations expenses mainly related to various local community out-reach programs implemented and maintained by Minera Cerro Quema S.A. The decrease in public and community relations expenses during the three months ended June 30, 2018 compared to three months ended June 30, 2017 is mainly related to the decrease in community relations activities.

Foreign exchange gain was $146,540 for the three months ended June 30, 2018 compared to a foreign exchange loss of $247,683 for the three months ended June 30, 2017. The increase in foreign exchange gain is mainly due to the fluctuations in the exchange rates between the Canadian dollar and United States dollar.

Professional fees for the three months ended June 30, 2018 was $285,582, an increase of $113,329, compared to $172,253 for the three months ended June 30, 2017. The increase in professional fees is mainly related to the legal fees which are used to support the increase in business activities during the three months ended June 30, 2018.

Accretion of interest on loan payable of $94,820 is mainly related the non-interest-bearing loan provided by Goldcorp and payable upon declaration of commercial production at the Camino Rojo project.

Management and directors' fees for the three months ended June 30, 2018 was $224,750 compared to $177,475 for the three months ended June 30, 2017. This increase is primarily related to the directors' fees paid during the three months ended June 30, 2018. No such fees were paid during the three months ended June 30, 2017.

Six months ended June 30, 2018 compared to six months ended June 30, 2017

During the six months ended June 30, 2018, the Company incurred a net loss of $4,288,604 representing a decrease of $483,706, when compared to a net loss of $4,772,310 during the six months ended June 30, 2017. The decrease in net loss was primarily due to the decrease in public and community relations expenses, and salaries and benefits and the increase in foreign exchange gain. The decrease in net loss was partially offset by the increase in share-based payments, accretion of interest on loan payable, and management and directors' fees during the six months ended June 30, 2018.

Public and community relations expenses for the six months ended June 30, 2018 was $208,923, a decrease of $142,534, compared to $351,457 for the six months ended June 30, 2017. The public and community relations expenses mainly related to various local community out-reach programs implemented and maintained by Minera Cerro Quema S.A. The decrease in public and community relations expenses during the six months ended June 30, 2018 compared to six months ended June 30, 2017 is mainly related to the decrease in community relations activities.

Foreign exchange gain was $152,441 for the six months ended June 30, 2018 compared to a foreign exchange loss of $347,611 for the six months ended June 30, 2017. The increase in foreign exchange gain is mainly due to the fluctuations in the exchange rates between the Canadian dollar and United States dollar.

Share-based payments increased during the six months ended June 30, 2018 mainly due to the recognition of the fair value of the bonus shares approved for issuance to the non-executive Chairman of the Company, the restricted share units and deferred share units vested during the six months ended June 30, 2018.

Accretion of interest on loan payable of $156,810 is mainly related the non-interest-bearing loan provided by Goldcorp and payable upon declaration of commercial production at the Camino Rojo project.

Management and directors' fees for the six months ended June 30, 2018 was $443,750 compared to $341,475 for the six months ended June 30, 2017. This increase is primarily related to the directors' fees paid during the six months ended June 30, 2018. No such fees were paid during the six months ended June 30, 2017.

Liquidity and Capital Resources

As at June 30, 2018, the Company had working capital of $25,569,902 (December 31, 2017 – $4,804,490) including cash of $26,929,518 (December 31, 2017 – $6,142,278).

During the six months ended June 30, 2018, the Company obtained a non-interest-bearing loan in an amount of $3,917,283 (MXN 59,401,391) from Goldcorp. The loan will be repaid upon declaration of the commencement of commercial production of a heap leach operation. At the Company's option, the Company may repay any amounts owing to Goldcorp earlier in the form of: i) a lump sum cash payment; ii) the issuance of additional shares of the Company; or iii) a combination of (i) and (ii). The total number of shares issued to Goldcorp to repay the loan should not result in Goldcorp holding more than 19.99% of the issued and outstanding common shares of the Company.

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations generating cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits, arrange required funding through future equity issuances or a combination thereof. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. The Company relies on equity financings (including proceeds from warrants and options exercised) to fund its exploration activities and its corporate and overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the resource sector, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its board and management. Actual funding requirements may vary from those planned due to many factors, including the progress of exploration activities.

The Company's operations to date have been financed by issuing common shares. The Company's capability to continue as a going concern is dependent upon its ability to obtain additional financing to meet its obligations as they come due. If the Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration and future development programs.

It is expected that the current cash position will be sufficient to fund the Company's needs for the next twelve months. Management will review several financing options when deemed appropriate to further its mineral property interests.

Outstanding Share Data

At June 30, 2018, the Company had 179,214,615 common shares issued and outstanding (December 31, 2017 – 160,441,213).

On June 27, 2018, the Board approved a Restricted Share Unit Plan (the "RSU Plan"). The purposes of the RSU Plan is to provide eligible employees with the opportunity to acquire RSU in order to retain key employees and 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 the interests of participants with the long-term interests of shareholders of the Company. The RSU Plan is administered by the Board of Directors, which sets the terms of incentive awards under the RSU Plan. The maximum number of common shares available for issue under the RSU Plan is 3,000,000. Upon vesting, the Company has the option to settle the RSU by issuing common shares of the Company or by cash.

On June 27, 2018, the Board adopted a Deferred Share Units (the "DSU Plan") for the purposes of strengthening the alignment of interests between the directors and the shareholders by linking a portion of the annual director compensation to the future value of the shares, in lieu of cash compensation. The maximum number of common shares available for issue under the DSU Plan is 2,000,000.

During the six months ended June 30, 2018:

- On January 17, 2018, the Company completed shares for debt settlement after being granted approval of the transaction by the TSX Venture Exchange. An aggregate of $206,783 in debt was extinguished through the issuance of an aggregate of 147,702 common shares of the Company.

- On February 15, 2018, the Company completed a brokered finaning of 17,581,200 units at a price of $1.75 for gross proceeds of $30,767,100. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common Share at an exercise price of $2.35 at any time prior to February 15, 2021.

- On May 31, 2018, the Company granted 1,050,000 options with an exercise price of $1.25 to certain officers and consultants.

- On June 27, 2018, the Company granted 1,641,504 options with an exercise price of $1.25 to certain directors, officers, employees and consultants.

- On June 27, 2018, the Company granted 348,000 restricted share units ("RSUs") to senior management of the Company and an aggregate of 180,000 deferred share units ("DSUs") to independent directors of the Company.

- 387,500 warrants were exercised for proceeds of $45,250.

- 657,000 stock options were exercised for proceeds of $136,170.

- 114,000 stock options with an exercise price ranging from $1.48 to $3.53 expired unexercised

Subsequent to June 30, 2018

- Pursuant to an agreement with Goldcorp, the Company received an additional MXN 43,146,831 pesos by way of an interest-free loan on July 27, 2018, for the annual landholding costs on the Camino Rojo project.

- 38,000 stock options expired unexercised.

As at the date of this MD&A, the Company had:

- 179,214,615 common shares issued and outstanding;
- 25,318,928 warrants with exercise prices ranging from $0.62 to $2.35 per warrant outstanding; and
- 8,159,253 stock options with exercise prices ranging from $0.15 to $1.69 per option outstanding; and
- 348,000 RSUs issued and outstanding; and
- 180,000 DSUs issued and outstanding.

Commitments and Contingencies

Flow-through shares

The Company committed to incur $165,000 of qualifying resource expenditures pursuant to a flow-through private placement completed in 2012. Renunciation forms relating to this financing were filed in February of 2013. As the Company did not fulfil its obligation to incur the required qualifying expenditures within the specified time frame, the Company has recognized $134,548 related to penalties, interest and indemnification liabilities to date in these financial statements (December 31, 2017 – $133,112) of which $nil was paid during the six months ended June 30, 2018 (June 30, 2017 – $nil).

During the six months ended June 30, 2018, the Company has recognized $2,890 in interest and penalties relating to these obligations (June 30, 2017 – $26,16).

The balances due to the indemnification liability included in accounts payables and accrued liabilities were $117,761, as at June 30, 2018 (December 31, 2017 – $114,871).

Camino Rojo project (Mexico)

A 2.0% net smelter royalty on the sale of all metal production from Camino Rojo, except for metals produced from a sulphide project where Goldcorp has exercised its Sulphide Option.

The Company will be required to post monetary bonds with respect to two exploration permits that were transferred from Goldcorp with the property. Amounts of these bonds still has to be determined in discussion with government authorities. Due to limited disturbance planned for the exploration activities, bond amounts are not expected to be significant.

Minera Cerro Quema project (Panama)

In the event that commercial production begins, as per article 211 of the mining resources code, the properties are subject to a 4% royalty against production payable to the government.

In order to guarantee the payment of reparations for damage caused by unsafe acts, restorations waste or abandonment, the Company agreed to provide three surety bonds of US$150,000; each bond insurance shall remain in effect up to two additional years after expiration of the contract and shall be deposited in the Comptroller General of the Republic of Panama.

Commitments

- The Company is a party to certain management contracts. These contracts contain clauses requiring that $1,144,000 be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

Financial Instruments

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 14 of our unaudited condensed interim consolidated financial statements for the six months ended June 30, 2018. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended December 31, 2017.

Related Party Transactions

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The following are related parties of the Company which include directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

Related Party	Relationship	Status
Marc Prefontaine (Pre-Ex Geological Inc.)	CEO	**Active**
Etienne Morin	CFO	**Active**
Hans Smit (Hans Smit, P. Geo. Inc.)	COO	**Active**
Charles A. Jeannes	Non-executive Chairman of the Board and Director	**Active**
George Albino	Director	**Active**
Tim Haldane	Director	**Active**
Richard Hall (IAMGOLD)	Director	**Active**
Jean Robitaille	Director	**Active**
David Stephens	Director	**Active**
Paul Robertson (Quantum Advisory Partners LLP)	CFO	**Former**

The Company entered into the following transactions with a related party during the six months ended June 30, 2018:

- The Company paid $nil (June 30, 2017 – $125,000) for management services to the Company's Chief Executive Officer or to Pref-Ex Geological Inc., which is a corporation controlled by the Company's Chief Executive Officer.

- The Company paid $nil (June 30, 2017 – $125,000) for management services to the Company's Chief Operating Officer or to Hans Smit, P.Geo. Inc., which is a corporation controlled by the Company's Chief Operating Officer.

- The Company paid $71,250 (June 30, 2017 – $91,475) for management fees, to Quantum Advisory Partners LLP whose incorporated partner is the Company's former Chief Financial Officer.

- The Company paid $nil (June 30, 2017 – $100,000), included in professional fees, for consulting fees to Alain Bureau Project Management Inc., which is a corporation controlled by a former director of the Company.

Total compensation of key company personnel for the six months ended June 30, 2018 and 2017 is as follows:

	For the six months ended	
	June 30, 2018	**June 30, 2017**
Management fees and directors' fees	**$ 443,750**	$ 341,475
Professional fees	**-**	100,000
Share-based payments		
- Bonus shares	**109,200**	-
- Options	**1,398,682**	1,561,275
- Restricted share unit	**2,184**	
- Deferred share unit	**225,000**	
	$ 2,178,816	$ 2,002,750

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $53,975, as at June 30, 2018 (December 31, 2017 – $387,420), which were paid subsequent to June 30, 2018. These amounts are unsecured, non-interest bearing and payable on demand.

Critical Estimates

The preparation of the consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of the Company's annual audited consolidated financial statements for the year ended December 31, 2017 for a more detailed discussion of the critical accounting estimates and judgments.

Adoption of New and Amended IFRS Pronouncements

Adoption of new and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2018.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements. This pronouncement did not affect the Company's financial results nor did it result in adjustments to previously-reported figures.

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement.

- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Refer to note 3 of the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2018 for a more detailed discussion on the impact of the adoption of the new pronouncement.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact from adopting this standard.

Risks and Uncertainties

As the Company has not commenced principal operations, historical revenue and expenditure trends are not indicative of future activity. The Company has committed to certain work expenditures and may enter into future agreements. The ability of the Company to fund its future operations and commitments is dependent on its ability to obtain additional financing.
Risks of the Company's business include the following:

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Foreign Country and Political Risk

The Company's principal mineral properties are located in Mexico and Panama. The Company is subject to certain risks, including currency fluctuations, possible political or economic instability that may result in the impairment or loss of mineral titles or other mineral rights, opposition from environmental or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, royalties on production, expropriation of property, environmental legislation and mine and/or site safety.

As a developing economy, operating in Mexico has certain risks, including changes to or invalidation of government mining regulations; expropriation or revocation of land or property rights; changes in foreign ownership rights; changes in foreign taxation rates; security issues; corruption; uncertain political climate; narco-terrorist actions or activities; and lack of a stable economic climate.

Panama remains a developing country. Despite being one of the fastest growing economies worldwide over the last decade, the present administration, or any successor government, may not be able to sustain progress achieved. If the economy of Panama fails to continue growth or suffers recession, it may have an adverse effect on the Company's operations in that country. The Company does not carry political risk insurance.

Dependence on Exploration-Stage Properties

The Company's current efforts are focused primarily on exploration stage properties. The Camino Rojo and the Cerro Quema Project may not develop into a commercially viable ore body, which would have a material adverse effect on the Company's potential mineral resource production, profitability, financial performance and results of operations.

Estimates of Mineral Resources & Mineral Reserves and Production Risks

The mineral resource and mineral reserve estimates included in this MD&A are estimates based on a number of assumptions, including those stated herein, and any adverse change to those assumptions could require the Company to lower its mineral resource estimate. Until a deposit is actually mined and processed, the quantity and grades of mineral resources must be considered as estimates only. Valid estimates made at a given time may significantly change when new information becomes available. In addition, the quantity and/or economic viability of mineral resources may vary depending on, among other things, metal prices, grades, production costs, stripping ratios, recovery rates, permit regulations and other legal requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Any material change in the quantity of mineral resources, grade or stripping ratio may affect the economic viability of the Company's properties. No assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified mineral resource will ever qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited. There can also be no assurance that any discoveries of new mineral reserves will be made. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition.

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on many factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration and development of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to life or property, environmental damage and possible legal liability. The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which with greater financial resources, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, taxes, labour standards, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations governing operations and exploration activities, no assurance can be given that new rules and regulations, amendments to current laws and regulations or more stringent implementation thereof could have a substantial adverse impact on the Company's activities.

Title Matters

The acquisition of title to mineral concessions in Panama is a detailed and time-consuming process. Although the Company has diligently investigated title to all mineral concessions (either granted or under re-application) and, to the best of its knowledge (except as other disclosed herein), titles to all its properties are in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or governmental actions.

Land Title

The Company has investigated ownership of all surface rights in which it has an interest, and, to the best of its knowledge, its ownership rights are in good standing. However, all surface rights may be subject to prior claims or agreement transfers, and rights of ownership may be affected by undetected defects. While to the best of the Company's knowledge, titles to all surface rights are in good standing; however, this should not be construed as a guarantee of title. Other parties may dispute title to the surface rights in which the Company has an interest. The properties may be subject to prior unregistered agreements or transfers and titles may be affected by undetected defects.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, laws and permits, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause commercial production to be impracticable.

Uninsured Risks

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Compliance with Anti-Corruption Laws

Orla is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian *Corruption of Foreign Public Officials Act* (1999). In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Panama, a country which is perceived as having fairly high levels of corruption. Orla cannot predict the nature, scope or effect of future anti- corruption regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations.

As a consequence of these legal and regulatory requirements, the Company has instituted policies with regard to business ethics, which have been designed to ensure that Orla and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring the Company's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws and regulations.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's exploration and evaluation assets and costs is provided in the Company's audited consolidated financial statements for the year ended December 31, 2017 (note 7), which are available on SEDAR at ww.sedar.com.

Forward Looking Statements

This MD&A contains "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation (collectively, "forward-looking statements"). Forward-looking statements include, but are not limited to, statements regarding planned exploration and development programs and expenditures, the estimation of mineral resources and mineral reserves, expectations on the potential extension of the expired mineral concessions with respect to the Cerro Quema project; proposed exploration plans and expected results of exploration from each of the Cerro Quema project and the Camino Rojo project; Orla's ability to obtain required mine licences, mine permits and regulatory approvals, including but not limited to, the receipt of the Environmental & Social Impact Assessment (ESIA) permit related to the Cerro Quema project and other necessary permitting required to implement expected future exploration plans; Orla's ability to verify the historical mineral resource estimate for the Camino Rojo project in order to prepare a current estimate; community and ejido relations; availability of sufficient water for proposed operations; competition for, among other things, capital, acquisitions of mineral reserves, undeveloped lands and skilled personnel; changes in commodity prices and exchange rates; currency and interest rate fluctuations. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "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 fact and may be forward-looking statements.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the future price of gold, anticipated costs and the Company's ability to fund its programs, the Company's ability to carry on exploration and development activities, the Company's ability to meet obligations under property agreements, the timing and results of drilling programs, the discovery of mineral resources and mineral reserves on the Company's mineral properties, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects, the costs of operating and exploration expenditures, the Company's ability to operate in a safe, efficient and effective manner and the Company's ability to obtain financing as and when required and on reasonable terms.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others:(i) uncertainty and variations in the estimation of mineral resources and mineral reserves; (ii) risks relating to foreign operations and expropriation or nationalization of mining operations; (iii) delays in obtaining or failure to obtain governmental permits, or non-compliance with permits; (iv) delays in getting access from surface rights owners; (v) uncertainty in estimates of production, capital and operation costs and potential for production and cost overruns; (vi) the impact of Panamanian or Mexican laws regarding foreign investment; (vii) the fluctuating price of gold; (viii) assessments by taxation authorities in multiple jurisdictions; (ix) uncertainties related to title to mineral properties; and (x) the Company's ability to identify, complete and successfully integrate acquisitions. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Although the Company believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. See the section entitled "Risks and Uncertainties" in this MD&A for additional risk factors that could cause results to differ materially from forward-looking statements.

Readers are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date of this MD&A and, accordingly, are subject to change after such date. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, except in accordance with applicable securities laws. Readers are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online under the Company's profile on SEDAR at www.sedar.com.