ORLA MINING LTD

Condensed Interim Consolidated Financial Statements

FOR THE THREE MONTHS ENDED MARCH 31, 2018

(unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of Orla Mining Ltd. for the three months ended March 31, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

(Expressed in Canadian Dollars)

As at		**March 31, 2018**		December 31, 2017
ASSETS				
Current assets				
Cash	**$**	**32,403,266**	$	6,142,278
Sales taxes recoverable		**164,652**		148,915
Prepaid expenses and deposits		**602,400**		770,056
		33,170,318		7,061,249
Non-current assets				
Reclamation deposits (note 4)		**193,385**		188,259
Equipment (note 5)		**227,195**		234,317
Exploration and evaluation assets (note 6)		**178,633,569**		164,560,651
		179,054,149		164,983,227
TOTAL ASSETS	**$**	**212,224,467**	$	172,044,476
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 7 and 10)	**$**	**2,636,012**	$	2,256,759
Non-current liabilities				
Loan payable (note 8)		**2,720,099**		-
TOTAL LIABILITIES		**5,356,111**		2,256,759
EQUITY				
Share capital (note 9)	**$**	**200,732,344**	$	174,435,785
Reserves (note 9)		**22,917,044**		19,175,865
Accumulated deficit		**(16,780,467)**		(14,984,344)
Accumulated other comprehensive loss		**(565)**		(8,839,589)
TOTAL EQUITY		**206,868,356**		169,787,717
TOTAL EQUITY AND LIABILITIES	**$**	**212,224,467**	$	172,044,476

Corporate informaton and continuance of operations (note 1)
Commitments and contingencies (note 11)
Segmented information (note 13)
Subsequent events (notes 6 and 16)

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

These interim consolidated financial statements were approved by the Board of Directors and signed on its behalf by:

/s/ Marc Prefontaine Director *   /s/ Charles Jeannes Director*

ORLA MINING LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

		For the three months ended		
		March 31, 2018		March 31, 2017
EXPENSES				
Depreciation (note 5)	**$**	**1,425**	$	2,254
Management and directors' fees (note 10)		**219,000**		164,000
Office and administration		**167,182**		200,600
Professional fees (note 10)		**203,270**		245,748
Property investigation costs		**5,368**		10,224
Public and community relations		**124,545**		191,920
Regulatory and transfer agent fees		**39,707**		48,194
Rent		**23,638**		26,934
Salaries and benefits		**181,180**		233,038
Share-based payments (note 9)		**795,836**		-
Travel		**60,968**		130,724
		1,822,119		1,253,636
OTHER EXPENSES (INCOME)				
Interest income		**(85,967)**		(50,701)
Accretion of interest on loan payable (note 8)		**61,990**		-
Finance costs		**2,446**		2,785
Foreign exchange (gain) loss		**(5,901)**		99,928
Penalties and interest on flow-through shares		**1,436**		1,366
NET LOSS FOR THE PERIOD	**$**	**1,796,123**	$	1,307,014
OTHER COMPREHENSIVE EXPENSES				
Foreign currency translation differences for foreign operations	**$**	**(8,839,024)**	$	823,374
TOTAL COMPREHENSIVE LOSS (INCOME) FOR THE PERIOD	**$**	**(7,042,901)**	$	2,130,388
Basic and diluted loss per share for the period attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)	**$**	**0.01**	$	0.01
Weighted average number of common shares outstanding		**169,646,035**		122,409,516

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

ORLA MINING LTD.
Condensed Interim Consolidated Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Share capital		Reserves						
	Number of shares	**Amount**	**Bonus shares**	**Options**	**Warrants**	**Total**	**Accumulated deficit**	**Accumulated other comprehensive income (loss)**	**Total**
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**
Shares issued for cash - private placement	17,581,200	27,803,272	-	-	2,963,828	2,963,828	-	-	**30,767,100**
Shares issued for debt settlement	147,702	206,783	-	-	-	-	-	-	**206,783**
Share issue costs		(1,777,231)	-	-		-	-	-	**(1,777,231)**
Shares issued for cash - warrant exercised	387,500	63,735	-	-	(18,485)	(18,485)	-	-	**45,250**
Share-based payments	-	-	54,600	741,236	-	795,836	-	-	**795,836**
Net loss per the period	-	-	-	-	-	-	(1,796,123)	-	**(1,796,123)**
Other comprehensive loss for the period	-	-	-	-	-	-	-	8,839,024	**8,839,024**
Balance at March 31, 2018	**178,557,615**	**$ 200,732,344**	**$ 172,900**	**$ 5,685,417**	**$ 17,058,727**	**$ 22,917,044**	**$ (16,780,467)**	**$ (565)**	**$ 206,868,356**
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**
Shares issued for cash - warrant exercised	11,558,000	685,400	-	-	-	-	-	-	**685,400**
Shares issued for cash - stock option exercised	184,500	42,695	-	-	-	-	-	-	**42,695**
Reclassification of grant-date fair value on exercise of warrants	-	304,822	-	-	(304,822)	(304,822)	-	-	**-**
Reclassification of grant-date fair value on exercise of stock options	-	43,609	-	(43,609)	-	(43,609)	-	-	**-**
Net loss for the period						-	(1,307,014)	-	**(1,307,014)**
Other comprehensive loss for the period	-	-	-	-	-	-	-	(823,374)	**(823,374)**
Balance at March 31, 2017	**128,241,072**	**$ 129,216,307**	**$ -**	**$ 1,611,541**	**$ 10,025,510**	**$ 11,637,051**	**$ (6,366,092)**	**$ 462,225**	**$ 134,949,491**

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

ORLA MINING LTD.
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

		For the three months ended		
		March 31, 2018		March 31, 2017
Cash flows provided from (used by):				
OPERATING ACTIVITIES				
Net loss for the period	**$**	**(1,796,123)**	$	(1,307,014)
Adjustments for items not affecting cash:				
Depreciation		**1,425**		52,857
Share-based compensation		**795,836**		-
Accretion of interest on loan payable		**61,990**		-
Net changes in non-cash working capital items:				
Sales taxes recoverable		**(15,317)**		(13,987)
Prepaid expenses and deposits		**180,222**		(211,580)
Accounts payable and accrued liabilities		**547,336**		(1,140,665)
Net cash flows used in operating activities		**(224,631)**		(2,620,389)
FINANCING ACTIVITIES				
Proceeds on issuance of common shares, net of cash share issue costs (note 9(b))		**29,035,119**		728,095
Advance from Goldcorp Inc. (note 8)		**3,917,283**		-
Net cash flows from financing activities		**32,952,402**		728,095
INVESTING ACTIVITIES				
Exploration and evaluation assets (note 6)		**(6,650,148)**		(1,811,312)
Purchase of equipment (note 5)		**(19,713)**		(10,047)
Net cash flows used in investing activities		**(6,669,861)**		(1,821,359)
Effects of exchange rate changes on cash		**203,078**		(513)
Net increase (decrease) in cash		**26,260,988**		(3,714,166)
Cash, beginning of period		**6,142,278**		25,935,149
Cash, end of period	**$**	**32,403,266**	$	22,220,983
Cash and cash equivalents consist of :				
Cash		**32,380,266**		-
Cash equivalents		**23,000**		-
	$	**32,403,266**	$	-
Cash paid during the period for interest	**$**	**-**	$	-
Cash paid during the period for income taxes	**$**	**-**	$	-

Supplemental cash flow information (note 12)

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Orla Mining Ltd. (the "Company" or "Orla") 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.

The head office, principal address and records office of the Company are located at Suite 1240, 1140 West Pender Street, Vancouver, British Colombia. The Company's registered office is located at 885 W. Georgia Street, 2200 HSBC Building, Vancouver, British Colombia.

On December 6, 2016, the Company and Pershimco Resources Inc. ("Pershimco") completed a plan of arrangement (the "Plan of Arrangement") under the *Canada Business Corporations Act* ("CBCA"), pursuant to which Orla and Pershimco have combined to create a new gold company in the Americas. Orla will focus on continued exploration and development of the Cerro Quema project located in Panama, and intends to seek further growth opportunities in the Americas.

On June 20, 2017, the Company entered into an asset purchase agreement (the "Agreement") with Goldcorp Inc. ("Goldcorp") to acquire the Camino Rojo Project in Zacatecas State, Mexico, a gold and silver oxide heap leach project (the "Acquisition"). On November 7, 2017, the Company completed the Agreement with Goldcorp.

On January 25, 2018, the Company entered into an agreement to acquire up to a 100% interest in the Monitor Gold exploration project consisting of 340 claims covering approximately 2,800 hectares in central 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 March 31, 2018, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and further equity financings.

The unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2018 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on May 24, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of Orla and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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 Financial Instruments

Effective January 1, 2018, the Company has adopted IFRS 9 retrospectively. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement. The Company completed an assessment of its financial instruments as at January 1, 2018 and determined that neither the classification nor the measurement of the financial instruments were impacted from adopting this standard.

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

	Original classification IAS 39	New classification IFRS 9
Financial assets:		
Cash	Fair value through profit or loss	Fair value through profit or loss
Sales taxes recoverable	Loans and receivables, measured at amortized cost	Amortized cost
Financial liabilities:		
Accounts payable and accrued liabilities	Financial liabilities, measured at amortized cost	Amortized cost
Loan payable	Financial liabilities, measured at amortized cost	Amortized cost

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 (“IAS 39”). 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 and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 9 Financial Instruments (continued)

As a result of the adoption of IFRS 9, the Company's accounting policy for financial assets has been updated as follows:

Financial instruments

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.

Financial assets at FVTPL

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.

Financial assets at FVTOCI

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.

Financial assets at amortized cost

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.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets at amortized cost

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.

IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2018, the Company has adopted IFRS 15. This standard 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, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The adoption of this standard did not have an impact on the unaudited condensed interim financial statements.

New accounting standards not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2017. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company:

- 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.

(Expressed in Canadian Dollars)

4. RECLAMATION DEPOSITS

The Company has reclamation deposits of $193,385 (US$150,000). These bonds were put as collateral for the 3 mining concessions at Cerro Quema (Panama) in the event of future operations (December 31, 2017 – $188,259 (US$150,000).

5. EQUIPMENT

	Equipment	Vehicles	Computer equipment	Office equipment	Total
Cost					
As at December 31, 2017	$ 273,113	$ 26,624	$ 98,035	$ 13,160	**$ 410,932**
Additions	15,669	-	4,044	-	**19,713**
Effect of movements in exchange rates	8,395	724	2,693	458	**12,270**
Balance as at March 31, 2018	**$ 297,177**	**$ 27,348**	**$ 104,772**	**$ 13,618**	**$ 442,915**
Depreciation					
As at December 31, 2017	$ (119,109)	$ (3,661)	$ (46,402)	$ (7,443)	**$ (176,615)**
Charged for the period	(20,215)	(2,795)	(9,822)	(790)	**(33,622)**
Effect of movements in exchange rates	(3,647)	(155)	(1,423)	(258)	**(5,483)**
Balance as at March 31, 2018	**$ (142,971)**	**$ (6,611)**	**$ (57,647)**	**$ (8,491)**	**$ (215,720)**
Net book value					
As at December 31, 2017	$ 154,004	$ 22,963	$ 51,633	$ 5,717	$ 234,317
As at March 31, 2018	**$ 154,206**	**$ 20,737**	**$ 47,125**	**$ 5,127**	**$ 227,195**

During the three months ended March 31, 2018, the Company charged $33,622 (March 31, 2017 – $52,857) in depreciation expense of which $1,425 (March 31, 2016 – $2,254) was recognized as expenses and $32,197 was capitalized to exploration and evaluation assets (March 31, 2016 – $50,603).

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Company's evaluation and exploration assets are broken down as follows:

	Panama		Mexico	Nevada	
	Cerro Quema	Aurum			Total
BALANCE DECEMBER 31, 2017	**112,548,572**	**1**	**52,012,078**	**-**	**164,560,651**
DURING THE PERIOD					
Acquisition costs	-		230,279	375,458	**605,737**
Access fees	-		45,840	-	**45,840**
Assays and sample analysis	90,557		91,337	-	**181,894**
Consulting	36,273		-	8,653	**44,926**
Depreciation	32,080		117	-	**32,197**
Drilling	310,901		-	-	**310,901**
Engineering and technical studies	-		56,976	-	**56,976**
Environmental	-		30,669	-	**30,669**
Geological and geophysical	570,960		207,343	15,028	**793,331**
Project management	-		40,000	-	**40,000**
Rentals, supplies and other	176,549		308,712	259	**485,520**
Repairs and maintenance	73,896		-	-	**73,896**
Salaries and benefits	671,984		10,256	-	**682,240**
Social responsibility	-		33,087	-	**33,087**
Tenure fees	-		1,540,763	-	**1,540,763**
Transportation	-		19,420	-	**19,420**
Travel, food and accommodations	153,483		44,420	77	**197,980**
Value-added tax	-		63,731	-	**63,731**
	2,116,683	**-**	**2,722,950**	**399,475**	**5,239,108**
Effect of movements in exchange rates	**3,041,572**		**5,792,238**	**-**	**8,833,810**
BALANCE MARCH 31, 2018	**$ 117,706,827**	**$ 1**	**$ 60,527,266**	**$ 399,475**	**$ 178,633,569**

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Camino Rojo, Mexico

On June 20, 2017, the Company entered into the Agreement with Goldcorp to acquire the Camino Rojo Project in Zacatecas State, Mexico, a gold and silver oxide heap leach project.

On November 7, 2017, the Company completed the Agreement with Goldcorp. The purchase price for acquiring Camino Rojo consists of the followings:

i. 31,860,141 common shares of the Company (issued);

ii. a 2.0% net smelter royalty (the "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. If Goldcorp elects to sell the Royalty, in whole or in part, the Company would retain a right of first refusal on the sale; and,

iii. Assumption of certain obligations including Mexican value-added taxes of approximately $4,922,860 (USD$3,859,969) exigible on the acquisition of Camino Rojo (paid).

In addition, the Company 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.

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. Rights to gold and silver at Cerro Quema are held through 3 concessions that encompass 14,833 hectares. As well as mineral rights, the Company owns the surface rights over the areas of the current resources.

Concession to the property comprises of three contracts between the Republic of Panama and Minera Cerro Quema S.A., a wholly owned subsidiary of the Company. 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. The Company believes it has complied with all legal requirements in relation to the concessions. 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 of the concessions. Furthermore, the Panamanian Ministry of Commerce and Industry approved the most recent annual report for the concessions which includes a work plan for 2017. 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. In early August 2017, an additional two drill permits were received. On May 8, 2018, the Company received a permit to drill in the Sombrero zone which was followed by the receipt of two water drill permits on May 9, 2018. As of the date of this Financial Statement, final concession renewals have not been received.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Aurum, Panama

The Company holds, through its wholly-owned Panama subsidiary, Aurum Exploration Inc., a 100% interest in a group of six mineral concession applications. These cover approximately 55,000 hectares located in two separate locations: the Herrera and Los Santos provinces. The applications in the Los Santos province are due west of the Cerro Quema property.

Blue Quartz Property, Ontario

The Company holds a 50% interest in the Blue Quartz Property in northern Ontario. The property is subject to net smelter returns royalties totaling 2.5%, up to an aggregate 0.5% of which can be bought back for $500,000. The Company does not consider this property as core to its operations and is reviewing its options relating to this concession.

During the year ended December 31, 2017, the Company decided not to continue exploration of the Blue Quartz Property. As a result of the Company's decision not to conduct any significant work on the Blue Quartz Property in the near future, the Company wrote off the capitalized costs of $594,144 associated with the Blue Quartz Property during the year ended December 31, 2017.

Monitor Gold Exploration Project

On January 25, 2018, the Company entered into an agreement to acquire up to a 100% interest in the Monitor Gold exploration project (the "Project") consisting of 340 claims covering approximately 2,800 hectares in central Nevada. Pursuant to the terms of the agreement, the Company is required to make an advanced royalty payment of US$5,000 on execution of the agreement (paid), and advanced royalty payments in the aggregate amount of US$525,000, as allocated 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 in the aggregate of US$155,000 for the first four years of the lease, and US$100,000 for the fifth year and each year thereafter. In addition, the Company will be required 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 shares will be issued at a price based on the closing price of the common shares of Orla on the TSX Venture Exchange on the date prior to the applicable anniversary date or such other price as may be required by the TSX Venture Exchange.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	Note		March 31, 2018		December 31, 2017
Trade payables		**$**	**1,314,379**	$	1,071,726
Accrued liabilities			**830,326**		682,742
Due to related party	**10**		**375,000**		387,420
Indemnification liability	**11**		**116,307**		114,871
		$	**2,636,012**	$	2,256,759

(Expressed in Canadian Dollars)

8. LOAN PAYABLE

		in MXN		in CAD
Initial Recognition	**$**	**37,516,246**	**$**	**2,474,046**
Accretion of interest		918,449		61,990
Effect of movements in exchange rates		-		184,063
Balance as at March 31, 2018	**$**	**38,434,695**	**$**	**2,720,099**

Pursuant to the Agreement with Goldcorp, Goldcorp will provide an interest-free loan to the Company for all the annual landholding costs on the Camino Rojo project from November 7, 2017 until December 31, 2019. 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 number of common shares of the Company.

During the three months ended March 31, 2018, Minera Penasquito, S.A. DE C.V., a subsidiary of Goldcorp advanced $3,917,283 (MXN 59,401,391) to Minera Camino Rojo, S.A. de C.V., a subsidiary of the Company.

As the loan is non-interest bearing, for accounting purposes, the Company calculated the fair value of the loan ($2,474,046) at the date of advance by using the risk-adjusted discount rate of 14.60%, and therefore the differences of $1,443,237 has been recorded as a reduction of exploration and evaluation assets.

During the three months ended March 31, 2018, accretion expense of $61,990 was charged to the statement of loss and comprehensive loss with a corresponding increase in the carrying value of the liability.

As at March 31, 2018, the carrying value of the loan payable is $2,720,099 (MXN 38,434,695).

9. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

b) Issued share capital

At March 31, 2018, the Company had 178,557,615 common shares issued and outstanding (December 31, 2017 – 160,441,213) with a value of $196,061,886 (December 31, 2017 – $174,435,785).

<u>During three months ended March 31, 2018:</u>

- 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.

  In connection with this placement, the Company incurred share issue costs of $1,534.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

b) Issued share capital (continued)

- On February 15, 2018, the Company completed a brokered private placement 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.

  The Company estimated the grant date fair value of warrants issued with the private placement, using the 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 0%, which totaled $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 balance of $27,803,272 was recorded as common shares.

  In connection with this placement, the Company incurred share issue costs of $1,775,697 which included $1,295,607 paid to the underwriters as finders' fees.

- 387,500 warrants were exercised for proceeds of $45,250. In addition, the Company reclassified the grant date fair value of the exercised warrants of $18,485 from reserve to share capital.

c) Warrants

The changes in warrants during the three months ended March 31, 2018 was as follows:

	Number outstanding		Weighted average exercise price
Balance, December 31, 2017	**16,915,828**	**$**	**1.28**
Granted	8,790,600		2.35
Exercised	(387,500)		0.12
Balance, March 31, 2018	**25,318,928**	**$**	**1.67**

The following summarizes information about warrants outstanding at March 31, 2018:

Expiry date		Exercise price	Warrants outstanding	Weighted average remaining contractual life (in years)		Estimated grant date fair value
October 13, 2018	$	1.75	865,668	0.54		740,954
December 6, 2018	$	2.00	5,825,160	0.68		6,952,829
February 15, 2021	$	2.35	8,790,600	2.88		2,963,828
July 8, 2021	$	0.62	6,837,500	3.27		2,263,585
November 7, 2022	$	1.40	3,000,000	4.61		4,137,532
			25,318,928	**2.61**	**$**	**17,058,728**

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

d) Stock Options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, management has the option of determining vesting periods.

No options were issued, exercised or expired during the three months ended March 31, 2018.

During the three months ended March 31, 2017, 209,000 options with an exercise price ranged from $0.81 to $7.48 expired unexercised.

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

Expiry date	Exercise price	Options outstanding	Options exercisable	Estimated grant date fair value	Weighted average remaining contractual life (in years)
June 19, 2018	$ 0.15	375,000	375,000	$ 75,316	0.22
June 19, 2018	$ 3.53	38,000	38,000	$ 11,732	0.22
June 19, 2018	$ 1.69	38,000	38,000	$ 31,708	0.22
June 19, 2018	$ 1.48	38,000	38,000	$ 48,625	0.22
June 19, 2018	$ 0.81	57,000	57,000	$ 76,475	0.22
July 30, 2018	$ 1.90	38,000	38,000	$ 30,132	0.33
September 19, 2018	$ 1.69	111,148	111,148	$ 92,745	0.47
October 1, 2019	$ 1.48	98,800	98,800	$ 126,435	1.50
November 27, 2020	$ 0.15	1,000,000	1,000,000	$ 200,852	2.66
December 3, 2020	$ 0.81	117,800	117,800	$ 158,055	2.68
June 27, 2022	$ 1.39	4,365,000	1,455,003	$ 6,012,266	4.24
		6,276,748	**3,366,751**	**$ 6,864,341**	**3.48**

During the three months ended March 31, 2018 and 2017, the Company recognized share-based payments expense arising from stock options of $741,236 and $nil, respectively.

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 ("Eligibility Period"). If the non-executive Chairman ceases to be the director of the Company before the Eligibility Period ends, the bonus shares will be immediately 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 a change in control of the Company.

The Company determined the fair value of the bonus shares ($655,000) based on the market value of the common shares at the date of approval. These amounts are recognized evenly over the Eligibility Period.

During the three months ended March 31, 2018, the Company recognized $54,600 as share-based payments in the statement of loss and comprehensive loss (March 31, 2017 – $nil).

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) 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.

Total compensation of key company personnel for the three months ended March 31, 2018 and 2017 is as follows:

	For the three months ended	
	March 31, 2018	**March 31, 2017**
Management fees and directors' fees	**$ 219,000**	$ 164,000
Professional fees	**-**	50,000
Share-based payments		
- Bonus shares	**54,600**	-
- Options	**560,384**	-
	$ 833,984	$ 214,000

The Company entered into the following transactions with a related party during the three months ended March 31, 2018:

- The Company paid $62,500 (March 31, 2017 – $62,500) 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 $62,500 (March 31, 2017 – $62,500) 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 $51,500 (March 31, 2017 – $39,000) for management fees, to Quantum Advisory Partners LLP whose incorporated partner is the Company's former Chief Financial Officer.

- The Company paid $nil (March 31, 2017 – $50,000), 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.

b) Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $375,000, as at March 31, 2018 (December 31, 2017 – $387,420), which were paid subsequent to March 31, 2018. These amounts are unsecured, non-interest bearing and payable on demand.

(Expressed in Canadian Dollars)

11. 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 three months ended March 31, 2018 (March 31, 2017 – $nil).

During the three months ended March 31, 2018, the Company has recognized $1,436 in interest and penalties relating to these obligations (March 31, 2017 – $1,366).

The balances due to the indemnification liability included in accounts payables and accrued liabilities were $116,307, as at March 31, 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.

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.

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.

12. SUPPLEMENT CASH FLOWS

	For the three months ended	
	March 31, 2018	March 31, 2017
Shares issued for debt settlement	**$ 206,783**	$ -
Reclassification of grant-date fair value on exercise of stock options from reserves to share capital	**-**	43,609
Reclassification of grant-date fair value on exercise of stock warrants from reserves to share capital	**18,485**	304,822
Depreciation capitalized to exploration and evaluation assets	**32,197**	50,603
Discount on loan payable capitalized to exploration and evaluation assets	**1,443,237**	-

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral exploration properties in three geographic regions: Canada, Panama and Mexico. The Company's long-lived assets are as follows:

	Canada	US	Panama	Mexico	Total
As at March 31, 2018					
Reclamation deposits	$ -	$ -	$ 193,385	$ -	**$ 193,385**
Equipment	10,083	-	191,427	25,685	**227,195**
Exploration and evaluation assets	-	399,475	117,706,828	60,527,266	**178,633,569**
	$ 10,083	**$ 399,475**	**$ 118,091,640**	**$ 60,552,951**	**$ 179,054,149**
As 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**

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital.

There were no changes to the Company policy for capital management during the three months ended March 31, 2018.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company and its subsidiaries are not subject to any externally imposed capital requirements.

The Company's investment policy is to invest its excess cash in very low risk financial instruments such as term deposits or by holding funds in high 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.

The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS

a) Fair value

The carrying values of sales taxes recoverable and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at March 31, 2018 and December 31, 2017, the financial instrument recorded at fair value on the statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

Set out below are the Company's financial assets and financial liabilities by category:

As at March 31, 2018

	FVTPL	Amortized cost	FVTOCI
Financial assets:			
Cash	$ 32,403,266	$ -	$ -
Sales taxes recoverable	-	164,652	-
Financial liabilities:			
Accounts payable and accrued liabilities	-	2,636,012	-
Loan payable	-	-	-

As at December 31, 2017

	FVTPL	Amortized cost	FVTOCI
Financial assets:			
Cash	$ 6,142,278	$ -	$ -
Sales taxes recoverable	-	148,915	-
Financial liabilities:			
Accounts payable and accrued liabilities	-	2,256,759	-
Loan payable	-	-	-

15. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management

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 and sales taxes recoverable.

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.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk related to its cash and sales taxes recoverable is negligible.

Liquidity risk

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

The Company maintained sufficient cash at March 31, 2018 in the amount of $32,403,266 in order to meet short-term operating requirements. At March 31, 2018, the Company had accounts payable and accrued liabilities of $6,839,966. All accounts payable and accrued liabilities are current.

Market risk

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

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. The Company's cash and cash equivalents are held mainly in high 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 as of March 31, 2018.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash and cash equivalents outstanding at March 31, 2018 would result in approximately $320,000 change to the Company's net loss for the three months ended March 31, 2018.

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

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. The Company has not entered into any foreign currency contracts 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 Peso ("MXN"); therefore, USD and MXN accounts are subject to fluctuation against the Canadian dollar.

15. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Currency risk (continued)

The Company had the following balances in foreign currency as at March 31, 2018:

	in Canadian dollars	in US dollars	in MXN
Cash	$ 26,484,455	$ 3,810,659	14,214,600
Sales taxes recoverable	149,972	11,387	-
Accounts payable and accrued liabilities	(1,126,938)	(1,004,890)	(3,017,271)
Loan payable	-	-	(38,434,695)
Total foreign currencies	**25,507,489**	**2,817,156**	**(27,237,366)**
Foreign currency rate	1.000	1.2892	0.0708
Equivalent to Canadian dollars	**$ 25,507,489**	**$ 3,631,962**	**$ (1,927,643)**

Based on the above net exposures as at March 31, 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 $22,000.

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 not exposed to significant other price risk.

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2018

- 375,000 stock options with an exercise price of $0.15 were exercised.