ORLA MINING LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2017

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, 2017. This MD&A supplements the unaudited consolidated interim financial statements of the Company and the notes thereto for the six months ended June 30, 2017, which were 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, 2016 and related MD&A. This MD&A is prepared as of August 24, 2017.

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 to acquire mineral exploration opportunities where Orla's exploration and development expertise could substantially enhance shareholder value. Orla has two material gold projects with near-term production potential based on open pit mines and heap leach extraction facilities: the Cerro Quema project in Panama and the recently announced acquisition of Goldcorp's Camino Rojo gold and silver oxide heap leach project in Zacatecas State, Mexico (refer to *Property Descriptions* below for further details). Both projects have good infrastructure (including paved road access), supportive local communities, and exploration upside.

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.

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, proposed mine development and the priority drill targets.

Eighty-two (82) kilometres along the paved highway from Chitre to Tonosi provides access to the Project's camp and to within 5 kilometres of the project boundary. The project area is hilly and rugged, with a maximum elevation of 950 metres. An average of 1.8 metres of rainfall occurs between mid-May to mid-December. Operations can be carried out year-round. Exploration on the project is subject to area-specific governmental permits and authorizations. Most of the project labour force lives in the nearby villages of Tonosi and Macaraces and surrounding areas and commutes to the project daily.

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. 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. Orla has also received verbal assurances from government officials that the renewal applications are complete with no outstanding legal issues. 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. As of the date of this MD&A, final concession renewals have not been received.

Current Exploration

The Company believes that there is good potential to increase the oxide gold resources at Cerro Quema and the current focus on the project is exploration field work which has been ongoing since December of 2016. Work has included line cutting, geological mapping, geophysical surveys and diamond drilling.

Exploration has targeted zones of high-sulphidation style alteration outside the areas that contains the current resources, as well as potential extensions to the current resource zones.

Drilling

In early 2017, the Company commenced a minimum 8,000 metre drill program to test areas that have potential to host additional resources. The first man-portable rig arrived on site January 19, 2017 and started drilling days later. Two other man-portable rigs arrived in March. The current drill program is comprised of wide-spaced holes testing several concepts that could add significant value to the project in the near-term. To date, holes have been drilled in the general area of the Quemita Zone, which is one of two zones that contain the 488,000 ounce Cerro Quema oxide gold reserve (19.7 mT at 0.77 g/t Au - see 2014 N43-101 Technical Report on Orla website) along with the Idaida and Caballio zones to the south. Targets include areas of alteration that may host undiscovered gold zones in oxidized material, potential extensions to the pits outlined in the 2014 pre-feasibility study (PFS), and possible upgrades to the resources within the PFS. A total of 6,629 metres in 56 holes have been drilled up to the date of this MD&A. Drilling has been slow due to difficult ground conditions. All holes have intersected variably altered rock, including sections of vuggy silica and hydrothermal brecciation. Oxidation levels in holes are up to 100 metres below surface indicating potential for additional heap-leachable material.

On April 26, 2017, the Company reported results from the first 12 diamond drill holes completed in 2017. Highlights included two holes drilled to test a geophysics anomaly 400 metres from one of the two current reserve zones that intersected 47.8 m grading 0.47 g/t Au and 52.4 m grading 0.49 g/t Au. Additionally, the release reported two holes within the current reserve zone that intersected 42.3 m grading 3.50 g/t Au and 63.5 m grading 1.37 g/t Au. These intersections are in oxide material and start at surface.

The early results highlight the potential for additional mineral zones to the north and down-slope of the Quemita reserve. Six holes in this area intersected strong high-sulphidation style alteration. The best gold grades were encountered in holes CQDH17-069 (47.8 m of 0.47 g/t Au) and 070 (52.4 m of 0.49 g/t Au) which were drilled in opposite directions from a drill pad 400 metres northeast of the proposed Quemita pit. Gold grades are associated with hydrothermal brecciation and vuggy silica indicating proximity to a center of hydrothermal activity. Grades start at surface and the entire intercepts, as well as material below, are oxidized. Two holes drilled from a pad 600 m to the west-southwest of these holes, CQDH17-066 and 067, intersected well altered and oxidized material, including zones with vuggy silica. Gold results were anomalous, but low. The area in between these four holes, and extending in both directions past them, has intermittent outcrops of strongly altered rock. A number of follow-up holes are planned in this large prospective area.

Holes CQDH17-75 and 76, drilled in the middle of the existing Quemita resource/reserve, returned excellent results of 42.3 m of 3.50 g/t Au and 63.5 m of 1.37 g/t Au (including a section that averaged 3.27 g/t Au over 16.5 m at the top of the hole). Most of the previous drill holes at Quemita were vertical and largely reverse circulation (RC). The new angled core holes confirm there is a surface blanket of higher grade material which is interpreted to be due to weathering related enrichment. This blanket is underlain by more vertically controlled primary gold mineralization. Core holes will be important in developing a new geological model for the deposit which will used for a new resource estimate and metallurgical recovery analysis.

CQDH17-068 intersected 21.3 m averaging 1.35 g/t Au 35 metres west of the proposed Quemita pit. This near-surface oxide intercept highlights the potential for extending the Quemita resource to the west. CQDH17-072 had two gold intercepts. The upper (13.6 m grading 0.69 g/t) is within the proposed pit while the lower one (44.2 m of 0.30 g/t Au) indicates potential to expand mineralization to the south. CQDH17-065 also had a narrow intersection (7.1 m of 0.48g/t Au) to the south of the existing Quemita proposed pit.

CQDH17-071 intersected 34.8m of 2.42 g/t Au in the eastern part of the proposed Quemita pit. Like other holes, this intersection starts at surface. Drill holes such as this will be used to build a better geological model of the high-grade parts of the deposit.

The final holes with assays reported on April 26, 2017, CQD17-073 and 074, were drilled at depth below and to the north of holes 069 and 070. They intersected only anomalous gold values or narrow zones of low grade indicating that the roots to the higher-grade mineralization in 069 and 070 are faulted off or are located further to the south.

Subsequent to June 30, 2017, the Company released another batch of drilling results from Cerro Quema that included two holes in the Quemita zone that intersected oxide material in the lower part and below the pit outline proposed in the 2014 Preliminary Feasibility Study (PFS). CQDH17-101 and CQDH17-103, drilled at different angles from the same pad, intersected 76.2m @ 0.45g/t and 89.0m @ 0.32 g/t Au respectively. These holes demonstrate that potentially economic gold values in oxide extend to depth below the current reserve. Follow-up holes are planned.

Other interesting results included Hole CQDH17-115 that intersected 84.8m @ 0.23 g/t gold 170 metres to the northeast of the Quemita proposed pit. The well oxidized material indicates potential for extending the pit outline to the east. Previously released results from hole CQDH17-068, (21.3 m @ 1.35 g/t Au), drilled 35 metres west of the proposed Quemita pit, similarly show potential for extension in that direction. Follow-up holes are planned in both areas.

A 47.8 metre intersection averaging 0.26 g/t Au in CQDH17-111 shows there is potential for oxide resource at the Idaida zone, 1.5 kilometres southeast of Quemita. Drilling is in progress in this area.

While the current exploration focus is on oxide material, work to test the potential for economic sulphide mineralization is also being carried out. Drill holes that intersect sulphide mineralization below the oxide level are continued to depth. Copper intercepts thus far include 76.5m @ 0.87% Cu (+0.15 g/t Au) in CQDH17-112 north of the Quemita PFS pit and 66.0m @ 0.52% Cu (+0.24 g/t Au) in CQDH17-089 drilled in the Caballito area 2 kilometres to the southeast of Quemita.

Summary Table - Drill Holes with Assays Returned in 2017

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
CQDH-17-065	Quemita	553245	835709	817.2	184	-50	100.65	13.9	21.0	7.1	0.48	
CQDH-17-066	Mesita	552766	836042	672.9	22	-60	89	43.2	46.9	3.7	0.31	
CQDH-17-067	Mesita	552765	836040	672.9	199	-60	125.1	No sig int				
CQDH-17-068	Quemita	552842	835731	743.6	180	-50	79.3	3.1	24.4	21.3	1.35	
								40.5	47.9	7.4	0.30	
CQDH-17-069	Domo	553331	836265	767.4	205	-59	73.2	0.0	47.8	47.8	0.47	
CQDH-17-070	Domo	553331	836267	768.2	17	-69	128.1	0.0	52.4	52.4	0.49	
CQDH-17-071	Quemita	553320	835847	858.5	183	-50	96.5	0.0	34.8	34.8	2.42	
CQDH-17-072	Quemita	553393	835816	884.4	173	-61	120.5	6.0	19.6	13.6	0.69	
								56.2	100.4	44.2	0.30	
CQDH-17-073	Domo	553374	836321	730.1	202.8	-60.4	103.7	No sig int				
CQDH-17-074	Domo	553376	836324	727.8	21.1	-60.4	97.6	17.8	23.8	6.0	0.29	
								55.3	58.5	3.2	0.69	
CQDH-17-075	Quemita	553067	835718	851.7	178.9	-50.2	76.3	0.0	42.3	42.3	3.50	
CQDH-17-076	Quemita	553063	835758	850.6	179.2	-57.5	93.0	0.0	63.5	63.5	1.37	
						including		*0.0*	*16.5*	16.5	*3.26*	
CQDH-17-077	Quemita	553020	835755	844.8	174	-56.3	112.9	0.0	95.0	95.0	0.69	
CQDH-17-078	Quemita	552971	835712	839.4	177	-50.4	99.1	0.0	35.0	35.0	1.53	
								47.0	61.0	14.0	1.17	
CQDH-17-079	Quemita	553174	835793	814.9	179	-56.1	120.5	19.4	83.5	64.1	0.65	
CQDH-17-080	Quemita	553225	835754	831	115	-60.7	117.4	57.6	71.7	14.1	0.48	
CQDH-17-081	Quemita	553182	835708	829.3	119	-49.4	131.2	23.6	54.0	30.4	0.70	
								82.6	88.4	5.8	0.63	
CQDH-17-082	Quemita	553216	835815	826.7	125	-51.1	129.6	No sig int				
CQDH-17-083	Quemita	553068	835560	778.6	182	-51.4	115.9	30.2	33.2	3.0	1.00	
CQDH-17-084	Quemita	553278	835895	825.2	127	-50.8	100.7	0.0	4.0	4.0	0.71	
CQDH-17-085	Quemita	552944	835502	795.2	323	-52.6	126.6	24.5	126.5	102.0	0.17	
						including		*33.8*	*47.8*	*14.0*	*0.27*	
						including		*100.8*	*107.1*	*6.3*	*0.42*	
CQDH-17-086	Mesita	552622	835944	661.4	193	-88.8	102.7	No sig int				
CQDH-17-087	Mesita	552630	836002	651.1	278	-60	114.4	67.5	72.0	4.5	0.27	
CQDH-17-088	Mesita	552622	835944	661.5	136	-59.7	102.2	No sig int				
CQDH-17-089	Caballito	554663	834771	662.7	2	-61.5	100.7	0.0	22.0	22.0	0.38	
								22.0	88.0	66.0	0.24	0.52
CQDH-17-090	Mesita	552633	836002	651.2	89	-50.3	109.8	26.3	44.0	17.7	0.33	
CQDH-17-091	Quemita	552851	835783	763	124	-51.1	109.8	No sig int				
CQDH-17-092	Caballito	554812	834847	762	354	-60.9	103.7	No sig int				
CQDH-17-093	Mesita	552690	836042	665	134	-71.5	199.8	17.3	27.5	10.2	0.21	
CQDH-17-094	Quemita	552849	835783	768	181	-49.8	144.9	15.0	102.5	87.5	0.13	
							including	50.9	61.3	10.4	0.25	
CQDH-17-095	Caballito	554856	834792	754	358	-62	77.8	53.6	56.0	2.4	0.57	
CQDH-17-096	Mesita	552744	835954	708	133	-60	115.3	0.0	32.0	32.0	0.27	
CQDH-17-097	Mesita	552745	835952	706	311	-60	99.1	0.0	4.5	4.5	0.37	
CQDH-17-098	Quemita	553085	835796	825	178.5	-60.1	111.3	0.0	82.9	82.9	0.51	
CQDH-17-099	Caballito	554649	834732	668	356.4	-61.1	106.8	44.0	68.5	24.5	0.33	0.89
CQDH-17-100	Mesita	552512	835835	661	133.4	-71	109.8	3.0	19.5	16.5	0.32	
CQDH-17-101	Quemita	553066	835815	814	178	-51.3	114.0	10.5	86.7	76.2	0.45	
CQDH-17-102	Mesita	552512	835832	650	313	-70.8	126.0	5.5	126.0	120.5	0.11	
CQDH-17-103	Quemita	553066	835815	814	180	-75	127.5	11.0	100.0	89.0	0.32	
CQDH-17-104	Caballito	554634	834608	631	0	-60	171.0	2.8	17.6	14.8	0.30	
								115.9	126.6	10.7	1.69	1.32
							including	*122.0*	*125.5*	*3.5*	*3.97*	*3.05*
CQDH-17-105	Mesita	552465	835943	624	135	-70	117.0	15.0	29.4	14.4	0.30	
CQDH-17-106	Mesita	552465	835944	629	315	-70	103.5	No sig int				
CQDH-17-107	Quemita	553077	835950	757	180	-65	122.7	No sig int				
CQDH-17-108	Caballito	554780	834750	711	0	-60	100.5	No sig int				
CQDH-17-109	Quema - Bajo	553266	836052	769	125	-50	100.5	No sig int				
CQDH-17-110	Caballito	554693	834691	663	0	-60	102.0	12.2	15.6	3.4	0.26	
CQDH-17-111	Idaida	554404	835089	756	320	-50	166.5	7.7	55.5	47.8	0.26	
								124.2	144.8	20.6	0.18	1.66
CQDH-17-112	Quema - Bajo	553185	836100	725	125	-50	205.5	25.5	50.0	24.5	0.16	1.34
								68.0	144.5	76.5	0.15	0.87
CQDH-17-113	Caballito	554540	834485	544	20	-60	100.5	12.7	37.2	24.5	0.04	0.64
CQDH-17-114	Idaida	554370	835125	736	320	-50	100.5	35.2	78.5	43.3	0.42	0.69
CQDH-17-115	Quema - East	553548	836123	854	318.7	-61	121.5	3.0	87.8	84.8	0.23	
CQDH-17-116	Caballito	554476	834623	583.4	246.2	-56.7	330.0	assays pending				
CQDH-17-117	Quema	553548	836123	854	140	-50	108.0	assays pending				
CQDH-17-118	Idaida	554353	835055	721	320	-50	130.5	assays pending				
CQDH-17-119	Quema	553429	835807	881	180	-55	96.0	assays pending				
CQDH-17-120	Idaida	554190	834936	614	225	-60	141.0	assays pending				

(A drill hole location map is on the Company's website at www.orlamining.com)

Geophysics

A total of 72.7 line kilometres of IP-resistivity and 70.3 line kilometres of magnetic survey were completed by SJ Geophysics of Vancouver, Canada in March through June 2017. Geophysics were completed over 5 separate exploration targets. In addition, two reconnaissance lines were completed in an area with intrusive-hosted mineralization potential.

Resistivity anomalies outlined by the survey were interpreted to be due to silica associated with high sulphidation alteration. Anomalies drilled to date have confirmed this interpretation and drilling to test them continues. One of the reconnaissance lines over the area with potential intrusive hosted mineralization had a strong chargeability anomaly indicating the presence of sulphides. Follow-up work on this anomaly is planned.

Geology

Current resources at Cerro Quema are associated with a deposit type known as high-sulphidation epithermal. Potential exists for other kinds of deposits including intermediate sulphidation veins and porphyry deposits.

The Project occurs within an elongate belt of late Cretaceous island-arc plutonic and volcanic rocks composed of granodiorites-quartz diorite and dacitic-andesitic pyroclastic/flow rocks. This belt extends WNW-ESE for over 150 kilometers from the central Sona Peninsula to the southeastern tip of the Azuero Peninsula. The majority of known gold and copper-gold prospects located in the Peninsula are found within this volcanic belt

The La Pava and Quemita gold deposits, and the gold prospects of Idaida, Caballito and Pelona gold prospects have outcropping residual quartz with advanced argillic alteration halos that occur along 12 kilometres of topographic highs (ridges). The enveloping advanced argillic alteration at Cerro Quema includes alunite, pyrophyllite, diaspore, dickite, and kaolinite. Vuggy quartz is the primary style of quartz-rich alteration in drill core and outcrops on the project. Most of this residual quartz occurs as silicic alteration and replacement of dacitic flows and pyroclasitcs proximal to dacite dome(s), and as fragments within hydrothermal breccias within feeder structures.

Gold occurs as disseminated submicroscopic grains in the silicic alteration zone. Intense weathering (supergene) has resulted in the formation of an oxide leached cap or gossan that extends from surface to depths up to 150 metres. The highest grades of gold mineralization occur within crackled and brecciated high-level feeder structures containing abundant iron oxides (jarosite-goethite-hematite) after sulfides (pyrite-enargite-chalcopyrite).

<u>Mineral Resources</u>

The mineral resource estimate at Cerro Quema was prepared by P&E Mining Consultants Inc. and is detailed in the Company's NI 43-101 report dated August 15, 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 study incorporates data from 641 reverse circulation and diamond drill holes. The report has an effective date of June 30, 2014. Except for current drill holes for which assays are still pending, there has not been any drilling subsequent to the resource estimate that would materially impact the resource estimate used for the Pre-Feasibility Study.

A summary of the resource estimate from the NI 43-101 report is included in the table below.

TABLE 14-7
SUMMARY OF THE CERRO QUEMA IN-PIT MINERAL RESOURCES(1)(2)(3)

La Pava							
Zone	**Grade Group**	**Cutoff Au g/t**	**Tonnes**	**Au g/t**	**Cu %**	**AuEq g/t**	**Au Ounces**
Oxides	Measured	0.18	7,052,600	0.82	0.04	NA	184,900
	Indicated	0.18	10,896,100	0.57	0.04	NA	201,100
	Meas & Ind	0.18	17,948,700	0.67	0.04	NA	386,000
	Inferred	0.18	331,700	0.36	0.03	NA	3,800
Zone	**Grade Group**	**Cutoff AuEq g/t**	**Tonnes**	**Au g/t**	**Cu %**	**AuEq g/t**	**AuEq Ounces**
Sulphides	Measured	0.31	802,000	0.44	0.22	0.80	20,600
	Indicated	0.31	7,664,900	0.39	0.38	1.00	246,100
	Meas & Ind	0.31	8,466,900	0.39	0.36	0.98	266,700
	Inferred	0.31	75,000	0.28	0.2	0.61	1,500
La Pava	**Grade Group**	**Cutoff**	**Tonnes**	**Au g/t**	**Cu %**	**AuEq g/t**	**Au + AuEq Ounces**
Total	Measured	----	7,854,600	0.78	0.06	0.81	205,500
	Indicated	----	18,561,000	0.50	0.18	0.75	447,200
	Meas & Ind	----	26,415,600	0.58	0.14	0.77	652,700
	Inferred	----	406,700	0.35	0.06	0.41	5,300
Quema + Quemita + Mesita							
Zone	**Grade Group**	**Cutoff Au g/t**	**Tonnes**	**Au g/t**	**Cu %**	**AuEq g/t**	**Au Ounces**
Oxides	Measured	0.18	0	0	0	NA	0
	Indicated	0.18	5,983,700	0.86	0.03	NA	166,400
	Meas & Ind	0.18	5,983,700	0.86	0.03	NA	166,400
	Inferred	0.18	335,300	0.38	0.03	NA	4,100
Zone	**Grade Group**	**Cutoff AuEq g/t**	**Tonnes**	**Au g/t**	**Cu %**	**AuEq g/t**	**AuEq Ounces**
Sulphides	Measured	0.31	0	0	0	0	0
	Indicated	0.31	2,539,000	0.49	0.15	0.73	59,600
	Meas & Ind	0.31	2,539,000	0.49	0.15	0.73	59,600
	Inferred	0.31	298,100	0.30	0.17	0.57	5,500
QQM	**Grade Group**	**Cutoff**	**Tonnes**	**Au g/t**	**Cu %**	**AuEq g/t**	**Au + AuEq Ounces**
Total	Measured	----	0	0	0	0.00	0
	Indicated	----	8,522,700	0.75	0.07	0.82	226,000
	Meas & Ind	----	8,522,700	0.75	0.07	0.82	226,000
	Inferred	----	633,400	0.34	0.10	0.47	9,600

*(1) Mineral resources are reported inside an optimized pit shell. AuEq was calculated using Au + 1.6 * Cu.*

(2) Numbers may not add up due to rounding.

(3) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

(4) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

15 August 2014 *P&E Mining Consultants Inc.*

Resources estimates were reported within an optimized pit shell. The resources were broken into oxide and sulphide material based on sulphur assay analysis. A summary of parameters used for the pit shell optimization in the estimate is given below:

TABLE 14-6
ECONOMIC PARAMETERS

	Oxide	Sulphide
Gold Price (USD/oz)	$1,500	$1,500
Copper Price (USD/lb)	NA	$3.50
Refining Cost (USD/oz)	$2.50	NA
Royalty	4%	4%
Au Process Recovery	86%	90%
Cu Process Recovery	0	90%
Ore Mining Cost (USD/t)	$2.20	$2.20
Waste Mining Cost (USD/t)	$2.00	$2.00
Au & AuEq Process Cost (USD/t)	$6.13	$12.00
G&A Cost (USD/t)	$1.00	$1.00
Pit Slope	40 deg	50 deg
Cutoff (Au g/t)	0.18	0.31

Mineral Reserves

In the PFS, P&E Mining Consultants Inc. estimated a mineral reserve of 488,000 ounces of gold as shown on the table below:

TABLE 15-1
CERRO QUEMA MINERAL RESERVES

		Ore (Mt)	Au (g/t)	Cu (%)	Gold Oz Contained
La Pava					
	Proven	6.82	0.80	0.04	176,000
	Probable	7.40	0.67	0.04	159,000
	Sub-total	14.22	0.73	0.04	335,000
Quema					
	Proven	-	-	-	-
	Probable	5.49	0.86	0.03	153,000
	Sub-total	5.49	0.86	0.03	153,000
Total					
	Proven	6.82	0.80	0.04	176,000
	Probable	12.89	0.75	0.03	312,000
	Total	19.71	0.77	0.04	488,000

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 Kappes, Cassiday and Associates; 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 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.

PFS Highlights

Table 22-1
Life of Mine Summary

Financial Analysis	
Internal Rate of Return (IRR), After-Tax	33.7%
NPV @ 0% (After-Tax)	$152,415,000
NPV @ 5% (After-Tax)	$110,052,200
NPV @ 10% (After-Tax)	$77,997,400
Gold Price Assumption (US$/Ounce)	$1,275
Pay Back Period (Years based on After-tax)	2.2
Initial Capital Costs	
Pre-Production Initial Capital	$115,929,368
Working Capital	$1,163,664
Total Initial Capital	$117,093,032
Future Capital (life of mine)	$23,480,397
Operating Costs (Average Life of Mine)	
Mining (Contract and Owner)	$3.30
Processing	$4.40
G&A	$0.93
Total Operating Cost/Tonne Ore	$8.63
Cash Operating Costs (per ounce of gold)	$402
Production Data	
Life of Mine	5.3
Mine Throughput (Ore)	10,000
Metallurgical Recovery Au (Avg)	85.8%
Average Annual Gold Production	78,800
Average LOM Strip Ratio (waste:ore)	0.72

The PFS demonstrates low average operating cash costs of US$402/oz and a low total cash cost of US$574/oz, including taxes and royalties. The financial model includes all the capital and operating costs, which results in an estimated All-In Sustaining Cost (AISC) of US$631/oz.

Category	US$/oz produced
Mining	$ 150.91
Processing	$ 207.68
General and Administration	$ 43.72
Operating Cash Costs	**$ 402.31**
Freight and refining	$ 10,53
Taxes and Royalties (Panamanina Taxes (25%) Royalties (4.6%))	$ 160.73
Total Cash Costs	**$ 573.57**
Sustaining Capital	$ 57.00
AISC (All Inclusive Sustaining Cost)	**630.57**

Health and Safety

Orla has a Health and Safety department at Cerro Quema. In addition to ensuring the safety of Company workers and contractors, the Company has aided local communities and residents in urgent need of help, including those affected by severe flooding in Tonosi in late 2016.

There was one lost time accident in July 2017 when a worker had the tip of his finger pinched by a heavy metal bar. The Company strives to have a perfect safety record and continues to be proactive in ensuring the risk of such accidents is minimized.

Environmental and Corporate Social Responsibility

Orla has an ongoing environmental management plan that includes installing and maintaining sediment dams, reforestation of previously disturbed areas and active sediment control activities. Baseline surface water quality sampling and groundwater level measurements are also ongoing. The success of the efforts in regard to sediment control was verified by a significant reduction in material removed from sediment traps this dry season (January to May) over previous years.

The Company also has an active community relations program that includes providing hot lunches to 5 to 15 year-old children studying in the 12 schools located within a 15 kilometre radius of the Project. Orla also provides support for various local amateur sports teams, a youth orchestra, local fairs and cultural events. The Company also helps with various local initiatives; for example, it aided with the construction of a newly opened seniors' centre in Tonosi.

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 and the Company believes the Ministry is in the process of preparing the formal resolution to approve it. Timing of approval is presently not known. When drilling commenced in January, it was in an area covered by previously issued permits. Since then, the Ministry of Environment has issued Orla permits to drill three new areas.

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 2017 Plans

Exploration work continues at Cerro Quema. The first phase geological mapping and geophysical surveys were completed in the second quarter of 2017 while diamond drilling continues.

New geological models will be created for the resource zones once drilling is complete. The need for additional metallurgical test-work will be evaluated in connection with a new resource estimation. Any potential new resource zones identified by the current exploration will be drilled at closer spacing and, if drilling is successful, will be included in the resource estimation.

Camino Rojo, Mexico

On June 20, 2017, Orla entered into an asset purchase agreement with Goldcorp Inc. to acquire the Camino Rojo Project ("Camino Rojo"), a gold and silver oxide heap leach project located in Zacatecas State, Central Mexico. Consideration to Goldcorp consists of 31.9 million common shares of Orla, a 2.0% NSR, and the assumption of certain obligations, including but not limited to any applicable value-added or other taxes exigible on the acquisition of Camino Rojo.

In addition, Orla and Goldcorp have agreed to enter into an option agreement regarding the potential future development of a sulphide operation at Camino Rojo whereby Goldcorp will, subject to the sulphide project meeting certain thresholds, have an option to acquire a 60% to 70% interest in such sulphide project at Camino Rojo.

Orla will be operator of Camino Rojo and will have full rights to explore, evaluate, and exploit the property. However, in the event a sulphide project is defined through a positive PFS 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 the sulphide project

i. A sulphide project where ore from Camino Rojo is processed using the existing infrastructure of the Penasquito Mine, Mill and Concentrator. In such circumstances, the sulphide project would be operated by Goldcorp, which would earn a 70% interest in the sulphide project, with Orla owning 30%; or,

ii. A standalone sulphide project with a mine plan containing at least 500 million tonnes of proven and probable reserves using standalone facilities not associated with Penasquito. Under this scenario, the sulphide project would be operated by Goldcorp, which would earn a 60% interest in the sulphide project, with Orla owning 40%.

If Goldcorp elects to sell its portion of the sulphide project, in whole or in part, the Company would retain a right of first refusal on the sale of the sulphide project.

Completion of the Acquisition is subject to a number of customary conditions precedents, including receipt of all regulatory approvals, receipts of Mexican antitrust approvals, and the acceptance of the TSX Venture Exchange. The Acquisition is expected to close during the fourth quarter of 2017.

Future Plans

All data from the Camino Rojo project is currently being compiled. Once the transaction is closed, the Company plans to re-log some of the existing core and develop a new geological model for the area of the historical resource. Based on this model, an updated resource estimate will be made as well as an updated metallurgical recovery model. This information will then form the basis for a Preliminary Economic Assessment on the project. At the same time, existing data from regional exploration is being compiled. The existing information will be the basis for an aggressive exploration effort to discover additional mineral zones in the highly prospective geology covered by the 206,000 Ha property.

Results of Operations

Selected Financial Information

	For the six months ended		
	June 30, 2017	June 30, 2016	June 30, 2015
Net loss	$ (4,772,310)	$ (353,508)	$ (16,564)
Comprehensive loss	(8,595,380)	(353,508)	(16,564)
Basic and diluted loss per share	$ (0.04)	$ (0.02)	$ (0.00)

As at:	June 30, 2017	December 31, 2016	December 31, 2015
Working capital	$ 17,469,107	$ 24,006,757	$ 250,530
Total assets	132,309,263	139,048,461	1,024,213
Total liabilities	1,744,948	2,696,677	180,638
Share capital	129,240,083	128,139,781	2,229,514
Deficit	(9,831,388)	(5,059,078)	(2,168,895)

Summary of Quarterly Results

	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)	(0.03)	(0.01)	(0.05)	(0.01)

	Three months ended			
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Net loss	$ (177,629)	$ (175,879)	$ (172,300)	$ (94,633)
Comprehensive loss	(177,629)	(175,879)	(172,300)	(81,633)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

Three months ended June 30, 2017 compared to three months ended June 30, 2016

During the three months ended June 30, 2017, the Company incurred a net loss of $3,465,296, representing an increase of $3,287,667, when compared to a net loss of $177,629 during the three months ended June 30, 2016. The net loss for the three months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. (Panama) were $2,671,469 and $793,827, respectively. The higher net loss during the three months ended June 30, 2017 is the result of the significant increase in exploration activities at the Company's recently acquired Cerro Quema project Panama.

Share-based payments increased during the three months ended June 30, 2017 mainly due to more options vesting in the current quarter. During the three months ended June 30, 2017, the Company granted 5,347,500 options with an exercise price of $0.60 to certain officers, directors and employees. No options were granted during the three months ended June 30, 2016.

Foreign exchange loss increased by $247,428, to $247,683, for the three months ended June 30, 2017, from $255 for the three months ended June 30, 2016 mainly due to the fluctuations in the exchange rates between the Canadian dollar and United States dollar.

Office and administration expenses for the three months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $21,263 (June 30, 2016 – $20,828) and $244,675 (June 30, 2016 – $nil), respectively. The increase in office and administrative expenses of Orla is related to the increase in insurance premiums as higher limits were sought during the three months ended June 30, 2017. During the three months ended June 30, 2017, Minera Cerro Quema incurred the following major office and administration expenses:

- Commercial licensing tax of $80,058;
- Telecommunication expense of $35,323;
- Office supplies of $25,561; and
- Insurance expenses of $17,289.

Salaries and benefits for the three months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $nil (June 30, 2016 – $nil) and $177,621 (June 30, 2016 – $nil), respectively. The salaries and benefits relate to 35 administrative and non-technical staff in Panama.

Public and community relations expenses for the three months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $8,179 (June 30, 2016 – $nil) and $151,358 (June 30, 2016 – $nil), respectively. The public and community relations expenses for Minera Cerro Quema S.A. relate to various local community out-reach programs implemented and maintained by the Company. Ongoing community projects carried out during the period included information sessions, radio programs, and community support programs offered to 24 municipal communities, as well as a hot lunch program for 12 schools located within a fifteen-kilometre radius of the Cerro Quema project site. The Company also provides support for various local amateur sports teams, a youth orchestra, local fairs and cultural events. The Company helps with various local initiatives; for example, it aided with the construction of a newly opened seniors' centre in Tonosi.

Professional fees for the three months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $90,396 (June 30, 2016 – $18,512) and $81,857 (June 30, 2016 – $nil), respectively. The increase in professional fees primarily relate to legal fees incurred in connection with the concession renewal application for the Cerro Quema project during the three months ended June 30, 2017. In addition, Orla incurred $50,000 of professional fees that were paid to a former director relating to assistance with the post-acquisition transition of Minera Cerro Quema.

Management fees for the three months ended June 30, 2017 mainly consists $62,500, $52,475 and $62,500 paid to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

Six months ended June 30, 2017 compared to six months ended June 30, 2016

During the six months ended June 30, 2017, the Company incurred a net loss of $4,772,310, representing an increase of $4,418,802, when compared to a net loss of $353,508 during the six months ended June 30, 2016. The net loss for the six months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. (Panama) were $3,378,511 and $1,393,799, respectively. The higher net loss during the six months ended June 30, 2017 is the result of the significant increase in exploration activities at the Company's recently acquired Cerro Quema project Panama.

Share-based payments increased during the six months ended June 30, 2017 when compared to six months ended June 30, 3016, mainly due to more options vesting in the current quarter. During the six months ended June 30, 2017, the Company granted 5,347,500 options with an exercise price of $0.60 to certain officers, directors and employees. No options were granted during the six months ended June 30, 2016.

Office and administration expenses for the six months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $48,535 (June 30, 2016 – $30,557) and $418,183 (June 30, 2016 – $nil), respectively. The increase in office and administrative expenses of Orla is related to the increase in insurance premiums as higher limits were sought during the six months ended June 30, 2017. During the six months ended June 30, 2017, Minera Cerro Quema incurred the following major office and administration expenses:

- Commercial licensing tax of $80,058;
- Telecommunication expense of $79,897;
- Office supplies of $55,834; and
- Insurance expenses of $20,670.

Salaries and benefits for the six months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $nil (June 30, 2016 – $nil) and $410,659 (June 30, 2016 – $nil), respectively. The salaries and benefits relate to 35 administrative and non-technical staff in Panama.

Professional fees for the six months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $207,928 (June 30, 2016 – $27,196) and $210,073 (June 30, 2016 – $nil), respectively. The increase in professional fees primarily relate to legal fees incurred in connection with the concession renewal application for the Cerro Quema project during the six months ended June 30, 2017. In addition, Orla incurred $100,000 professional fees which were paid to the Company former director for assistance with the post-acquisition transition of Minera Cerro Quema. Due to the significant increase in business activities, Orla incurred legal fees of $58,751 during the six months ended June 30, 2017 compared to $4,184 during the six months ended June 30, 2016.

Public and community relations expenses for the six months ended June 30, 2017 attributable to Orla and Minera Cerro Quema S.A. were $37,734 (June 30, 2016 – $nil) and $313,723 (June 30, 2016 – $nil), respectively. The public and community relations expenses for Minera Cerro Quema S.A. relate to various local community out-reach programs implemented and maintained by the Company. Ongoing community projects carried out during the period included information sessions, radio programs, and community support programs offered to 24 municipal communities, as well as a hot lunch program for 12 schools located within a fifteen-kilometre radius of the Cerro Quema project site. The Company also provides support for various local amateur sports teams, a youth orchestra, local fairs and cultural events.

Foreign exchange loss increased by $347,512, to $347,611, for the six months ended June 30, 2017, from $99 for the six months ended June 30, 2016 mainly due to the fluctuations in the exchange rates between the Canadian dollar and United States dollar.

Management fees for the six months ended June 30, 2017 mainly consists $125,000, $91,475 and $125,000 paid to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

Travel expenses were $238,569 for the six months ended June 30, 2017 as compared to $nil for six months ended June 30, 2016. Increased travel to Panama and increase in corporate travel by management and directors resulted in higher travel costs during the six months ended June 30, 2017 compared to the six months ended June 30, 2016.

Liquidity and Capital Resources

As at June 30, 2017, the Company had working capital of $17,469,107 (December 31, 2016 – $24,006,757) including cash of $18,145,288 (December 31, 2016 – $25,935,149).

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations that generate 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 market, 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 equity 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, and the Company has no plans to use debt financing at the present time.

It is expected that the current cash position will be sufficient to fund the Company's needs for the remainder of the fiscal year. Management will review several equity financing options as deemed appropriate to further its mineral property interests, including additional funding required for the Camino Rojo project subsequent to the successful closing of that transaction.

Outstanding Share Data

At June 30, 2017, the Company had 128,266,072 common shares issued and outstanding (December 31, 2016 – 116,498,572).

During the six months ended June 30, 2017:

- 11,583,000 warrants were exercised for proceeds of $700,900.

- 184,500 options were exercised for proceeds of $42,695.

- On June 25, 2017, the Company's Board of Directors approved a resolution to extend the period which certain former directors have the right to exercise their 546,000 stock options from 90 days of their resignation under the Plan to 12 months.

- 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 cease to be the director of the Company before the Eligibility Period, the bonus shares will be immediately forfeited. The bonus shares will become issuable on the date that the non-executive Chairman cease to act as a director of the Company after the Eligibility Period.

- On June 26, 2017, On August 12, 2016, the Company granted 5,347,500 options with an exercise price of $0.60 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third vest six months from the date of grant and one-third will vest every twelve months thereafter.

- 50,000 warrants with an exercise price of $0.50 expired unexercised.

- 209,000 options with an exercise price ranged from $0.81 to $7.48 expired unexercised.

Subsequent to June 30, 2017:

- 28,500 options were exercised for proceeds of $23,085.

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

- 128,294,572 common shares issued and outstanding;
- 14,040,828 warrants with exercise prices ranging from $0.10 to $2.00 per share outstanding; and
- 6,561,744 stock options with exercise prices ranging from $0.15 to $3.53 per share 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 $130,292 related to penalties, interest and indemnification liabilities to date in these financial statements (December 31, 2016 – $128,926) of which $nil was paid during the six months ended June 30, 2017 (June 30, 2016 – $19,623).

During the six months ended June 30, 2017, the Company has recognized $2,748 in interest and penalties relating to these obligations (June 30, 2016 – $2,616).

The balances due to the indemnification liability included in accounts payables and accrued liabilities were $112,052, as at June 30, 2017 (December 31, 2016 – $109,303).

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$100,000; each bonds 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 $1,000,000 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, 2017. 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, 2016.

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 Company entered into the following transactions with a related party during the six months ended June 30, 2017:

- The Company paid $125,000 (June 30, 2016 – $30,000) 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 $125,000 (June 30, 2016 – $30,000) 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 $91,475 (June 30, 2016 – $36,938) for management fees, to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

- The Company paid $100,000 (June 30, 2016 – $nil), 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.

- 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.

Total compensation of key company personnel for the six months ended June 30, 2017 and 2016 is as follows:

	For the six months ended	
	June 30, 2017	**June 30, 2016**
Management fees	**$ 341,475**	$ 96,938
Professional fees	**100,000**	-
Share-based payments	**1,561,275**	136,335
	$ 2,002,750	$ 233,273

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 $29,423, as at June 30, 2017 (December 31, 2016 – $85,023), which were paid subsequent to June 30, 2017. 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, 2016 for a more detailed discussion of the critical accounting estimates and judgments.

Adoption of New and Amended IFRS Pronouncements

New standards adopted during the year

Effective January 1, 2017, the following standards were adopted but did not have a material impact on the financial statements.

- 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, effective for annual periods beginning on or after January 1, 2017.

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 accounting periods beginning on or after January 1, 2018. 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 and are being evaluated to determine their impact:

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- 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.

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 on the Property, 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:

Foreign Country and Political Risk

The Company's principal mineral property is located in 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.

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 suffer 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 One Principal Exploration-Stage Property

The Company's current efforts are focused primarily on the Cerro Quema Project, which is in the exploration stage. 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 & Reserves and Production Risks

The mineral resource and 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 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 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 have greater financial resources than it will have, 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), title to all its properties is 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, title to all surface rights is 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 title may be affected by undetected defects.

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.

Mineral concessions of the property comprise 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. The Company has also received verbal assurances from government officials that the renewal applications are complete with no outstanding legal issues. 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. As of the date of this MD&A, final concession renewals have not been received.

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 base 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 (Panama ranks 87th out of 176 countries in terms of corruption with a score of 38 (0 - highly corrupt to 100 -very clean), according to a 2016 index published by Transparency International). 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, 2016 (note 7), which are available on SEDAR at ww.sedar.com.

Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the expected completion of the Camino Rojo acquisition this year; the future price of gold; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Some of the forward-looking statements may be identified by the use of conditional or future tenses or by the use of such words such as "will", "expects", "may", "should", "estimates", "anticipates", "believes", "projects", "plans", and similar expressions, including variations thereof and negative forms. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Orla's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: inability to close the Camino Rojo transaction due to not receiving the various regulatory approvals required; inability to obtain extensions on the expired Cerro Quema mineral concessions; geological, mining and processing technical problems; Orla's inability to obtain required mine licences, mine permits and regulatory approvals required in connection with mining and mineral processing operations, 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; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events that could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; the ability to secure adequate financing; and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Orla undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Orla disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by securities legislation.