ORLA MINING LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 year ended December 31, 2016. This MD&A supplements the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2016, 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. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Except as otherwise disclosed, all dollar figures included herein are quoted in Canadian dollars.

This MD&A is prepared as of April 19, 2017.

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 the Company's exploration and development expertise could substantially enhance shareholder value. The recently acquired Cerro Quema project in Panama includes a near-term gold production scenario and significant exploration upside. Cerro Quema's concession covers 14,800 hectares and boasts paved road access, a supportive local population and private land ownership. The Cerro Quema project is currently in the last stage of the permitting process for a proposed open pit mine and gold heap leach operation.

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

Corporate Developments

Merger with Pershimco Resources Inc. ("Pershimco")

On September 14, 2016, Orla and Pershimco entered into a definitive arrangement agreement (the "Arrangement Agreement"). Under the terms of the Arrangement Agreement and the accompanying Plan of Arrangement, among other things, Orla and Pershimco will amalgamate (the "Merger") and continue as an amalgamated corporation to be named Orla Mining Ltd. ("Amalco"). On December 6, 2016, the Company and Pershimco completed the Plan of Arrangement under the Canada Business Corporations Act ("CBCA").

Pursuant to the Merger, each Orla shareholder received one common share of Amalco (an "Amalco Share") for each Orla common share (an "Orla Share") held. Each Pershimco shareholder received 0.19 of an Amalco Share for each Pershimco common share (a "Pershimco Share") held. All the options and warrants outstanding of Orla and Pershimco at the close of the Merger were exchanged using the same conversion ratio as outlined above. Under the Plan of Arrangement, all outstanding restricted share units of Pershimco will be paid out, at the election of the RSU holder, in either cash or Amalco Shares.

In addition, each Pershimco shareholder was entitled to receive 0.04 of a Class A Share of Amalco (a "Class A Share") for each Pershimco Share held. Each whole Class A share of Amalco entitled its holder to receive, without payment of additional consideration, one Amalco Share conditional upon the issuance of a ministerial resolution by the Ministry of Environment of Panama, accepting the Environmental and Social Impact Study on the Cerro Quema project (the "Conversion Event") on or prior to January 31, 2017 (the "Conversion Deadline). If the Conversion Event did not occur prior to the Conversion Deadline, the right to receive Amalco Shares would terminate. As of January 31, 2017, the Conversion Event was not satisfied. Accordingly, each Class A share has been automatically cancelled and the right to receive common shares of Orla has terminated. Orla's work towards obtaining the ministerial resolution continues to progress.

In connection with the merger, Orla completed a Private Placement pursuant to which Orla issued 28,571,428 Subscription Receipts at a price of $1.75 with each Subscription Receipt entitling the holder thereof to receive one common share of Amalco. Following the completion of the Merger, the Subscription Receipts were released from escrow and the underlying common shares of Orla were issued.

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 a paved secondary 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. Workers who live farther from site are housed in the camp.

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. As of the date of this MD&A, final concession renewals have not been received.

Current Exploration

The Company believes that there is a good potential to increase the oxide gold resources at Cerro Quema and the current focus on the project is exploration. In December 2016, preliminary geological mapping was undertaken and line-cutting for a geophysical grid began. Exploration resumed on January 4, 2017 with the continuation of line cutting that started in December. Since that time, line cutting, geological mapping, geophysical surveying and diamond drilling have been undertaken.

Surface mapping combined with re-interpretation of previous induced polarization ("IP") surveys has identified other zones of high-sulphidation style alteration which will be evaluated during the second quarter of 2017.

Drilling

Subsequent to 2016, the Company commenced a minimum 8,000 metre drill program to test areas on the property that have potential to host additional resources. A contract for diamond drilling was awarded to Energold de Panama S.A. The first man-portable rig arrived on site January 19, 2017 and started drilling days later. Two other man-portable rigs arrived in the second week of March in order to accelerate drilling and a second drill started coring on March 10, 2017. Two rigs are operating at any one time, with the third rig moving to the next drill target.

A total of 1,952 metres in 19 holes were drilled up to the date of this MD&A. All holes were drilled in the Quemita and surrounding area. Drilling has been slow due to difficult ground conditions. All holes have intersected variably altered rock, including sections of vuggy silica and hydrothermal brecciation with silica and vuggy silica alteration in some holes. Oxidation levels in holes are up to 100 metres below surface indicating potential for heap-leachable material.

A change in the Company's analytical service provider (including an on-site preparatory lab) has resulted in delays in getting samples prepared and assayed. This problem has now been resolved and the back-log in analysis is expected to be dealt with over the coming weeks. The Company's plan is to release assay results from holes completed during this drilling campaign in batches, commencing in the second quarter of 2017.

Geophysics

A 28 line-kilometre grid was cut in the Picadores area with 18 lines spaced 100 metres apart and 50 metre stations. Lines are not all continuous due to access restrictions on one land parcel in the center of the grid. A 3-man crew from SJ Geophysics of Vancouver, Canada completed 14 line-kilometres of IP and 15 line-kilometres of magnetics during March 2017. Work has been slow due to the steep terrain in the survey area. Preliminary results show a strong near-surface resistor in the area.

Two other smaller grids have been cut and an additional two are planned for a total planned 65 line-kilometres of geophysics. The Company anticipates that this additional survey will be completed by the end of the second quarter of 2017.

Geology

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

The Project occurs within an elongate belt of late Cretaceous island-arc plutonic and volcanic rocks composed of granodiorites-quartz diorites 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 that is host to numerous areas of acid leach alteration associated with high sulphidation, epithermal gold (copper) mineralization.

The gold deposits of La Pava and Quemita, and the gold prospects of Idaida, Caballito and Pelona have outcropping residual quartz with advanced argillic alteration halos that occur along 12 kilometre of topographic highs (ridges). The enveloping advanced argillic alteration at Cerro Quema include alunite, pyrophyllite, diaspore, dickite, and kaolinite. The principle style of quartz-rich alteration in drill core and outcrops at the Cerro Quema Project is vuggy quartz (silicic). 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 containing gold in iron oxides. 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).

Many other potential high sulphidation gold in oxide and copper-gold sulfide targets have been identified within the concession boundaries.

<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 estimate incorporates data from 641 reverse circulation and diamond drill holes and 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 excerpted 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 estimated were reported within an optimized pit shell. Based on sulphur analysis, resources were broken into oxide and sulphide material. 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

Based on the parameters used 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

The Company completed a Pre-Feasibility Study (PFS) 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 PFS 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 life of mine.

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 a low operating cash cost of US$402/oz and a low total cash costs of US$574/oz, including taxes and royalties. The financial model includes all of the capital and operating costs, including an All-In Sustaining Cost 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

The Company has a Health and Safety department at Cerro Quema. In addition to ensuring the safety of our workers, 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 were no lost time accidents in 2016 or to date in 2017.

Environmental and Corporate Social Responsibility

The Company 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 ongoing.

The Company also has an active community relations program that includes provision of hot lunches to 5 to 15 year-old children studying in the 18 schools located within a 15 kilometre radius of the Cerro Quema Project site, support for various local amateur sports teams, support for a youth orchestra in the town of Tonosi (Los Santos province, Panama), support for local fairs and cultural events, and support for specific local initiatives including the construction of a seniors' centre in Tonosi.

Permitting

A Category 3 environmental permit (ESIA) is required from the Ministry of Environment of Panama in order to build a mine at Cerro Quema. 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 the same, which includes the environmental standards to which the Company will need to adhere throughout the life of the Project. Timing of approval is not known at this time.

Current drilling on the Project is in an area covered by a previously issued permits. Applications for new drilling permits in two other priority target areas within the Cerro Quema project have been submitted to the Ministry of Environment but have not yet been received as of the date of this MD&A. When drilling is proposed in additional areas based on geophysical and geological work, additional permits will be required. There is no reason to believe these will not be granted, but it may take several months to do the required studies and go through the permitting process.

Outlook/Future 2017 Plans

The Company plans to continue to explore the Cerro Quema project. The first phase geological mapping and geophysical surveys should be completed by the end of the second quarter of 2017. Further mapping and geophysical work will be determined based on the results of the current work. It is anticipated diamond drilling will continue through the year.

New geological models will be created for the current resource zones and new resource estimates made after additional core drilling in the zones is completed. 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 undergo resource estimation.

Aurum, Panama

The Company holds, through its wholly-owned Panama subsidiary, Aurum Exploration Inc., a 100% interest in a group of six mineral concessions (under application) covering approximately 55,000 hectares located in the Herrera and Los Santos Provinces on the Azuero Peninsula in the Republic of Panama. The applications are west of the Cerro Quema property and cover similar geology favorable for the discovery of bulk-tonnage, disseminated gold mineralization. The Company has the information from limited exploration work including trenching and diamond drilling (16 holes) conducted on the Pitaloza concession within this group by Cyprus Minera de Panama S.A. in the 1990's and Bellhaven Copper and Gold Inc. in the period from 2005 to 2011.

The Company does not consider this property as core to its operations and is reviewing its options relating to this concession.

Blue Quartz, Ontario

The Company holds a 50% interest in the Blue Quartz Property that is located approximately 12 kilometres north-northeast of Matheson, 73 kilometres east-northeast of Timmins and 56 kilometres northwest of Kirkland Lake, all located in the Province of Ontario. The property consists of 25 patented mining claims, all with surveyed boundaries, located in Beatty Township, Ontario. As of April 2004, the patented mining claims have been consolidated into 1 parcel – Parcel 23623 covering approximately 400 hectares. The property is subject to net smelter returns royalties totalling 2.5%, up to an aggregate 0.5% of which can be bought for $500,000. Patented claims do not have due dates or expiration dates. The claims also do not require any assessment work nor have any minimum work commitments. The only payments in respect to the property are annual tax filings to the Ontario Ministry of Northern Development and Mines and municipal taxes to the township of Black River-Matheson, Ontario.

The Company does not consider this property as core to its operations and is reviewing its options relating to this concession.

Results of Operations

Selected Financial Information

	For the years ended		
	December 31, 2016	December 31, 2015	December 31, 2014
Net loss	$ (2,890,183)	$ (283,496)	$ (142,449)
Comprehensive loss	(1,604,584)	(270,496)	(143,449)
Basic and diluted loss per share	$ (0.09)	$ (0.02)	$ (0.03)

As at:	December 31, 2016	December 31, 2015	December 31, 2014
Working capital (deficiency)	$ 24,006,757	$ 250,530	$ (200,891)
Total assets	139,048,461	1,024,213	594,468
Total liabilities	2,696,677	180,638	203,595
Share capital	128,139,781	2,229,514	1,956,728
Deficit	(5,059,078)	(2,168,895)	(1,885,399)

Summary of Quarterly Results

	Three months ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Loss before income taxes	$ (2,287,925)	$ (248,750)	$ (177,629)	$ (175,879)
Comprehensive loss	(638,690)	(612,386)	(177,629)	(175,879)
Loss per share (basic and diluted)	(0.05)	(0.01)	(0.01)	(0.01)

	Three months ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Loss before income taxes	$ (172,300)	$ (94,633)	$ (11,862)	$ (4,701)
Comprehensive loss	(172,300)	(81,633)	(11,862)	(4,701)
Loss per share (basic and diluted)	(0.01)	(0.01)	-	-

Three months ended December 31, 2016 compared to three months ended December 31, 2015

During the three months ended December 31, 2016, the Company incurred a net loss of $2,287,925, representing an increase of $2,115,625, when compared to a net loss of $172,299 during the three months ended December 31, 2015. The increase in net loss during the three months ended December 31, 2016 is primarily the result of the increase in share-based payments, office and administration, management fees and professional fees.

Share-based payments were $518,857 during the three months ended December 31, 2016 compared to $108,198 for the three months ended December 31, 2015. In connection with the Merger, the Company issued 1,068,744 options to replace the entire Pershimco's options. Those replacement options were vested immediately at the date of grant. Share-based payments of $506,636 were recognized for those replacement during the three months ended December 31, 2016.

The increase of $162,312 in office and administration expenses is related to the increase in rent and insurance during the three months ended December 31, 2016. In addition, as a result of the Merger, the Company recognized $151,599 office, general and administrative expenses incurred from the acquired companies.

Management fees for the three months ended December 31, 2016 mainly consists $83,333, $15,158 and $42,500 paid to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

The increase of $125,398 in professional fees is mainly related to the increase in audit fees and legal fees during the three months ended December 31, 2016. In addition, the increase in professional fees related to the fees incurred by the acquired companies since the date of the merger.

Year ended December 31, 2016 compared to year ended December 31, 2015

During the year ended December 31, 2016, the Company incurred a net loss of $2,890,183, representing an increase of $2,606,687, when compared to a net loss of $283,496 during the year ended December 31, 2015. The increase in net loss during the three months ended December 31, 2016 is primarily the result of the increase in share-based payments, management fees office, general and administrative, professional fees and property investigation costs.

Share-based payments were $706,745 during the year ended December 31, 2016 compared to $108,198 for the year ended December 31, 2015. The increase in share-based payments resulted from an increase in the number of options vesting and a corresponding increase in recognition of expense during the period. In addition, in connection with the Merger, the Company issued 1,068,744 options to replace the entire Pershimco's options. Those replacement options vested immediately at the date of grant. Share-based payments of $506,636 were recognized for those replacement options during the year ended December 31, 2016.

Management fees for the year ended December 31, 2016 mainly consists $144,167, $68,004 and $102,500 paid to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

The increase of $167,260 in office, general and administrative expenses is related to the increase in rent and insurance during the year ended December 31, 2016. In addition, as a result of the Merger, the Company recognized $151,599 office, general and administrative expenses incurred from the acquired companies.

The increase of $152,309 in professional fees is mainly related to the increase in audit fees and legal fees during the year ended December 31, 2016. In addition, the increase in professional fees related to the fees incurred by the acquired companies since the date of the merger.

The increase in property investigation costs of $145,232 incurred during the year ended December 31, 2016 was mainly related technical services and travel expenses in connection with various mineral project investigation trips during the year ended December 31, 2016.

Liquidity and Capital Resources

As at December 31, 2016, the Company had working capital of $24,006,757 (December 31, 2015 – $250,530) including cash of $25,935,149 (December 31, 2015 – $418,703).

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, asset sales 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 and the exercise of options and warrants 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 management. Actual funding requirements may vary from those planned due to a number of 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 programs, and the Company has no plans to use debt financing at the present time.

Management has initiated a cost-rationalization strategy to better match the stage of the Company's development with its level of expenditures in order to effectively allocate capital. As a result of these cost control measures, it is expected that the current cash position will be sufficient to fund the Company's needs for the next twelve months. Management will review several funding options including equity financing and seeking joint venture partners as deemed appropriate to further its mineral property interests at the appropriate time.

While the Company has been successful in raising funds in the past (as noted below), there are no assurances that additional funding and/or suitable joint venture agreements will be obtained.

- On February 15, 2016, the Company closed a non-brokered private placement of 375,000 common share units at a price of $0.08 for gross proceeds of $30,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional Common Share at an exercise price of $0.10 until February 15, 2018.

- On July 8, 2016, the Company closed a non-brokered private placement of 14,000,000 common share units at a price of $0.50 for gross proceeds of $7,000,000. 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 $0.62 until July 8, 2021.

- On October 13, 2016, the Company closed a non-brokered private placement of 28,571,428 common share at a price of $1.75 for gross proceeds of $49,999,999.

The Company intends to use the net proceeds from recently completed financings to advance exploration at Cerro Quema (including a minimum of 8,000 metres of drilling), as well as for project evaluation opportunities, and for general working capital purposes.

Outstanding Share Data

At December 31, 2016, the Company had 116,498,572 common shares issued and outstanding (December 31, 2015 – 17,437,924).

During the year ended December 31, 2016

- On February 15, 2016, the Company closed a non-brokered private placement of 375,000 units at a price of $0.08 for gross proceeds of $30,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional common Share at an exercise price of $0.10 for a period of 24 months.

  In connection with this placement, the Company incurred share issue costs of $900.

- On July 8, 2016, the Company closed a non-brokered private placement of 14,000,000 units at a price of $0.50 for gross proceeds of $7,000,000. 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 $0.62 for a period of 60 months.

  In connection with this placement, the Company incurred share issue costs of $49,497.

- On October 13, 2016, the Company closed a non-brokered private placement of 28,571,428 shares at a price of $1.75 for gross proceeds of $49,999,999. In connection with the private placement, the Company paid a cash commission of $1,778,751 and issued 865,668 broker warrants ("Broker Warrants") to the agents. Each Broker Warrant will entitle the holder thereof to subscribe for one common share of Orla at an exercise price of $1.75 per common share of Orla until October 13, 2018.

- On December 6, 2016, the Company issued 53,842,337 common shares with a fair value of $72,687,155 to acquire all of the outstanding shares of Pershimco. In addition, the Company issued 228,571 common shares with a fair value of $308,571 as advisory fees.

- On December 6, 2016, the Company issued 483,313 common shares with a fair value of $652,471 in settlement of the liability of restricted share units of Pershimco.

- 1,550,000 warrants were exercised for proceeds of $93,000.

- 10,000 options were exercised for proceeds of $1,500.

- On December 6, 2016, the Company issued the following in connection with the Merger:

  - 3,000,000 finders' warrants at an exercise price of $2.00 per common share of Orla for a period of 2 years;

  - 2,825,160 advisory warrants at an exercise price of $2.00 per common share of Orla for a period of 2 years; and,

  - 1,068,744 options to replace the outstanding options of Pershimco (5,625,000 options) at a conversion rate of 0.19.

- 57,200 and 50,000 warrants with an exercise price of $0.50 and $0.75, respectively, expired, unexercised.

- 40,000 options with an exercise price of $0.50 expired unexercised.

Subsequent to December 31, 2016

- 11,558,000 warrants were exercised for proceeds of $685,400.

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

- 209,000 stock options with exercise prices ranging $0.81 to $7.48 expired unexercised.

As at the date of this MD&A, the Company had:
- 128,241,072 common shares issued and outstanding;
- 14,115,828 warrants with exercise prices ranging from $0.10 to $2.00 per share outstanding; and
- 2,225,244 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 $ 128,926 related to penalties, interest and indemnification liabilities to date in these financial statements (December 31, 2015 – $123,628) of which $19,623 was paid during the year ended December 31, 2016.

During the year ended December 31, 2016, the Company has recognized $5,298 in interest and penalties relating to these obligations (December 31, 2015 – $37,462).

The balances due to the indemnification liability included in accounts payables and accrued liabilities were $109,303, as at December 31, 2016 (December 31, 2015 – $123,628).

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

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.

	December 31, 2016	December 31, 2015
Financial assets:		
Fair value through profit and loss		
Cash	**$ 25,935,149**	$ 418,703
Loans and receivables		
Sales taxes recoverable	**408,695**	5,181
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 2,696,677**	$ 180,638

Financial instruments recorded at fair value on the 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 December 31, 2016 and 2015, the financial instruments recorded at fair value on the statement of financial position is cash which are measured using Level 1 of the fair value hierarchy.

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 December 31, 2016 in the amount of $25,935,149 in order to meet short-term operating requirements (December 31, 2015 – $418,703). At December 31, 2016, the Company had accounts payable and accrued liabilities of $2,696,677 (December 31, 2016 – $180,638). 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 December 31, 2016 and 2015.

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 December 31,2016 would result in a $259,351 change to the Company's net loss for the year ended December 31, 2016 (December 31, 2015 – $4,187).

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.

The Company had the following balances in foreign currency as at December 31, 2016:

	in Canadian dollars	in US dollars	in MXN
Cash	$ 12,149,105	$ 10,260,505	143,044
Sales taxes recoverable	404,738	2,947	-
Accounts payable and accrued liabilities	(1,119,859)	(1,058,425)	(2,403,683)
Total foreign currencies	**11,433,984**	**9,205,027**	**(2,260,639)**
Foreign currency rate	1.000	1.3427	0.0648
Equivalent to Canadian dollars	**$ 11,433,984**	**$ 12,359,589**	**$ (146,406)**

Based on the above net exposures as at December 31, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and MXN by 10% would increase/decrease profit or loss by $1,221,318.

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.

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 year ended December 31, 2016:

- The Company paid $123,333 (December 31, 2015 – $nil) 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 $123,333(December 31, 2015 – $nil) 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 $149,648 (December 31, 2015 – $22,848), of which $75,414 was classified as acquisition costs related to the Merger, $6,230 was classified as share issuance costs, and $68,004 for management fees, to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

- The Company paid $25,000 (December 31, 2015 – $nil), included in management fees, for consulting fees to Alain Bureau Project Management Inc., which is a corporation controlled by the Company's Director.

Total compensation of key company personnel for the years ended December 31, 2016 and 2015 is as follows:

	For the years ended	
	December 31, 2016	**December 31, 2015**
Management fees	**$ 358,721**	$ 42,848
Share-based payments	**304,967**	96,920
	$ 663,688	$ 139,768

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 $110,654, as at December 31, 2016 (December 31, 2015 – $37,190), which were paid subsequent to December 31, 2016. 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 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, 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 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 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.
- 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 a number of 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 of 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.

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 of the 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 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 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.