

ORLA



MINING LTD

**ORLA MINING LTD.
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2016**

DATED AS OF JANUARY 26, 2018

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INTRODUCTORY NOTES AND CAUTIONARY STATEMENTS

General

In this Annual Information Form, Orla Mining Ltd., together with its subsidiaries, as the context requires, is referred to as the “Company” and “Orla”. Unless otherwise stated, all information contained in this Annual Information Form is as at December 31, 2016, being the date of the Company’s most recently completed financial year.

This Annual Information Form should be read in conjunction with the Company’s audited consolidated financial statements and management’s discussion and analysis for the financial year ended December 31, 2016 and the Company’s unaudited financial statements and management’s discussion and analysis for the period ended September 30, 2017, which are available under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) website at www.sedar.com.

Currency Presentation and Exchange Rate Information

This Annual Information Form contains references to Canadian (“\$” or “C\$”) and United States dollars (“US dollars” or “US\$”). All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars. Unless otherwise indicated, United States dollar amounts have been converted to Canadian dollars at the rate of exchange in effect at December 31, 2016, being US\$0.7442 = C\$1.00.

Cautionary Note Regarding Forward-Looking Statements

This Annual Information Form contains “forward-looking statements” or “forward-looking information” within the meaning of applicable Canadian securities legislation (collectively, “forward-looking statements”). Forward-looking statements are included to provide information about management’s current expectations and plans that allows investors and others to get a better understanding of the Company’s operating environment, the business operations and financial performance and condition.

Forward-looking statements include, but are not limited to, statements regarding planned exploration and development programs and expenditures, the estimation of Mineral Resources and Mineral Reserves (each as defined herein), expectations on the potential extension of the expired mineral concessions with respect to the Cerro Quema Project (as defined herein); proposed exploration plans and expected results of exploration from each of the Cerro Quema Project and the Camino Rojo Project (as defined herein); Orla’s ability 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; Orla’s ability to verify the historical resource estimate for the Camino Rojo Project in order to prepare a current estimate; community and ejido relations; availability of sufficient water for proposed operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; changes in commodity prices and exchange rates; currency and interest rate fluctuations. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved (or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company’s

actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the future price of gold, anticipated costs and the Company's ability to fund its programs, the Company's ability to carry on exploration and development activities, the Company's ability to meet obligations under property agreements, the timing and results of drilling programs, the discovery of Mineral Resources and Mineral Reserves on the Company's mineral properties, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects, the costs of operating and exploration expenditures, the Company's ability to operate in a safe, efficient and effective manner and the Company's ability to obtain financing as and when required and on reasonable terms.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others: (i) access to additional capital; (ii) uncertainty and variations in the estimation of Mineral Resources and Mineral Reserves; (iii) health, safety and environmental risks; (iv) success of exploration, development and operations activities; (v) risks relating to foreign operations and expropriation or nationalization of mining operations; (vi) delays in obtaining or failure to obtain governmental permits, or non-compliance with permits; (vii) delays in getting access from surface rights owners; (viii) uncertainty in estimates in production, capital and operation costs and potential of production and cost overruns; (ix) the impact of Panamanian or Mexican laws regarding foreign investment; (x) the fluctuating price of gold; (xi) assessments by taxation authorities in multiple jurisdictions; (xiii) uncertainties related to title to mineral properties; (xiv) the Company's ability to identify, complete and successfully integrate acquisitions; and (xv) volatility in the market price of Company's securities.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Although the Company believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. See the section entitled "Risk Factors" below for additional risk factors that could cause results to differ materially from forward-looking statements.

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

Scientific and Technical Information

Unless otherwise indicated, scientific and technical information in this Annual Information Form relating to the Company's mineral properties has been reviewed and approved by Marc Prefontaine, P.Geol., the Chief Executive Officer and a director of the Company. Mr. Prefontaine is a "Qualified Person" as defined under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

The disclosure included in this Annual Information Form uses Mineral Reserves and Mineral Resources classification terms that comply with reporting standards in Canada and the Mineral Reserves and Mineral Resources estimations are made in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Reserves and Mineral Resources adopted by the CIM Council on May 10, 2014 and NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The following definitions are reproduced from the CIM Standards:

A “**Mineral Resource**” is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An “**Inferred Mineral Resource**” is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An “**Indicated Mineral Resource**” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

A “**Measured Mineral Resource**” is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

A “**Mineral Reserve**” is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

A “**Probable Mineral Reserve**” is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

A “**Proven Mineral Reserve**” is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

“**Modifying Factors**” are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

CORPORATE STRUCTURE

Name, Address and Incorporation

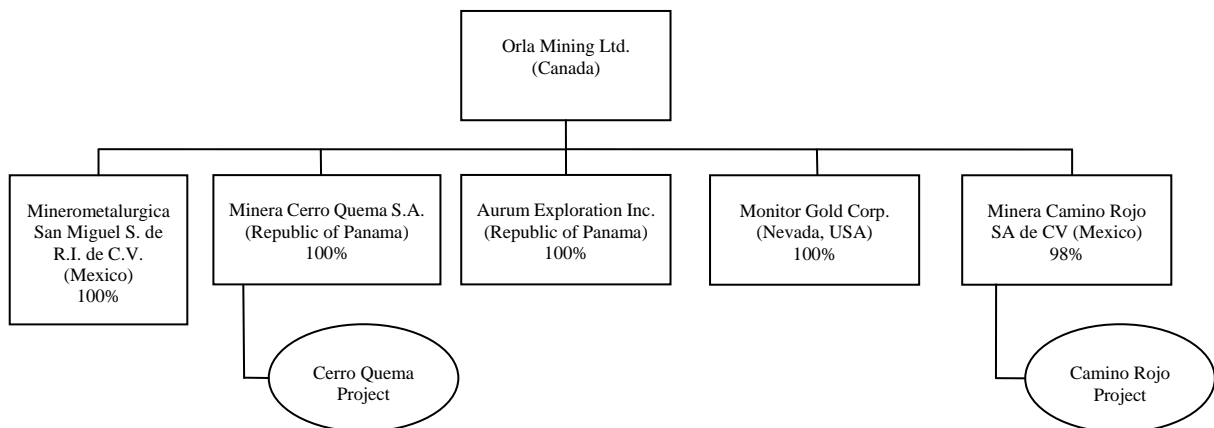
The Company was incorporated under the *Business Corporations Act* (Alberta) on May 31, 2007 as a Capital Pool Company (as defined by Policy 2.4 of the TSX Venture Exchange (the “**TSXV**”). On June 3, 2010, the Company was continued into British Columbia under the *Business Corporations Act* (British Columbia) and on April 21, 2015, the Company was continued into Ontario under the *Business Corporations Act* (Ontario). On June 12, 2015, the Company changed its name from “Red Mile Minerals Corp.” to “Orla Mining Ltd.” On December 2, 2016, in order to facilitate the acquisition of Pershimco Resources Inc. (“**Pershimco**”), the Company was continued as a federal company under the *Canada Business Corporations Act* (the “**CBCA**”). Following the continuance, on December 6, 2016, the plan of arrangement under the CBCA involving Orla and Pershimco (the “**Arrangement**”) was effected. Pursuant to the Arrangement, among other things, Orla and Pershimco were amalgamated and continued as one company under the name “Orla Mining Ltd.”

On June 19, 2017, following receipt of shareholder approval, Orla amended its articles in order to allow the directors of the Company to appoint one or more additional directors between annual meetings of shareholders.

The registered office of the Company is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and the head and principal office of the Company is located at Suite 1240 - 1140 West Pender Street, Vancouver, British Columbia, Canada, V6E 4G1.

Intercorporate Relationships

The following is a diagram of the intercorporate relationships among Orla and its subsidiaries, including their respective jurisdiction of incorporation.



As indicated in the organizational chart above, each of Minera Cerro Quema S.A. (“**MCQ**”), Aurum Exploration Inc. (“**Aurum**”), Monitor Gold Corp. is a wholly owned subsidiary of Orla. Orla holds 2,999 of the 3,000 shares of Minerometalurgica San Miguel S. de R.L. de C.V. (or 99.97%) with Hans Smit holding one share (or 0.03%). Orla owns 49 of the 50 shares of Minera Camino Rojo, SA de CV (“**Minera Camino Rojo**”) (or 98%) with Hans Smit holding one share (or 2%).

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Orla is a Canadian company listed on the TSXV. The Company's focus is on the acquisition, exploration and development of mineral exploration opportunities in which the Company's exploration and development expertise could substantially enhance shareholder value. The Company currently has two core projects, the Cerro Quema project in Los Santos Province, Panama (the "**Cerro Quema Project**") and the Camino Rojo project in Zacatecas State, Mexico (the "**Camino Rojo Project**").

The Cerro Quema Project includes a near-term gold production scenario and exploration upside. The Cerro Quema Project concession covers 14,800 hectares ("**ha**") 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 Camino Rojo Project is a high quality, advanced oxide heap leach project in a low risk jurisdiction, which leverages management's and the board's extensive exploration, development and operating experience in Mexico. The Camino Rojo Project boasts a large prospective land package, covering 200,000 ha, with an existing historical resource estimate, and a recommended work program in order to define a current Mineral Resource estimation.

General Development of the Business

Three Year History of Orla

Orla's history prior to appointment of new management in June 2015 is not material to the current business of the Company. Prior to the appointment of new management in 2015, the Company signed an option agreement in 2010 with McLaren Resources Inc ("**McLaren**") whereby McLaren could earn 50% of the Company's interest in the Blue Quartz property and obtained a right of first refusal for the remaining 50%. McLaren exercised the option, issued 100,000 shares to the Company and became operator of the property in September 30, 2011. The Company does not consider this property as core to its operations. In addition, in 2013, Orla purchased the rights to the Esker property in North West Ontario, and during 2014, Orla recorded an impairment charge, writing the property down to \$Nil.

Subsequent to the appointment of new management in June 2015 and prior to the acquisition of Pershimco by Orla in December, 2016, the principal activities of Orla included:

On June 10, 2015, Orla announced that at the annual and special shareholders meeting, the shareholders of the Company approved the name change from Red Mile Minerals Corp. to "Orla Mining Ltd." The name change was effective on June 12, 2015 and at market open on June 12, 2015, the Company's common shares (the "**Old Orla Shares**") commenced trading on the TSXV under the name "Orla Mining Ltd." with the new trading symbol "OLA." In addition, shareholders of the Company unanimously voted in favor of the proposed director nominees, being Messrs. Troy Fierro, Richard Hall, Marc Prefontaine, Hans Smit, Kerry Sparkes and Aaron Wolfe. Following the meeting, Troy Fierro was appointed Non-Executive Chairman of the Board of Directors; Marc Prefontaine was appointed President and Chief Executive Officer; Hans Smit was appointed Chief Operating Officer; and Paul Robertson was appointed Chief Financial Officer and Corporate Secretary.

On July 8, 2016, Orla closed a non-brokered private placement financing for gross proceeds of C\$7,000,000. The Company issued 14,000,000 units (each, a "**Unit**") at a price of C\$0.50 per Unit. Each Unit consisted of one Old Orla Share and one-half of one common share purchase warrant (each whole warrant, a "**2021 Warrant**"). Each 2021 Warrant entitles the holder to purchase one Old Orla Share at an exercise price of C\$0.62 until July 8, 2021 (which 2021 Warrants became exercisable for Common Shares (as defined below) in connection with the Arrangement, as discussed below). Insiders of the Company accounted for approximately 46% of the total financing. The Company used the net proceeds to further asset review and evaluation opportunities, and for general working capital purposes.

Three Year History of Pershimco

Prior to the acquisition of Pershimco by Orla in December, 2016, the principal activities of Pershimco included:

On January 28, 2014, Pershimco closed a non-brokered private placement with Agnico Eagle Mines Limited (“**Agnico Eagle**”) and Sentient Executive GP IV, Limited (“**Sentient**”) for aggregate gross proceeds of C\$11,198,692.

In July 2014, Pershimco issued its prefeasibility study of the Cerro Quema Project, which was intended to help determine the value of the Mineral Reserve contained in the oxidized gold domain of the La Pava and Quemita deposits. This study takes into account the work made by previous owners, as well as the work completed since Pershimco acquired the property. It provides a significant internal rate of return of 45.8% pre-tax and pre-royalties (33.7% after tax and royalties) for a project of this size.

On May 14, 2015, Pershimco completed a brokered private placement for aggregate gross proceeds of C\$7,071,203. Agnico Eagle and Sentient participated, increasing each of their ownership percentages to 19.9% of the then outstanding common shares of Pershimco (the “**Pershimco Shares**”).

On May 16, 2015, the Autoridad Nacional del Medio Ambiente (“**ANAM**”) of Panama successfully completed public hearings on the Cerro Quema Project. During the hearings, ANAM heard the views of local leaders and residents concerning the Cerro Quema Project’s potential environmental and social impact. The ANAM public consultations represented a major milestone for Pershimco in order to initiate the technical review and recommendations on the ESIA.

On August 20, 2015, Pershimco completed a non-brokered private placement with EXP T1 Ltd., an affiliate of RK Mine Finance (“**Red Kite**”), for aggregate gross proceeds of C\$3,266,000. The private placement was completed in connection with the arranging a senior secured facility with Red Kite.

In November 2015, Pershimco acquired all of the issued and outstanding shares of Aurum from Bellhaven Copper & Gold Inc., for cash consideration of US\$140,000. The acquisition of Aurum increased the Cerro Quema Project to a total of 72,000 ha of concessions and concession application rights along the Azuero mineralized belt.

The Pershimco Acquisition

On September 14, 2016, Orla and Pershimco entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) to amalgamate the two companies by way of a court-approved Arrangement under the CBCA. Concurrently with entering into the Arrangement Agreement, Orla subscribed for 12,121,212 Pershimco Shares at a price of C\$0.33 per Pershimco Share in a private placement for total gross proceeds to Pershimco of approximately C\$4 million, representing approximately 4% of the Pershimco Shares on a pro forma basis. The private placement financing was not conditional on the completion of the Arrangement.

In connection with the proposed Arrangement, Orla entered into an agreement with GMP Securities L.P. on behalf of a syndicate of agents (the “**Agents**”) to complete a private placement of subscription receipts (the “**Subscription Receipts**”) for total gross proceeds of approximately C\$50 million at a price of C\$1.75 per Subscription Receipt. The gross proceeds were held in escrow in order to be released immediately prior to the completion of the Arrangement upon the satisfaction of certain conditions. Each Subscription Receipt entitled the holder thereof to one Old Orla Share on satisfaction of the release conditions, which Old Orla Shares would then participate in the Arrangement, as discussed below. Insiders of Orla participated in the financing and subscribed for an aggregate of 12,604,000 Subscription Receipts representing 44.1% of the outstanding Subscription Receipts sold under the private placement, and minority shareholder approval was obtained for the insider participation.

On December 6, 2016, Orla announced the completion of the Arrangement and the release of the proceeds of private placement of Subscription Receipts from escrow. The proceeds were used to repay any amounts owed to Red Kite, for exploration growth at the Cerro Quema Project and for general corporate purposes. On closing, Messrs. Jean Robitaille and Alain Bureau were appointed to the Board of Directors.

Under the Arrangement each Orla shareholder received one common share of the amalgamated Orla entity (the “**Common Shares**”) in exchange for each Old Orla Share held. Each Pershimco shareholder received (i) 0.19 of a Common Share for each Pershimco Share held; and (ii) 0.04 of a class A common share of Orla. Each whole class A common share entitled its holder to receive, without payment of additional consideration, one Common Share conditional upon the issuance of a ministerial resolution by the Ministry of Environment of Panama, accepting the ESIA for the Cerro Quema Project on or prior to January 31, 2017. All outstanding options and warrants of both Orla and Pershimco were exchanged for equivalent securities of Orla in accordance with the Arrangement, while the outstanding restricted share units of Pershimco were paid out in either cash or Common Shares.

Following completion of the Arrangement, Orla had approximately 115.86 million Common Shares issued and outstanding with approximately 53.1% of the Common Shares being held by former shareholders of Orla and 46.9% of the Common Shares being held by former shareholders of Pershimco. Additionally, Orla had approximately 11.44 million class A shares issued and outstanding, which were all held by former shareholders of Pershimco. The 12,121,212 Pershimco Shares held by Orla were cancelled in connection with the Arrangement.

On December 7, 2016, the post-arrangement Common Shares commenced trading on the TSXV under the symbol OLA.

Effective as of December 28, 2016, the Company changed its auditors from Manning Elliott LLP to Davidson & Company LLP.

Recent Developments Subsequent to December 31, 2016

On February 2, 2017 Orla announced that the ESIA was not received prior to January 31, 2017 and the class A common shares were redeemed in accordance with their terms and any right to receive Common Shares was terminated.

On April 26, 2017, the Company reported results from the first 12 diamond drill holes completed in 2017 on its wholly owned Cerro Quema Project in Los Santos Province, Panama. Highlights include two holes drilled to test a geophysics anomaly 400 metres (“**m**”) from one of the two current Mineral Reserve zones that intersected 47.8 m at 0.47 grams per tonne (“**g/t**”) gold (“**Au**”) and 52.4 m at 0.49 g/t Au and two holes within the current Mineral Reserve zone that intersected 42.3 m at 3.50 g/t Au and 63.5 m at 1.37 g/t Au. These intersections are in oxide material and start at surface.

On June 19, 2017, at the annual meeting of shareholders of Orla, Messrs. Charles Jeannes, George Albino and Tim Haldane were elected to the Board of Directors, alongside returning directors Messrs. Richard Hall, Marc Prefontaine, Jean Robitaille and Hans Smit. Following the meeting, Mr. Jeannes was appointed Non-Executive Chairman. Each of Mr. Troy Fierro, Mr. Alain Bureau and Mr. Aaron Wolfe did not stand for re-election.

On June 21, 2017, Orla announced it had entered into an asset purchase agreement dated June 20, 2017, as amended (the “**Camino Agreement**”) pursuant to which Orla would acquire the Camino Rojo Project from Goldcorp Inc. (“**Goldcorp**”) for consideration to Goldcorp consisting of 31,860,141 million Common Shares and a 2.0% net smelter royalty (the “**Camino Acquisition**”). On November 7, 2017, Orla and Goldcorp Inc. completed the Camino Acquisition. Following the Camino Acquisition, Goldcorp holds 31,860,141 million Common Shares, representing 19.9% of the outstanding Common Shares.

In addition, Orla and Goldcorp entered into an option agreement dated November 7, 2017 (the “**Option Agreement**”) regarding the potential future development of a sulphide operation at the Camino Rojo Project 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 the Camino Rojo Project. Orla will be operator of Camino Rojo Project and will have full rights to explore, evaluate, and exploit the property. However, in the event sulphide projects are defined through one or more positive pre-feasibility studies outlining a development scenario as outlined below, Goldcorp will have an option to enter into a joint venture with Orla for the purpose of future exploration, advancement, construction, and exploitation of such a sulphide project.

In connection with the issuance of the Common Shares by the Company to Goldcorp, the parties entered into an investor rights agreement (the “**IRA**”). The IRA provides that (i) Goldcorp will not sell any of the Common Shares for a period of two years from the closing date, except in certain circumstances; (ii) for so long as Goldcorp maintains at least 10.0% equity interest in the Company, it will have the right to participate in future equity offerings used to advance the Cerro Quema or Camino Rojo projects, in order to maintain its pro rata ownership and (iii) Goldcorp will have the right to appoint one nominee to the Board of Directors. In connection with the closing of the Camino Acquisition, Mr. Steven Thomas was appointed to the Company’s Board of Directors as the nominee of Goldcorp.

In late October 2017, the Company started refurbishing the Camino Rojo Project camp.

On each of April 26, 2017, August 23, 2017, September 13, 2017, November 16, 2017, November 30, 2017 and January 8, 2018 Orla announced results of recent diamond hole drilling at the Cerro Quema Project. The results indicate a potential new copper – gold sulphide zone. Drilling is continuing and the current work plan also includes metallurgical and other engineering studies required to update the economic analysis presented in the Cerro Quema Report (as defined below). See “Mineral Projects – Cerro Quema Project”.

On January 25, 2018, Orla entered into an agreement to acquire up to a 100% interest in the Monitor Gold exploration project (the “**Monitor Gold Project**”) covering approximately 2,800 hectares in central Nevada. The agreement is structured as a lease between the vendor, Mountain Gold Claims LLC (“**Mountain Gold**”), a privately held Nevada company, Orla and Monitor Gold Corporation, a wholly owned subsidiary of Orla. The agreement covers an initial 340 claims and is subject to a surrounding area of interest (the “**AOI**”) in which any additional mineral claims Orla acquires will become part of the lease and a right for Orla to acquire ownership of any claims required to develop a mining operation. Mountain Gold retains a 3% net smelter royalty covering the claims and any new claims in the AOI, with Orla having the right to purchase a portion of this royalty and a right of first refusal on the remaining portion. Pursuant to the terms of the agreement, Orla is required to make an advanced royalty payment of US\$5,000 on execution of the agreement, and advanced royalty payments in the aggregate amount of US\$525,000, as allocated per year in the agreement until the 10th anniversary date, and US\$100,000 on the 11th anniversary date and each anniversary date thereafter. Orla has annual work commitments in the aggregate of US\$155,000 for the first four years of the lease, and US\$100,000 for the fifth year and each year thereafter. In addition, Orla will be required to make payments of US\$50,000, US\$150,000 and US\$250,000, on each of the first, third and fifth anniversary dates, respectively, with such payments to be satisfied in cash or through the issuance of Common Shares, which shares will be issued at a price based on the closing price of the Common Shares on the TSXV on the date prior to the applicable anniversary date or such other price as may be required by the TSXV. The Monitor Gold Project is not considered to be a material project for the Company.

Outlook

At the Camino Rojo Project, the current work plan includes completing an initial core relogging program which will facilitate an updated geological model and resource estimate. Geological, engineering, environmental, legal and social components of the project are being reviewed and a work plan to evaluate a potential open pit mine and heap leach extraction facility is being developed. Additional metallurgical test work is planned. A current Mineral Resource estimate and a Preliminary Economic Assessment on the project are expected to be completed in the second quarter of 2018. Exploration work has commenced to evaluate previously identified targets for new gold and silver mineralization. Exploration of the entire extensive land position commenced in early 2018. Prospective targets will be geologically mapped, sampled and potentially trenched. On targets where initial work is positive, drilling will be planned.

At Cerro Quema, the primary exploration work completed in 2017 was diamond drilling. In addition to continuing to follow up on the successful oxide and sulphide intercepts described above, six drill holes were drilled to obtain material for additional metallurgical testwork on oxide material as there are some potential improvements over the pre-feasibility study estimates that would be positive for project economics. An updated Mineral Resource estimate and a PFS on the project are expected to be completed in the first quarter of 2019.

DESCRIPTION OF THE BUSINESS

Summary

As described above under “General Development of the Business”, the Company is a natural resource exploration and development company engaged in the business of acquisition and development of mineral properties whose current efforts are focused on its Cerro Quema Project and Camino Rojo Project. See “Mineral Projects – Cerro Quema Project” and “Mineral Projects – Camino Rojo Project”.

Specialized Skill and Knowledge

All aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, mining, metallurgy, environmental permitting, corporate social responsibility and accounting. Orla faces competition for qualified personnel with these specialized skills and knowledge, which may increase costs of operations or result in delays.

Competitive Conditions

The mineral exploration and mining business is competitive. Competition is primarily for: (a) mineral properties that can be developed and produced economically; (b) technical experts that can find, develop and mine such mineral properties; (c) labour to operate the mineral properties; and (d) capital to finance development and operations.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims, leases and other interests, to finance its activities and in the recruitment and retention of qualified employees. The ability of the Company to acquire and develop precious metal properties will depend not only on its ability to raise the necessary funding but also on its ability to select and acquire suitable prospects for precious metal development or metal exploration. See “Financing Risks” and “Competition” under “Risk Factors”.

Health and Safety

The Company is committed to the health and safety of its employees, and strives to create and maintain a safe working environment by complying with all applicable health and safety laws, rules and regulations. Orla acknowledges that there are safety risks associated with its business and, through proactive risk management, continuously aims to minimize and control these risks. The Company has a Health and Safety department at the Cerro Quema Project and is developing Health and Safety policy and procedures for the Camino Rojo Project.

In order to ensure consistent oversight and proactive risk management, the Board of Directors has established an Environmental, Health and Safety Committee to assist the Board of Directors in its oversight role with respect to environmental, health and safety matters concerning the Company. The Committee is responsible for, among other things, ensuring that the Company provides training, instruction and equipment to its personnel so that they may carry out their work in a manner that is safe for them and their colleagues.

In addition to ensuring the safety of Company workers and contractors, the Company has aided local communities and residents in urgent need of help. There were no lost time accidents in 2016. There were two lost time accidents at Cerro Quema Project in 2017. One involved two people who were in a vehicle that rolled down a steep embankment on site. The other was when a worker had the tip of his finger pinched by a heavy metal bar. All three workers are back at work. The Company strives to have a perfect safety record and continues to be proactive in ensuring the risk of such accidents is minimized.

Employees

As at December 31, 2016, the Company had 125 employees, which included employees located in Panama. In addition, there were five consulting geologists.

As at January 25, 2018, the Company had 141 employees, which includes employees located in Canada (4), Panama (127) and Mexico (10). In addition, there was one drill management consultant and nine employees of Energold Drilling Corp. working directly on the Cerro Quema Project and three consulting geologists and four contractors with Resource Geosciences de Mexico working on the Camino Rojo Project.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Foreign Operations

The location of the Company's Cerro Quema Project in Panama and Camino Rojo Project in Mexico exposes the Company to certain risks, including currency fluctuations and possible political or economic instability that may result in the impairment or loss of mining titles or other mineral rights. Mineral exploration and mining activities in foreign jurisdictions may also be affected in varying degrees by political stability and governmental regulations relating to the mining industry; labour unrest; expropriation; renegotiation or termination of existing concessions; ability of governments to unilaterally alter agreements; surface land access; illegal mining; changes in taxation policies or laws; and repatriation. Any changes in regulations or shifts in political attitudes in such foreign countries are beyond the Company's control and may adversely affect the Company's business. See "Risk Factors – Foreign Country and Political Risk".

Environmental and Corporate Social Responsibility

Mining, exploration and development activities are subject to various levels of federal, provincial, state and local laws and regulations relating to the protection of the environment at all phases of operation. These regulations govern exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general handling, transportation, storage and disposal of solid and hazardous waste. 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. To the best knowledge of the Company, it is in compliance with all environmental laws and regulations in effect where its properties are located. Environmental protection requirements did not have a material effect on the capital expenditures, earnings or competitive position of Orla during the 2016 or 2017 financial years and are not expected to have a material effect during the 2018 financial year.

As noted above, the Board of Directors has established an Environmental, Health and Safety Committee which is responsible for all technical matters particularly as they apply to environmental, health, and safety concerns. assessing environmental risks and the Company's risk management thereof.

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 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 strives to actively engage and make positive contributions in the communities where it currently operates. In Panama, the Company has an active community relations program that includes provision of hot lunches to five to 15 year-old children studying in the 18 schools located within a 15 kilometre ("**km**") 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.

Through agreements signed between Goldcorp and the ejidos of San Tiburcio, San Berrendo and San Francisco, the Company provides social payments, scholarships and food for needy people. The Company has hired a full time community relations person for the Camino Rojo Project and is developing a community relations and social responsibility program.

Reorganizations

Other than the Arrangement, there have been no material reorganizations of the Company or any of its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

MINERAL PROJECTS

Cerro Quema Project

The following disclosure relating to the Cerro Quema Project has been derived, in part, from the independent technical report for the Cerro Quema Project titled “Cerro Quema Project – Pre-Feasibility Study on the La Pava and Quemita Oxide Gold Deposits” dated August 15, 2014 with an effective date of June 30, 2014 (the “**Cerro Quema Report**”) prepared by Eugene Puritch, P. Eng., Richard H. Sutcliffe, P.Geo., Tracy Armstrong, P.Geo., Antoine Yassa, P.Geo., David Burga, P.Geo., Kenneth Kuchling, P.Eng., and Fred Brown, P.Geo., of P&E Mining Consultants Inc., Gene Tortelli, PE, George Lightwood, PE, and David Brown, P.Geo., of Golder Associates Inc., and Mark Gorman, PE of Kappes Cassidy and Associates (“**KCA**”). The Cerro Quema Report is available for review under the Company’s profile on SEDAR at www.sedar.com.

Project Description, Location and Access

The Cerro Quema Project is located on the Azuero Peninsula in the Los Santos Province of south-western Panama. The Cerro Quema Project is located approximately 45 km south-southwest of the city of Chitré which is approximately 255 km by road from Panama City on the Panamanian Highway and about 150 km by air, southwest of Panama City. The Project is located at Latitude 7° 33’ 14” N by Longitude 80° 32’ 56” W and at UTM coordinates 17N 549772 mE, 834994 mN (NAD83).

The Cerro Quema Project is accessible by road. Container loads of equipment and supplies can be shipped from the Panama Canal to the site by road. Oversized truckloads may require bypass arrangements around bridges and power lines. Chitré is the nearest town with regular air service. A helipad is available at the Project’s camp for emergency services.

The Cerro Quema Project comprises three contracts between the Republic of Panama and MCQ that grant exclusive rights for mineral extraction of class IV metallic minerals (silver and gold) over 14,893 ha dated between February 26, 1997 and March 3, 1997. The original term of the contracts was 20 years. The contracts can be extended for a first 10 year extension and then two additional extensions of five years each. The Government of Panama retains a 4% net smelter royalty.

The concession contracts held by Pershimco through its ownership of MCQ include the following provisions:

- the state reserves the right to explore and extract under the granted area, by itself or by concessions to third parties, other natural resources including different minerals to those granted under the contract;
- a land tax and royalty against production must be paid to the government as per article 211 of the *Mining Resources Code*;
- the concession holder must submit to the government a detailed work plan each year including approximate cost;

- the concession holder has the right to import equipment, parts, and supplies to be used in any mining operation free of importation taxes and custom fees, except for fuel and vehicles that are not used in the mining operation;
- a warranty fund in the amount of 100,000 Panamanian balboas (“**pab**”) (equivalent to US\$100,000) in the form of an insurance company deposit must be put in place to guarantee the payment of repairs for damage caused by dangerous acts or restoration due to abandonment for each concession. The fund must stay in place for two years after the expiration of the contract to ensure compliance; and
- a warranty fund in the amount of 15,000 pab must be put in place to guarantee compliance with the obligations of each contract.

The original 20-year term for the 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 Annual Information Form, final concession renewals have not been received.

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

Panama is a constitutional democracy and faces no current threats of hostility either domestically or externally.

History

Between 1990 and 1994, previous owners completed 4,622.5 m of core drilling and 17,578.8 m of reverse circulation (“**RC**”) drilling on the Cerro Quema Project as well as geological mapping and various geochemical surveys. In 1996, a further 1,749.6 m of core drilling was performed on the La Pava deposit.

Resource estimates were completed in 1996 and 2002, and 2011, but such estimates were not prepared in compliance with NI 43-101 and are no longer considered applicable due to subsequent drilling and the current Mineral Resource estimations described below. There has been no production from the Cerro Quema Project.

Geological Setting, Mineralization, and Deposit Types

Regional Geography

The Cerro Quema Project is located on the Azuero Peninsula, Panama. The Azuero Peninsula is a major topographic feature on the southwest (Pacific) coastline of Panama. The basement rocks of the Peninsula consist of massive and pillowed tholeiitic basalts that are currently interpreted to represent uplifted rocks from the western margin of the Caribbean plate. Following the onset of subduction at about 70 Ma, an arc magmatic sequence developed on the Azuero basement. The rocks of the Azuero Arc Group consist of volcanic rocks including associated tuffs and volcanoclastic rocks ranging in age from approximately 71 Ma to 40 Ma Late Cretaceous to Mid-Paleogene.

Local Geography

The Cerro Quema district is located within the Los Santos peninsula region in the central part of the Azuero Peninsula. Volcanic rocks in this part of the Azuero Peninsula consist of andesite, dacite, and basalt. Within and beneath the volcanic sequence are marine volcanoclastic sediments (conglomerate, sandstone and mudstone), limestone and turbidites.

The lower unit of the Rio Quema Formation consists of andesitic lava flow rocks, crystal rich sandstone, and turbidites interbedded with hemipelagic limestone. The upper unit contains rocks erupted from submarine dacite lava domes that are inferred to have created a barrier within the fore-arc basin and restricted the marine and volcanoclastic sedimentation patterns. North of the dacite domes, the units comprise massive volcanic rocks, many dikes and only minor volcanoclastic and limestone units. The upper unit of the Rio Quema formation is intruded by arc-related quartz diorite and granodiorite dike intrusions. The major geological structure on the Azuero Peninsula is the northwest-southeast striking Azuero-Sona fault. This fault separates two different basement terranes. Rocks on the southwest side of the fault are massive basalt flows and pillow lavas with interbedded volcanoclastic sediments. Basement rocks to the northeast of the fault are island-arc volcanics with basalt, andesite and dacite with interbedded sediments. Flat-lying sediments of the Tonasi Formation in places overly the basement rocks, particularly northeast of the Azuero-Sona fault on the southeast coast of the Azuero Peninsula. The Azuero-Sona fault has a very clear trace within the topography of southwest Azuero Peninsula. The fault has probably been seismically active within the Holocene Epoch as indicated by left-laterally offset streams. The slip rate and seismic potential of this major fault, however, is unknown.

Property Geology

At Cerro Quema, the silica-pyrite alteration is characterized by a highly fractured, vuggy, locally brecciated rock composed of silica and iron-oxides at the surface. The oxidized rock extends from surface to a depth of up to 150 m. Beneath the oxidation boundary, pyrite is abundant. With few exceptions, gold mineralization above the cut-off grade is restricted to the silica-rich alteration type within the oxidized and leached cap. On the south side of the La Pava deposit, steeply-dipping chalcopyrite veins appear to be associated with late stage fracturing. In this area, a zone of high grade supergene mineralization (0.5 to 5.0% copper) is present beneath the oxidation surface.

Pershimco defined three alteration zones related to the Cerro Quema Project deposits: (i) a silica alteration zone, occurring in the core of the deposit, that contains quartz with very minor alumino-silicate clay minerals; (ii) a silica-clay alteration zone that surrounds the silicic core and is composed of silica with up to 30% fine grained alumino-silicate clay minerals (kaolinite, dickite, pyrophyllite). This zone may contain medium to low grade mineralization; (iii) and a clay alteration zone that occurs as a transition between the silica-clay alteration and fresh rock. The clay alteration may contain up to 30% illite/smectite clays that replace original feldspar. This zone is unmineralized.

Mineralization

In the Cerro Quema Project area, several gold mineralized zones are located along a 15 km long, east-west trend. These zones include the La Pava, Quemita-Quema and La Mesita deposits. The mineralized zones are reported as being hosted in a belt of hornblende-pyrite pyroclastic flows and lavas of dacitic and andesitic composition. The volcanic belt is up to 1.5 km wide and conformably bounded to the north and south by epiclastic submarine sediments. The sequence dips south at 45° to 60° north. The main rock types within the mineralized zones are saprolitic dacitic clay, silicious dacite with various degrees of acid leaching and iron-oxide cemented breccia.

The gold and copper mineralization are associated with disseminated pyrite, chalcopyrite, enargite and a stockwork of quartz, pyrite, chalcopyrite, and barite with traces of galena and sphalerite. The presence of vuggy silica, alunite, natro-alunite and enargite in addition to the hydrothermal alteration pattern is compatible with a high-sulfidation epithermal system.

Gold occurs as disseminated submicroscopic grains and as invisible gold within the crystalline structure of pyrite, especially in the advanced silica alteration zone. Strong supergene alteration results in the formation of an oxidation cap or gossan and released the gold contained in the pyrite. The highest grades of gold mineralization are near the surface and decrease toward the lower limit of oxidation.

The Cerro Quema deposits are characterized by the presence of widespread hydrothermal alteration that forms concentric halos around mineralization. The presence of vuggy silica, alunite, natro-alunite and enargite in addition to the hydrothermal alteration pattern are compatible with a high sulphidation epithermal system. The alteration pattern is fault controlled, following E-W trending regional faults.

Exploration

In 2010 and 2011, Pershimco's exploration efforts focused on drilling. Lithological and structural mapping, channel sampling and geochemical sampling were also conducted in 2011. In 2012, Geotech Ltd. completed airborne geophysics including radiometric, magnetic and VTEM surveys over the entire property. These surveys identified the mineralized trend and highlighted areas of coincident low magnetic susceptibility with low potassium and low Th/K ratios associated with the La Pava and Quema/Quemita deposits. Additionally, the survey identified two previously unknown corridors to the north of the main trend which highlighted areas of coincident low magnetic susceptibility with low potassium and low Th/K ratios similar to those associated with the La Pava and Quema/Quemita mineralized trend. Following the completion of airborne geophysical studies in early 2012, Pershimco conducted ground IP surveys on various geophysical targets. The first surveys done were over the Quema-Quemita target in late 2012. Surveys were completed over La Pava and a new exploration target, Idaida in 2013. Each survey revealed the presence of large chargeable bodies at depth and show a generally inversed cone geometry. These large chargeable bodies are located over more than 11 km along the Cerro Quema Mineralized Corridor, which has been identified to extend for approximately 15 km within the concessions. A total of 144.6 line km of IP survey work was completed, 66.9 km at Quema/Quemita and Idaida, 57.1 km at La Pelona and 20.6 at La Pava. The IP geophysics program identified resistivity and chargeability anomalies on all four target areas.

In 2014, a regional mapping and surface rock chip sampling program focused on a first-pass reconnaissance investigation over the priority targets identified by the airborne geophysical survey. A total of 12,307 line m were mapped and a total of 1,204 surface rock chip samples were collected.

Pershimco contracted an independent petrology consultant in Australia to conduct petrographic analysis on 70 samples. Samples were selected from various drill holes at La Pava, Quema, Quemita, Idaida and Pelona areas. Samples were selected from the deeper feeder structures at La Pava, the oxide gold zone at La Pava, the supergene enriched copper-gold zones at La Pava, both the oxide and sulphide zones at the Pelona and Idaida projects, as well as the oxide and supergene zones at Quema-Quemita. The aim of the petrographic studies was to gather further information about alteration phases, mineralogy and mineralization sequence within the various deposits in the concession area. X-ray Diffraction work was conducted to ascertain clay minerals as well as the composition of 'sericite'-like white mica and the various sulphates.

Drilling

Between 1990 and 1994, Cyprus Minerals Company and successor companies completed 4,921.3 m of core drilling and 9,639 m of RC drilling on the Cerro Quema Project area. Subsequently, Campbell Resources Inc. drilled a further 1,749.6 m of core drilling on the La Pava deposit in 1996. Since acquiring the Cerro Quema Project in 2010, to the date of the Cerro Quema Report, Pershimco drilled 16,939 m of core drilling over 79 holes and 32,728 m of RC drilling over 330 holes. Drilling extended a mineralized structure along the northern flank of the Quema/Quemita deposit to 750 m. This structure trends SW-NE and is located 100-200 m north-northeast of the Quema/Quemita open pit perimeter and southeast of the La Mesita deposit and the El Domo zone. Drilling conducted close to the perimeter of the southwestern and central north sections of the open pit design have intercepted new gold oxide and/or supergene copper mineralization. Supergene copper mineralization was encountered in the western area of the open pit design.

Drilling in 2013 focused on Mineral Resource definition at the La Pava and Quema/Quemita deposits as well as investigating geophysical anomalies at new exploration targets Idaida and Pelona. Exploration drilling on the Idaida target has revealed both near surface and deeper mineralized feeder structures analogous to the La Pava and Quema/Quemita deposits.

Ten holes drilled on La Pava, located outside or within 10 to 15 m of the southern and northwestern sides of the open pit design have intercepted significant new gold and copper mineralization.

Similar to the drilling at the La Pava deposit, the drilling at the Quema-Quemita deposit increased the overall Mineral Resource as well as identified mineralization outside of the current open pit design. Four drill holes located near the perimeter on the south-western and central north sections of the open pit design have intercepted gold oxide and/or supergene copper mineralization, providing new targets for future resource definition and upgrade drilling.

RC drilling was initiated to investigate geophysical anomalies in the new exploration target at Cerro Idaida. Upon completion of the RC drill holes, a diamond drill hole “tail” program was initiated to test for additional copper-gold mineralization within the high sulfidation system at depth. The diamond drill hole ‘tails’ encountered additional high-grade copper (enargite-covellite) mineralization as veinlets, disseminations and breccia matrix fill below the final depth of the RC holes and intercepted a deeper, higher temperature (pyrophyllite-rich) feeder zone containing copper and gold mineralization.

Drilling also included: two holes located on the north flank of Cerro Quema, collared to intercept a strong (+40 mV/V) IP chargeability anomaly trending north-northwest; two angle (-80) south directed holes located down slope on the north flank of La Pava about 400 m north of the summit ridge; and two vertical holes each located to test a strong dual apex high within a large IP chargeability anomaly trending southwest to northeast.

A total of 93,883 m have been drilled on the Cerro Quema Project since the first drill hole by Cyprus Minerals in 1990. The majority of the drilling has been focused on the main Mineral Resource areas of La Pava and Quema-Quemita.

Year	RC Drilling		Core Drilling	
	Number	Length (m)	Number	Length (m)
Pre-2017	577	50,571	154	31,432
2017	0	0	91	11,880
Total	577	50,571	245	43,312

Since acquiring the project in 2017, Orla Minerals Ltd. has drilled 91 diamond holes for a total of 11,880 m. Drilling was mainly focused on the Quemita and Cabalatio areas with a small number of holes drilled at Chontal and Idaida.

Sampling, Analysis and Data Verification

The following outlines the core sampling procedures used by Orla subsequent to the acquisition of the Cerro Quema Project:

- Core is delivered from the drill rig to the secure logging area in camp by Orla staff.
- After Geotech, logging the core is photographed and logged by geologists.
- Samples are cut where possible at 1.5 m intervals. In the event there is a loss of core, a change in lithological contact, mineralization or alteration contact, or a change in matrix from oxide to sulphide, the minimum sample size allowed is 0.5 m and the maximum sample size allowed is 2.0 m.

A rigorous quality assurance/quality control (“QA/QC”) program was implemented by Orla. Two QA/QC schedules are used by Orla, for resource definition drilling QA/QC standards and blanks are placed at 1:20 interval, for exploration drilling a 1:40 interval is used. An outline of the QA/QC samples are as follows:

- 2% of samples are field duplicates consisting of ¼ core.
- 1% of samples are preparation duplicates consisting of a second pulp created from the same coarsely crushed sample.
- 1% of samples are assay duplicates, consisting of an analysis of a second split of the same pulp.
- 2% of samples are blanks, inserted into the sample stream at the discretion of project geologists, such that they are analyzed sequentially with mineralized material
- 2% of the samples are reference standards, 3 different standards ranging from 0.2 to 1.8 gpt Au are currently being used.

Samples are prepared in a on-site facility run independently by ALS Minerals. Sample pulps are sent to the ALS Minerals facility in Lima, Peru. All gold results are analysed by ALS Minerals (Au-AA23) using fire assay fusion and an atomic absorption spectroscopy finish. All samples are also analyzed for multi-elements, including silver and copper, using an Aqua Regia (ME-ICP41) method at ALS Laboratories in Peru. Samples with copper values in excess of 1% by ICP analysis are re-run with Cu AA46 aqua regia and atomic absorption analysis.

Hole collars are surveyed and down-hole surveys are taken every hole.

Prior to Orla's acquisition of the Cerro Quema Project, practices with regards to the collection of samples by Pershimco included:

- (i) Diamond drill core and RC cuttings samples were collected, each approximately one metre. In the event there was a loss of core or cuttings, a change in lithological contact, vein contact or a change in matrix from oxide to sulphide, the minimum sample size allowed was 0.5 m and the maximum sample size allowed was 1.5 m.
- (ii) Lithological contacts, vein contacts and sulphide content were respected with an appropriate sample interval where possible.
- (iii) A thorough QA/QC program was implemented, which included one field blank and at least one certified reference material, (also referred to as a standard), for every batch of 20 samples sent to the laboratory.

The principal lab used was Activation Laboratories ("Actlabs"). Samples were sent to Actlab's Panama lab for preparation and the resulting pulps were sent to Actlabs in Ancaster, ON, Canada for analysis. Individual samples were entered into the Laboratory Information Management System by Actlabs personnel, dried, and finely crushed. The samples are then returned for a second time to the dryer, and immediately upon their removal from the dryer, were pulverized and riffle-split. Prepared samples were then placed into air-deprived zip lock bags and then into 5-gallon plastic containers, which were sealed and shipped by courier services to Actlabs in Ancaster, Ontario, Canada for assaying. Silver and copper sample tenors were determined using a multi-element ICP method, and gold was determined using fire assay method with atomic absorption finish. Gold values exceeding the 2.5 g/t Au were rerun using fire assay with a gravimetric finish.

The Actlabs' Quality System is accredited to international quality standards through the International Organization for Standardization /International Electrotechnical Commission ("ISO/IEC") 17025 (ISO/IEC 17025 includes ISO 9001 and ISO 9002 specifications) with CAN-P-1758 (Forensics), CAN-P-1579 (Mineral Analysis) and CAN-P-1585 (Environmental) for specific registered tests by the SCC. The accreditation program includes ongoing audits, which verify the QA system and all applicable registered test methods. Actlabs is also accredited by the National Environmental Laboratory Accreditation Conference program and Health Canada.

A robust QA/QC program was implemented in 2010, and this program has been maintained throughout the 2011, 2012 and 2013 drill programs since that time. The QA/QC program included the insertion of certified reference materials, field blanks and the preparation of pulp duplicate samples. The results of the 2010-2011 drill programs were previously verified by P&E Mining Consultants Inc. and were found to have passed the strict QA/QC procedures. For the 2012 and 2013 drill programs, a total of six certified reference materials, (also referred to as standards) were used to monitor lab accuracy. Two of the standards were certified for copper-only, and four of them were certified for gold-only. There were 1,725 standards analyzed for gold and 1,155 standards analyzed for copper.

Data Verification

According to the Cerro Quema Report, Mr. Antoine Yassa, P.Geo., a qualified person, visited the Cerro Quema Project most recently on October 2, 2013, (and previously on January 17 and 18, 2012). During the October site visit, Mr. Yassa collected 12 samples from four holes. Samples were collected from taking either a ¼ split of the half core remaining in the core box, or taking a split from the RC cuttings. Samples were placed into plastic bags with a unique tag identification, and were placed into a larger bag for transport. Mr. Yassa brought the samples to DHL Courier in Chitré, where they were sent to the offices of P&E in Brampton, ON. From there the samples were sent via courier to AGAT Labs in Mississauga, ON for analysis. AGAT has developed and implemented at each of its locations a quality management system designed to ensure the production of consistently reliable data. The system covers all laboratory

activities and takes into consideration the requirements of ISO standards. AGAT maintains ISO registrations and accreditations. ISO registration and accreditation provide independent verification that a quality management system is in operation at the location in question. Most AGAT laboratories are registered or are pending registration to ISO 9001:2000.

Mineral Processing and Metallurgical Testing

Metallurgical testing of material from the Cerro Quema deposit was completed by the previous owners and Pershimco. The testing included: (i) bottle roll tests that evaluated amenability of the materials to cyanidation; (ii) column leach tests that evaluated the amenability of the materials to conventional heap leaching; and (iii) vat leach tests which evaluated the amenability of the materials to treatment in flooded tanks.

Conclusions from metallurgical testing are:

- an estimated field gold recovery of 86% for all La Pava material and the low grade Quema/Quemita. Further, it is recommended to discount Quema/Quemita ore recovery at 3% recovery of gold per 1 g/t head grade;
- oxide material from La Pava responds very well to cyanide bottle roll and column leaching yielding high gold extractions and low reagent consumptions;
- at lower head grades (about 1 g/t of gold and lower), extractions are approximately the same for either La Pava or Quema/Quemita material;
- at higher head grades (above 1 g/t of gold), the extractions for La Pava are greater than for Quema/Quemita; and
- the data show no dependence of gold extraction on crush size for the materials and size ranges tested.

Mineral Resources

For the Cerro Quema Report, Mineral Resource estimation work was carried out by Eugene Puritch, P.Eng., Antoine Yassa P.Geo., and Fred Brown, P.Geo., all independent Qualified Persons in terms of NI 43-101. Mineral Resource modeling and estimation were carried out using the commercially available Gemcom GEMS software program. Open-pit optimization was carried out using the Whittle Four-X Single Element software program. The effective date of the Mineral Resource estimate is June 30, 2014.

The Cerro Quema Project Mineral Resource are reported inside an optimized pit shell. The results from the optimized pit shell are used solely for the purpose of reporting Mineral Resources that have reasonable prospects for economic extraction, and the optimization is based on the economic parameters including US\$1,500 per ounce gold, 86% oxide Au recovery, 90% sulphide Au recovery, US\$2.20 per tonne mining costs, US\$6.13 per tonne oxide processing cost, US\$12.00 tonne sulphide process cost, US\$1.00 per tonne G&A. A cutoff of 0.18 g/t Au was used for oxide mineralization and 0.31 g/t Au for sulphide mineralization. The pit shell was optimized based on Au block grades for oxide zones and gold-equivalent (“**AuEq**”) block grades for sulphide zones. The gold equivalent (“**AuEq**”) block grades were calculated using the formula:

$$\text{Equation 1.0-1} \\ \text{AuEq} = (\text{Au g/t} + (\text{Copper\%} \times 1.6)).$$

The In-Pit Mineral Resources are summarized in the table below.

Cerro Quema In-Pit Mineral Resources ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

La Pava

Zone	Category	Cutoff (gold g/t)	Tonnes	Gold (g/t)	Copper (%)	AuEq (g/t)	Gold (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
	Measured + Indicated	0.18	17,948,700	0.67	0.04	NA	386,000
	Inferred	0.18	331,700	0.36	0.03	NA	3,800
							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
	Measured + Indicated	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
							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
	Measured + Indicated		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	Category	Cutoff (gold g/t)	Tonnes	Gold (g/t)	Copper (%)	AuEq (g/t)	Gold (ounces)
Oxides	Measured	0.18	0	0	0	NA	0
	Indicated	0.18	5,983,700	0.86	0.03	NA	166,400
	Measured + Indicated	0.18	5,983,700	0.86	0.03	NA	166,400
	Inferred	0.18	335,300	0.38	0.03	NA	4,100
							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
	Measured + Indicated	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
							Au + AuEq (ounces)
Total	Measured		0	0	0	0.00	0
	Indicated		8,522,700	0.75	0.07	0.82	226,000
	Measured + Indicated		8,522,700	0.75	0.07	0.82	226,000
	Inferred		633,400	0.34	0.10	0.47	9,600

Notes:

- (1) Mineral Resources are reported inside an optimized pit shell. AuEq was calculated using Au + 1.6*copper.
- (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 Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral 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.
- (5) The Mineral Resources were estimated using the CIM Standards on Mineral Resources and Mineral Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

Mineral Reserves

The Mineral Reserve is that portion of the Mineral Resource that has been identified as mineable within a design pit. The Mineral Reserve estimate incorporates ore mining parameters such as mining recovery and waste rock dilution. The Mineral Reserves form the basis for the Pre-Feasibility Study mine production schedule and mine plans.

The Cerro Quema Project mining operation will consist of open-pit mining only with no underground mining component planned, hence, all of the Mineral Reserves are deemed to be open pit reserves. No Inferred Mineral Resources are used in the estimation of the Mineral Reserve. Only oxide resources are used in the estimation of the Mineral Reserve. The Mineral Reserves have been developed in a three-step process: (i) select an optimized open-pit shell to be used as the basis for the pit design; (ii) develop an operational pit design that incorporates benches, detailed pit slope criteria, and truck haulage ramps; and (iii) estimate the in-pit tonnage contained within the operational pit that meets or exceeds the cut-off grade criteria and apply the ore mining parameters (i.e. mining losses and dilution) to that tonnage. The final result is the Mineral Reserve.

The Proven and Probable Mineral Reserves are summarized in the table below.

Cerro Quema Mineral Reserves⁽¹⁾⁽²⁾⁽³⁾

<i>La Pava</i>				
	Tonnes (millions)	Gold (g/t)	Copper (%)	Gold (ounces)
Proven	6.82	0.80	0.04	176,000
Probable	7.40	0.67	0.04	159,000
Proven + Probable	14.22	0.73	0.04	335,000
<i>Quema</i>				
	Tonnes (millions)	Gold (g/t)	Copper (%)	Gold (ounces)
Proven	-	-	-	-
Probable	5.49	0.86	0.03	153,000
Proven + Probable	5.49	0.86	0.03	153,000
<i>Total</i>				
	Tonnes (millions)	Gold (g/t)	Copper (%)	Gold (ounces)
Proven	6.82	0.80	0.04	176,000
Probable	12.89	0.75	0.03	312,000
Proven + Probable	19.71	0.77	0.04	488,000

Notes:

- (1) Numbers may not add up due to rounding.
- (2) A cut-off grade of 0.21 g/t of gold is used for reporting Mineral Reserves.
- (3) Mineral Reserves are estimated at a gold price of US\$1,300 per ounce

Mining Operations

The mining method proposed for the Cerro Quema Project will be a conventional open-pit mine. A fleet of hydraulic excavators and trucks consisting of 50 tonne rigid frame trucks and 40 tonne articulated trucks will be used to mine the ore and waste materials. The drilling and blasting of both ore and waste rock will be required although some materials will be free-digging. The ore production rate delivered to the heap leach pad area is approximately 3.6 million tonnes per year of silica and fresh rock type ore. Clay type ore will be stockpiled and processed at the end of the mine life since this ore requires a different crushing method and agglomeration. Overall total annual mining rates will range from a high of 7.1 million tonnes (“Mt”) of combined ore and waste to a low of 5.5 Mt with an average of about 6.4 Mt per year. This results in an average total daily mining rate of 18,000 tonnes per day (“TPD”). The total mine life is 5 years in duration, not including one year of pre-production. Ore and waste from the La Pava pit will be hauled to the crusher and Chontal waste dump. At the Quema pit, a trade-off study recommended the use of a conveyor system to

transport both ore and waste down the hillside. Waste would be tripped off the conveyor in the Chontal valley and ore would be sent to the primary crushing area.

Processing and Recovery Operations

The Cerro Quema Project will be a 10,000 TPD heap leach facility. Processing at Cerro Quema will be by conventional heap leaching of crushed ore stacked on a single use pad. Gold will be leached from the mineralized material with dilute cyanide solution. Gold will be recovered from solution in a carbon adsorption-desorption-recovery plant to produce dore bars. An apron feeder will deliver the run of mine at a rate of 556 dry tonnes per hour to a vibrating grizzly with 130 millimetre (“mm”) openings. Grizzly oversize will be crushed by a primary jaw crusher. A secondary screen belt feeder will feed primary crushed rock to a secondary screen. The secondary screen will scalp material at 70 mm. Oversize will be crushed in the secondary cone crusher. Cone crusher product and screen undersize will discharge to the crushed ore stockpile stacker which feeds secondary crushed material to the crushed ore stockpile. The stockpile will be constructed over a subterranean tunnel containing two reclaim belt feeders and the Reclaim Tunnel Conveyor.

Pebble lime will be added to the reclaim tunnel conveyor at a nominal rate of 1.6 kg/t material. The crushed material and lime will then be conveyed to the heap for stacking. The ore will be leached using a dilute solution of sodium cyanide applied which will percolate through the material, dissolving gold, and drain by gravity to a pond.

Pregnant solution will flow by gravity through the set of five carbon adsorption columns, exiting the last adsorption column as barren solution. The adsorption columns will operate in this fashion until the carbon contained in the lead column achieves the desired precious metal loading and then it will be stripped. Stripping of the gold from the loaded carbon will be accomplished by circulating a heated, dilute caustic and cyanide solution upwards through the carbon bed. The heated solution exits the elution vessel as pregnant eluent. The pregnant eluent flows to the recovery circuit where stripped gold is plated from the pregnant eluent onto mild steel wool cathodes. The mild steel wool cathodes will be removed periodically and treated in the retort furnace which removes all of the water and most of the mercury from the cathodes. The retorted cathodes will then be mixed with fluxes, melted and poured into dore bars. The dore will then be shipped to an offsite refiner for further processing and sale as fine gold.

Infrastructure, Permitting and Compliance Activities

An existing site access road intersects with Via Tonosi approximately 32 km south of Macaracas. The access road runs north approximately 7 km to the location of the platform constructed between Quema and La Pava by Pershimco. Improvements to the existing road will be required and include widening to approximately 9 m to allow two over-the-road trucks to pass, re-contouring to eliminate grades in excess of 7%, and grading to a ditch on one side for drainage.

Raw water is required for dust control, fire water, and process water make-up. Raw water will be supplied by a well located approximately 1.1 km north, north east of the existing platform at an elevation of 190 metres above sea level. Raw water will be stored in a tank located south-southeast of the existing platform near the access road to La Pava at an elevation of 480 metres above sea level.

The majority of the diesel fuel used at Cerro Quema Project will be offloaded and stored in a cylindrical horizontal steel tank located on the western end of the existing platform at 423 metres above sea level. The tank will supply fuel for the mine fleet and light vehicles.

During construction, a temporary first aid clinic will be located on the existing platform. A treatment room will be located on the first floor of the Warehouse and Workshop building located near the ADR and process ponds. An emergency vehicle is already available at the existing base camp to transport injured or sick people to the nearest hospital.

Electrical power will be supplied from the grid by Distribuidora Electrica de Metro-Oeste (Edemet) at the Substation in Las Tablas, a community about 31 km southeast of Chitré along the Carretera Nacional. Power will be delivered to site using a 34.5 kV power line constructed from Las Tablas to Cerro Quema Project. The mine truck shop and warehouse will be housed in an 895 m² single-story steel building constructed near the center of the existing platform area. The laboratory will be a 441 m² single-story steel building constructed adjacent to the mine warehouse and workshop building near the center of the existing platform area. An explosives magazine will be located

approximately 700 m south of the existing pad along the access road. A 760 m, single-story concrete block administration building will be constructed near the southern corner of the event pond at the 220 masl elevation level. The building will provide space for employee lockers, treatment room office space, a meeting room and utilities for site managers and their staff. The Refinery will be a 339 m² block building, adjacent to the adsorption, desorption and recovery area, housing the electrowinning and smelting equipment and also including an office that will allow security to monitor the electrowinning and smelting processes.

Environmental Permits

An ESIA and permits are in place for the previously proposed continuous vat leach operation. However, as the Cerro Quema Project will utilize heap leach processing methods, the Company initiated an update of the ESIA and associated permits based on the new Cerro Quema Project design to meet Panamanian, more specifically National Authority of the Environment (Autoridad Nacional del Ambiente - ANAM), requirements. Additional studies that were completed to support the ESIA and permits include:

- surface water and groundwater flow and quality conditions during dry and wet seasons;
- sediment quality samples at selected surface water locations;
- aquatic sampling to characterize seasonal and spatial variation; and
- archaeological survey in potentially disturbed areas.

To develop a mine at Cerro Quema, a Category 3 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.

Environmental Mining Factors

The acid-base accounting (“ABA”) test results indicate that samples of potential waste rock from the La Pava zone are expected to contain low to very low sulphide by weight percent, however, there is essentially no buffering capacity. The classification of ABA results indicates that most waste rock samples have low potential for acid generation; however, a smaller portion of the waste rock from La Pava is potentially acid generating. The synthetic precipitation leach test results indicate that there is the potential for metal leaching. Geochemical characterization, including kinetic testing, of additional drill core is being completed to confirm the acid generation and metal leaching potential of the waste rock, in particular material associated with the Quemita-Quema ore bodies. The ABA test results suggest that the oxide fraction of the La Pava and Quemita-Quema heap leached ore have some potential for acid generation and all samples of the sulphide fraction of the La Pava heap leached ore are potentially acid generating. Results of the leachate testing indicate that the La Pava leached oxide ore tailings have a low potential for metal leaching. The development of the open pit will be halted within the oxidation zone such that the underlying sulphide bearing, and potentially acid generating rock, will not be exposed.

Social Impact

In 2013, Pershimco completed a study to describe the socio-economic environment of the communities located within a 12.5 km radius of the Cerro Quema Project and the main urban centres, as well as to identify the local perceptions in regards to Panama’s current state of affairs, the environment, the Cerro Quema Project, and the mining industry in general. Data on demographics, housing and utilities, economics, and health and community well-being were obtained through surveys and secondary sources. The scope of the socio-economic study for the Cerro Quema Project area were expanded during completion of the environmental & social impact assessment. The Company has a Community Relations Department and an active social engagement effort.

Capital and Operating Costs

The required pre-production capital expenditures for the Cerro Quema Project, as summarized below, are considered to have an accuracy of +/-25%. The scope of these costs includes all mining equipment, process facilities, and infrastructure for the Cerro Quema Project. Most costs have been collected in the last quarter of 2013 and the first quarter of 2014 and are considered to be valid for first quarter 2014 US dollars.

The planned Cerro Quema Project capital costs are summarized as follows:

Mine	
Direct Costs	US\$10,926,000
Other Costs	US\$6,240,000
Total Pre-Production Mine	US\$17,166,000
Process	
Direct Costs	US\$78,010,000
Indirect Costs	US\$6,608,000
Initial Fills, EPCM and Owners Costs	US\$15,309,000
Total Pre-Production Capital Cost	US\$99,927,000
Total Cerro Quema	US\$117,093,000

The planned Cerro Quema Project sustaining capital and reclamation costs are summarized as follows:

Area	
Leach	US\$9,906,000
Mine	US\$3,527,000
Closure	US\$10,381,000
Total	US\$23,814,000

The planned Cerro Quema Project average operating costs are summarized as follows:

Description	
Mining (owners fleet)	US\$3.30
Processing (average)	US\$4.40
G & A	US\$0.93
Total Operating Cost/Tonne Ore	US\$8.63
Cash Operating Cost (per ounce of gold)	US\$402

Based on the estimated production parameters, revenue, capital costs, operating costs, taxes and royalties, a cash flow model was prepared by KCA for the economic analysis of the Cerro Quema Project.

The period of analysis of 16 years includes two years of pre-production and investment, six years of production, three years for closure and reclamation and five additional years of monitoring. Other assumptions relied upon in the cash flow model include:

- (i) gold price of US\$ 1,275 per ounce; processing rate of 10,000 TPD ore; average gold grade of 0.77 g/t; total average opex of US\$8.63 per tonne; total preproduction capex of US\$117.1 million; net smelter royalties of 4% (Government); Income Tax Rate of 25%; ITBMS tax of 7%; local and land use taxes of approximately US\$81,000 per year; gold recoveries of: 86% for all La Pava material above the cut off head grade and the low grade Quema/Quemita

- (ii) For Quema/Quemita, the following formula should be used to estimate gold recovery at varying head grades greater than 1 g/t Au:

$$\% \text{ Au} = (86\% - ((\text{g Au/t} - 1) \times 3\%))$$

The Cerro Quema Project economics, based on these criteria from the cash flow model, are summarized as follows:

Life of Mine Summary – Financial Analysis

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

Exploration Update Subsequent to Date of Report

A total of 72.7 line km 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 was 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.

There has not been any drilling subsequent to the Mineral Resource estimate that would materially impact the Mineral Resource estimate used for the Pre-Feasibility Study contained in the Cerro Quema Report.

In early 2017, the Company commenced a drill program to test areas on the property that have potential to host additional Mineral Resources. A contract for diamond drilling was awarded to Energold de Panama S.A. There are

currently three man-portable diamond drill rigs on the property, with two rigs usually operating at any one time. A total of 11,880 metres in 91 holes were completed in 2017. All results have been provided in press releases between April 27, 2017 and January 8, 2018. Drilling has commenced in 2018 however no assay results have been received at the time of this AIF.

Holes have been drilled in the general area of the Quemita Zone (one of two zones that contain the 488,000 ounce Cerro Quema oxide gold Mineral Reserve); an area north of the Quemita zone; the area between the two resource areas (Chontal); the Idaida zone to the south; and holes in selected areas in the vicinity of Quemita. Gold drill targets include resistivity anomalies and areas of alteration that may host undiscovered gold zones in oxidized material. Along with testing for new discoveries, the drilling is testing potential extensions to the pits outlined in the Cerro Quema Report, and possible upgrades to the resources within the pre-feasibility study. Almost all holes have intersected variably altered rock, including sections of vuggy silica and hydrothermal brecciation. Oxidation levels in holes are up to 100 m below surface indicating potential for additional heap-leachable material.

A new copper-gold zone located 2 km south of Quemita, Caballito, was discovered and is described below.

Drill highlights from these areas are described below:

Quemita Zone:

Fifty-one holes were completed in the Quemita zone. These holes were designed to test for extensions laterally and at depth. Many of the holes completed in 2017 around and within the reserve area were drilled at angles because much of the previous drilling was vertical. The angled core holes confirmed 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. Highlights of holes drilled to expand the zone laterally include CQDH17-068 intersected 21.3 m averaging 1.35 g/t Au 35 m west of the proposed Quemita pit. This near-surface oxide intercept highlights the potential for extending the Quemita Mineral Resource to the west.

Geophysical Anomaly North of Quemita:

Six holes were completed in this area. Highlights included 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 m northeast of the proposed Quemita pit. The remaining four holes did not intercept any significant gold. Although there was some encouragement, the results were not enough to warrant further drilling.

In April 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 m from one of the two current Mineral Reserve zones that intersected 47.8 m grading 0.47 g/t Au and 52.4 m grading 0.49 g/t Au and two holes within the current Mineral 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 highlighted the potential for additional mineral zones to the north and down-slope of the Quemita Mineral 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 m 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.

Chontal and selected targets:

This is the area between the Quemita and La Pava resource zone to the west. Four holes were completed but did not return any significant gold. An additional four holes were drilled in and around the resource areas, alteration was intersected however, only low gold grades were returned.

Idaida:

Seven holes have been completed at Idaida located 1.5 km southeast of Quemita. A 47.8 m intersection averaging 0.26 g/t Au in CQDH17-111 showed potential for oxide resource. CQDH17-089 drilled in the Caballito area 2 km to the southeast of Quemita. CQDH17-120 returned 36.0 m of oxide from surface grading 0.60 g/t Au. The other holes did not intersect much oxide, but CQDH17-125 intersected 109.2 m grading 0.22 g/t Au and 0.54% Cu. However, in this hole there is a strong correlation between arsenic and copper.

Caballito Copper -Gold Zone:

In September 2017, the Company announced a new copper-gold sulphide discovery. CQDH-17-116 intersected 49.0 m at 0.50 g/t Au and 1.39% copper from 41.0 to 90.0 metres and 55.8 m at 0.28 g/t Au and 1.99% copper from 118.7 to 174.5 metres. The lower interval included a 17.5 m section averaging 0.56 g/t Au and 5.26% copper. Altered and weakly mineralized material separates the two intervals. Lower grade, but locally highly anomalous, material occurs below these intervals, including an 11.5 m section at 0.29 g/t Au and 0.65% copper from 188.0 to 195.5 m.

The zone is best described as a hydrothermal breccia. Material that grades copper and/or gold is semi massive to massive sulphide material. It is pyrite dominant with chalcopyrite, bornite and locally chalcocite, which is interpreted as being of primary (hypogene) origin. Sulphide mineralization is associated with various styles of brecciation, indicating a highly dynamic system. Thirteen holes have been completed to date and will be the focus of drilling in 2018.

Similar mineralization was previously intersected in CQDH-17-104, located 150 m to the east, with 10.7 m at 1.69 g/t Au and 1.32%. These intersections and other reported copper-gold intercepts, including 66.0 m @ 0.24 g/t Au and 0.52% copper in CQDH-17-089 located 250 m northeast of CQDH-17-116, are within an 800 m NW-SE by 500 m NE-SW chargeability anomaly identified in an Induced Polarization (“IP”) survey. The semi-massive nature of the Lower Caballito mineralization is assumed to be the cause of a 450 m by 350 m conductive anomaly outlined in a 2012 airborne Electro Magnetic (“EM”) geophysical survey that is partly coincident with the IP anomaly. Thus far, 13 holes have been drilled targeting the Caballito Cu-Au breccia. All but two have intersected between 25 m – 110 m of mineralization that ranges between 0.5-1.2% Cu and 0.2- 1.1. g/t Au. These holes are spread out over a 300 m by 300 m area. The first of the two holes that failed to intersect mineralization CQDH-17-121 is thought to be on the other side of a fault that cuts off mineralization while CQDH-140 had a narrow section of similar Cu-Au mineralization that averaged 0.29 g/t Au and 0.47% Cu from 160.4 to 172.3 metres

The orientation and true thickness of the Caballito Copper-Gold Zone is still unknown. Ongoing drilling is planned to help define the geometry and extent of mineralization. The relationship between the lower arsenic material in the Caballito zone and the more typical high-sulphidation style mineralization with higher arsenic found to the north of these holes in Idaida still needs to be determined.

Core is drilled HQ diameter. Core is cut in half by saw, with one half sent for analysis. All gold results were determined by ALS Minerals (Au-AA23) using fire assay fusion and an atomic absorption spectroscopy finish. All samples are also analyzed for multi-elements, including silver and copper, using an Aqua Regia (ME-ICP41) method at ALS Laboratories in Lima, Peru. Samples with copper values in excess of 1% by ICP analysis are re-run with Cu AA46 aqua regia and atomic absorption analysis. Standards, blanks and duplicates are included approximately every 25 samples for QA/QC purposes by the Company as well as the laboratory. Approximately 5% of sample pulps are sent to secondary laboratories for check assays. The HQ diameter core is halved with a diamond saw. ALS Laboratories is independent of the Company.

Drilling Summary

The following table details all drill holes with assays returned for the Cerro Quema Project to the date of this Annual Information Form.

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
CQDH-17-065	Quemita	553245	835709.1	817.2	184	-50	100.65	13.9	21.0	7.1	0.48	
CQDH-17-066	Mesita	552766.1	836042.5	672.9	22	-60	89	43.2	46.9	3.7	0.31	
CQDH-17-067	Mesita	552765.5	836040.4	672.9	199	-60	125.1			No sig int		
CQDH-17-068	Quemita	552841.5	835731.3	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	553330.6	836264.7	767.4	205	-59	73.2	0.0	47.8	47.8	0.47	
CQDH-17-070	Domo	553331	836267.1	768.2	17	-69	128.1	0.0	52.4	52.4	0.49	
CQDH-17-071	Quemita	553320.1	835846.5	858.5	183	-50	96.5	0.0	34.8	34.8	2.42	
CQDH-17-072	Quemita	553393.1	835816.1	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	553374.5	836320.6	730.1	202.8	-60.4	103.7			No sig int		
CQDH-17-074	Domo	553375.6	836324.2	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	553067.2	835718.5	851.7	178.9	-50.2	76.3	0.0	42.3	42.3	3.50	
CQDH-17-076	Quemita	553062.9	835757.6	850.6	179.2	-57.5	93.0	0.0	63.5	63.5	1.37	
						<i>including</i>		<i>0.0</i>	<i>16.5</i>	<i>16.5</i>	<i>3.26</i>	
CQDH-17-077	Quemita	553019.5	835755.4	844.8	174	-56.3	112.9	0.0	95.0	95.0	0.69	
CQDH-17-078	Quemita	552971.4	835711.7	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	553173.7	835793.1	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	553182.3	835707.9	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	553215.8	835814.6	826.7	125	-51.1	129.6			No sig int		
CQDH-17-083	Quemita	553068	835559.7	778.6	182	-51.4	115.9	30.2	33.2	3.0	1.00	
CQDH-17-084	Quemita	553278.2	835894.9	825.2	127	-50.8	100.7	0.0	4.0	4.0	0.71	
CQDH-17-085	Quemita	552943.8	835502.4	795.2	323	-52.6	126.6	24.5	126.5	102.0	0.17	
						<i>including</i>		<i>33.8</i>	<i>47.8</i>	<i>14.0</i>	<i>0.27</i>	
						<i>including</i>		<i>100.8</i>	<i>107.1</i>	<i>6.3</i>	<i>0.42</i>	
CQDH-17-086	Mesita	552622.2	835943.8	661.4	193	-88.8	102.7			No sig int		
CQDH-17-087	Mesita	552629.8	836002	651.1	278	-60	114.4	67.5	72.0	4.5	0.27	
CQDH-17-088	Mesita	552621.8	835944	661.5	136	-59.7	102.2			No sig int		
CQDH-17-089	Caballito	554663.2	834770.6	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	552632.7	836002	651.2	89	-50.3	109.8	26.3	44.0	17.7	0.33	

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
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	
						<i>including</i>		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	178.54	-60.1	111.3	0.0	82.9	82.9	0.51	
CQDH-17-099	Caballito	554649	834732	668	356.44	-61.1	106.8	44.0	68.5	24.5	0.33	0.89
CQDH-17-100	Mesita	552512	835835	661	133.44	-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
						<i>including</i>		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	318.74	-61	121.5	3.0	87.8	84.8	0.23	
CQDH-17-116	Caballito	554476	834623	583.4	246.24	-56.7	330.0	41.0	90.0	49.0	0.50	1.39
								118.7	174.5	55.8	0.28	1.99
						<i>including</i>		126.0	143.5	17.5	0.56	5.26
								188.0	199.5	11.5	0.29	0.65
CQDH-17-117	Quema	553548	836123	854	140	-50	108.0	4.0	16.0	12.0	0.31	
CQDH-17-118	Idaida	554353	835055	721	320	-50	130.5			No sig int		
CQDH-17-119	Quema	553429	835807	881	180	-55	96.0	31.5	72.0	40.5	0.19	
CQDH-17-120	Idaida	554190	834936	614	45	-60	141.0	0.0	36.0	36.0	0.60	
CQDH-17-121	Caballito	554239	834481	466	0	-50	262.5	10.0	14.0	4.0	0.49	
CQDH-17-122	Quema	553429	835858	872	180	-60	115.5	48.5	83.5	35.0	0.29	
CQDH-17-123	Idaida	554389	834902	613	300	-50	113.0	0.0	6.0	6.0	0.47	

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts					
								From	to	Width	Au g/t	Cu %	
CQDH-17-124	Quema	553383	835887	848	180	-50	136.5	85.8	99.0	13.2	0.32		
CQDH-17-125	Idaida	554419	835017	702	320	-50	132.0	22.8	132.0	109.2	0.22	0.54	
								<i>including</i>	<i>31.7</i>	<i>58.0</i>	<i>26.3</i>	<i>0.43</i>	<i>0.91</i>
CQDH-17-126	Quemita	553180	835863	814	180	-55	165.0	38.8	108.2	69.4	1.02		
								108.2	151.0	42.8	0.90	1.11	
CQDH-17-127	Caballito	554640	834608	639	270	-50	210.0	4.5	28.8	24.1	1.14		
								58.9	76.3	17.4	0.42		
								111.2	161.9	50.7	0.13	0.80	
CQDH-17-128	Quemita	553127	835867	804	180	-50	124.5	28.0	60.2	32.2	0.20		
CQDH-17-129	Chontal	551545	835286	495	325	-65	150.0	0.0	10.5	10.5	0.20		
CQDH-17-130	Caballito	554636	834605	644	180	-70	142.5	5.5	35.5	30.0	1.49		
CQDH-17-131	Chontal	551455	835245	488	325	-60	177.0		No sig int				
CQDH-17-132	Caballito	554646	834733	657	245	-65	294.0	0.0	34.5	34.5	0.24		
								111.0	164.0	53.0	0.43	0.64	
								<i>including</i>	<i>111.0</i>	<i>124.0</i>	<i>13.0</i>	<i>1.09</i>	<i>0.85</i>
CQDH-17-133	Chontal	551416	835210	489	325	-60	169.5	0.0	9.0	9.0	0.29		
CQDH-17-134	Quemita	553078	835866	787	180	-60	112.5	59.5	72.0	12.5	0.38		
CQDH-17-135	Chontal	551585	835361	529	325	-60	154.5		No sig int				
CQDH-17-136	Caballito	554430	834721	583	245	-60	300.0	31.1	38.0	6.9	0.37	2.25	
								50.6	209.3	158.7	0.62	0.62	
								<i>including</i>	<i>101.0</i>	<i>130.5</i>	<i>29.5</i>	<i>0.53</i>	<i>1.31</i>
								209.3	289.2	79.9	0.15	0.17	
CQDH-17-137	Quemita	552976	835854	755	180	-50	102.0		No sig int				
CQDH-17-138	Quemita	552800	835752	723	180	-50	109.5	1.5	17.6	16.1	0.49		
CQDH-17-139	Quemita	552829	835677	740	180	-70	67.5		No sig int				
CQDH-17-140	Caballito	554430	834721	583	0	-90	258.0	103.0	105.4	2.4	0.37	1.13	
								160.4	172.3	11.9	0.29	0.47	
CQDH-17-141	Quemita	552850	835661	751	180	-50	100.5	27.2	75.4	48.2	0.20		
CQDH-17-142	Caballito	554406	834808	578	245	-60	279.0	81.1	169.0	87.9	0.36	0.74	
								<i>including</i>	<i>81.1</i>	<i>90.6</i>	<i>9.5</i>	<i>0.61</i>	<i>2.07</i>
								<i>including</i>	<i>100.9</i>	<i>105.0</i>	<i>4.1</i>	<i>0.59</i>	<i>3.29</i>
								194.7	247.5	52.8	0.20	0.52	
CQDH-17-143	Quemita	552900	835759	787	180	-50	171.0		No sig int				
CQDH-17-144	Quemita	552900	835679	793	180	-50	150.0		No sig int				
CQMET-17-145	Quemita	553073	835766	849	180	-50	79.3		Met DrillHole				
CQMET-17-146	Quemita	552996	835720	852	180	-60	88.5		Met DrillHole				
CQDH-17-147	Quemita	553038	835840	779	180	-50	97.5	36.0	77.5	41.5	0.31		
CQDH-17-148	Caballito	554355	834631	551	280	-75	277.5	6.0	17.0	11.0	0.70		
								71.5	174.0	102.5	0.46	1.21	
								<i>including</i>	<i>81.4</i>	<i>89.5</i>	<i>8.1</i>	<i>2.31</i>	<i>3.21</i>
								174.0	255.1	81.1	0.19	0.24	

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
CQMET-17-149	Quemita	553132	835816	576	180	-60	115.8			Met DrillHole		
CQDH-17-150	Quema Bajo	553000	836217	606	125	-50	100.5			No sig int		
CQMET-17-151	La Pava	549766	835038	565	180	-60	129.6			Met DrillHole		
CQDH-17-152	Quema Bajo	553210	86360	670	125	-50	102.0			Assays Pending		
CQDH-17-153	Quema Bajo	553467	836397	672	150	-60	100.5			Assays Pending		
CQMET-17-154	La Pava	549682	835017	554	180	-70	93.7			Met DrillHole		
CQMET-17-155	La Pava	550054	834858	553	180	-60	69.0			Met DrillHole		
Total 2017 Drilling							11,880					

Camino Rojo Project

The following disclosure relating to the Camino Rojo Project has been derived, in part, from the independent technical report for the Camino Rojo Project titled “CSA NI43-101 Technical Report on the Camino Rojo Gold Project, Municipio of Mazapil, Zacatecas, Mexico” dated January 24, 2018 (the “**Camino Rojo Report**”) prepared by Matthew D. Gray, Ph.D., C.P.G. of Resource Geosciences Incorporated (“**RGI**”) and Carl E. Defilippi, RM, SME of KCA. The Camino Rojo Report is available for review under the Company’s profile on SEDAR at www.sedar.com.

Project Description, Location and Access

The Camino Rojo Project is located in the Municipality of Mazapil, State of Zacatecas, near the village of San Tiburcio. The project lies 190km NE of the city of Zacatecas, 48km S-SW of the town of Concepcion del Oro, and 54km S-SE of Goldcorp’s Peñasquito Mine. The Camino Rojo Project area is centered at approximately 244150E 2675900N UTM NAD27 Zone 14N. There are numerous gravel roads within the property linking the surrounding countryside with the two highways, Highways 54 and 62, which transect the property. There are very few locations within the property that are not readily accessible by four-wheel drive vehicles.

All minerals rights in Mexico are the property of the government of Mexico, and may be exploited by private entities under concessions granted by the Mexican federal government. As part of the requirements to maintain a concession in good standing, bi-annual fees must be paid based upon a per-hectare escalating fee, work expenditures must be incurred in amounts determined on the basis of concession size and age, and applicable environmental regulations must be respected. The Camino Rojo Project consists of eight concessions held by a subsidiary of Orla (Minera Camino Rojo) covering in aggregate 205,936.867 ha, with one concession expiring in 2057 and the remaining seven expiring in 2058.

Pursuant to the acquisition of the Camino Rojo Project by Orla, Goldcorp was granted a 2% NSR on all metal production from the Camino Rojo Project, except for metals produced under the sulphide joint venture option stipulated in the Camino Agreement. Orla is the operator of the Camino Rojo project and has full rights to explore, evaluate, and exploit the property. In the event that a sulphide project is defined through a positive pre-feasibility study outlining one of the development scenarios (a) or (b) below, Goldcorp may, at its option, enter into a joint venture for the purpose of future exploration, advancement, construction, and exploitation of the sulphide project.

- Scenario (a): A sulphide project where ore from Camino Rojo is processed using the existing infrastructure of the Peñasquito Mine, Mill and Concentrator facilities. In such circumstances, the sulphide project would be operated by Goldcorp, who would earn a 70% interest in the sulphide project, with Orla owning 30%.
- Scenario (b): A standalone sulphide project with a mine plan containing at least 500 million tonnes of Proven and

Probable Mineral Reserves using standalone facilities not associated with Peñasquito. Under this scenario, the sulphide project would be operated by Goldcorp, who would earn a 60% interest in the sulphide project, with Orla owning 40%.

Following exercise of its option, if Goldcorp elects to sell its portion of the sulphide project, in whole or in part, then Orla would retain a right of first refusal on the sale of the sulphide project. Orla will retain a right of first refusal on Goldcorp's NSR, Goldcorp's portion of the sulphide project, following the exercise of its option, and certain claims retained by Goldcorp. Carry forward of assessment work credits will be applied to the Camino Rojo Project concessions thus no expenditures are immediately required to meet assessment work requirements.

Surface rights in the project area are owned by the several Ejidos, which are Federally defined agrarian communities. The land which includes the historic Mineral Resource at Camino Rojo is controlled by the San Tiburcio Ejido, comprised of 400 voting members who collectively control 37,154 ha. Exploration work at the Camino Rojo Project has been carried out under the terms of surface access agreements negotiated with the San Tiburcio Ejido. Camino Rojo SA de CV has executed three agreements with the San Tiburcio Ejido that cover the Camino Rojo deposit. Camino Rojo SA de CV subsequently passed the rights and obligations of these agreements to Minera Peñasquito SA de CV, who subsequently transferred the rights and obligations to Minera Camino Rojo. The three agreements were executed with the San Tiburcio Ejido on February 26, 2013 and have a 30 year term, and include an Expropriation Occupation Agreement, which allows the expropriation of San Tiburcio Ejido land in effect converts the land to fee simple private land titled to Camino Rojo SA de CV, a Temporary Occupation Agreement ("COT") with respect to exploration over a five year period while the expropriation process is executed, and a Collaboration and Social Responsibility Agreement which stipulates that Camino Rojo SA de CV will contribute 10,000,000 Pesos annually to the San Tiburcio Ejido to be used to promote and execute diverse social and economic development programs to benefit the San Tiburcio Ejido. Additionally, at its discretion, Camino Rojo SA de CV will provide support for adult education, career training, business development assistance, and cultural programs, and scholastic scholarships. The agreement expires when exploration or exploitation activities at the Camino Rojo project end. Annual payments are due on the 29th of June each year.

In addition, Camino Rojo SA de CV has executed a surface rights agreements dated December 22, 2015, expiring December 21, 2019, with the Ejido Francisco de los Quijano. This agreement is a Temporary Occupation Agreement ("COT") allowing exploration activities on 7,666 ha. Annual payments of 9,134,749 Pesos are required to keep the agreement in good standing. Simultaneously with the execution of the COT, Camino Rojo SA de CV executed a Collaboration and Social Responsibility Agreement with the Ejido Francisco de los Quijano, also expiring December 21, 2019, which obligates Camino Rojo SA de CV to: provide 19,000 Pesos in monthly scholastic scholarships to the Ejido Francisco de los Quijano; complete electrification of a water well and rehabilitate/reconstruct the community cistern; assist Ejido Francisco de los Quijano members with finding appropriate employment opportunities with Camino Rojo SA de CV and its contractors; and to provide basic food rations to community members in need.

Camino Rojo SA de CV has executed a surface rights agreements with the Ejido El Berrendo. This agreement, executed on December 22, 2014, expired on December 21, 2017, was a COT that allowed Camino Rojo SA de CV to conduct exploration activities on 4,201 ha. Minera Camino Rojo is currently negotiating a new agreement with the Ejido El Berrendo. Annual payments of 4,467,530 Pesos were required to keep the agreement in good standing. Simultaneously with the execution of the COT, Camino Rojo SA de CV executed a Collaboration and Social Responsibility Agreement with the Ejido El Berrendo which obligates Camino Rojo SA de CV to: provide 26,000 Pesos in monthly scholastic scholarships to the Ejido El Berrendo; complete electrification of the Ejido El Berrendo community building; rehabilitate Ejido El Berrendo roads; provide materials needed for construction of a community health center; water well and rehabilitate/reconstruct the community cistern; assist Ejido El Berrendo members with finding appropriate employment opportunities with Camino Rojo SA de CV and its contractors; and to provide basic food rations to community members in need. The agreement also expired on December 21, 2017. Minera Camino Rojo is currently negotiating a new agreement with the Ejido El Berrendo. No environmental liabilities are apparent. Prior operators have been compliant with Mexican environmental regulations and conditional upon continued compliance, permits for normal exploration activities are expected to be readily attainable.

The chief project risk identified by previous operators is that of a possible Federal designation of a protected biological-ecological reserve that could affect the project. SEMARNAT published a public notice in the Official Gazette of the Federation requesting public consultation and comments on the possible designation of an area known

as “Zacatecas Semi-arid Desert” as a Natural Protected Area (“ANP”). If a designation of this ANP by the government includes the surface of the mining concession areas or ancillary work areas such as possible water well fields of Camino Rojo Project, this could limit the growth and continuity of the project. Mining activities (including both exploration and exploitation), depending on the corresponding sub-zone may be carried out provided they are authorized by National Commission on Protected Natural Areas, without prejudice of other authorizations required for their execution. Goldcorp engaged in forums with government and community stakeholders, and submitted an official opinion regarding this ANP declaration to the government, with the objective of ensuring that if an ANP was created, the Camino Rojo Project would not be restricted from development. Since the time that the idea of creating an ANP was first proposed there has been no formal movement on the proposal. The State government has opposed the declaration of an ANP in the region.

History

The Camino Rojo Project was discovered in mid-2007 by geologists working under contract to Canplats Resource Corporation (“**Canplats**”). Following a rapid program of surface pitting and trenching for geochemical samples, Canplats began concurrent programs of surface geophysics (resistivity and induced potential) and RC drilling in late 2007, which continued into 2008. Core drilling began in 2008. The geophysical survey defined two principal areas of high chargeability, which were interpreted as large volumes of sulphide mineralized rocks. Drilling by Canplats, and later by Goldcorp, confirmed the presence of extensive sulphide mineralization at depth in the Represa zone, and much lower quantities of sulphide minerals at Don Julio. By August of 2008, Canplats drilled a total of 92 RC, and 30 diamond-core holes, for a total of 23,988 and 16,044 m respectively. The surface access and permission to continue drilling were cancelled in early August 2008, by the Ejido of San Tiburcio, Zacatecas. Nevertheless, in November 2008, Canplats published an independent Mineral Resource estimate for the Represa zone. In October 2009 Canplats publicly released a Preliminary Economic Assessment, which is historical in nature and should not be relied upon. The conclusions and recommendations of the historical Canplats assessment do not form the basis for the recommendations contained in the Camino Rojo Report.

Canplats was acquired by Goldcorp in early 2010. Validation, infill, condemnation, and expansion drilling began in January 2011. By the end of 2015, a total of 279,788 m of new core drilling in 415 drill holes and 20,569 m of new RC drilling in 96 drill holes was completed in the Represa and Don Julio zones and immediate surroundings. An additional 31,286 m of shallow RAB-style, RC drilling in 306 drill holes was completed, with most of the RAB drilling testing other exploration targets within the concession. Airborne gravity, magnetic and TEM surveys were also carried out, the results of which are unavailable to the author of the Camino Rojo Report. As of the end of 2015 a total of 295,832 m in 445 diamond core holes, 44,557 m in 188 RC drill holes, and 31,286 m of RAB drilling had been completed. The drill hole database has not been verified by the authors of the Camino Rojo Report. Until the validation and confirmation work recommended in the Camino Rojo Report is conducted, the database is not considered current but is considered adequate for the purposes used in the Camino Rojo Report, being the basis for the recommended work plan.

Cautionary Note: The historical estimates discussed herein were prepared prior to Orla having acquired the project and neither a Qualified Person nor Orla have verified these estimates and they are considered historical estimates and should not be relied upon. A Qualified Person has not done sufficient work to classify the historical estimates as current Mineral Resources or Mineral Reserves and Orla is not treating these historical estimates as current estimates. The key assumptions, parameters, and methods used by Goldcorp to prepare the historical estimate are unknown. A Qualified Person has not confirmed the validity of the estimate, thus the Goldcorp estimates are regarded as historic estimates only. The further work recommended in the Camino Rojo Report needs to be completed in order to create a current estimate.

Camino Rojo Historical Mineral Reserve Estimate ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

Category	Tonnes (millions)	Grade		Contained Ounces	
		Gold (g/t)	Silver (g/t)	Gold (millions of ounces)	Silver (millions of ounces)
Proven	--	--	--	--	--
Probable	75.52	0.70	14.22	1.70	34.53
Proven + Probable	75.52	0.70	14.22	1.70	34.53

Notes:

- (1) Numbers may not add up due to rounding.
- (2) The historic estimate for Mineral Reserves for Camino Rojo was calculated at a gold price of US\$1,200 per ounce and a silver price of US\$18.00 per ounce
- (3) Effective as of June 30, 2016.
- (4) Source: Goldcorp Annual Information Form for the year ended December 31, 2016 dated March 16, 2017.
- (5) See Cautionary Note above.

Camino Rojo Historical Mineral Resource Estimate ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

Category	Tonnes (millions)	Grade		Contained Ounces	
		Gold (g/t)	Silver (g/t)	Gold (millions of ounces)	Silver (millions of ounces)
Measured	--	--	--	--	--
Indicated	223.08	1.05	9.02	7.50	64.72
Measured + Indicated	223.08	1.05	9.02	7.50	64.72
Inferred	17.16	0.88	9.06	0.49	5.00

Notes:

- (1) Numbers may not add up due to rounding.
- (2) The historic estimate for Mineral Resources for Camino Rojo was calculated at a gold price of US\$1,400 per ounce and a silver price of US\$20.00 per ounce
- (3) Effective as of June 30, 2016.
- (4) Source: Goldcorp Annual Information Form for the year ended December 31, 2016 dated March 16, 2017.
- (5) See Cautionary Note above.

There has been no recorded mineral production from the property.

Geological Setting, Mineralization, and Deposit Types

Regional, Local and Property Geology

The Camino Rojo Project is situated between splays of the regional, northwest trending San Tiburcio fault zone, beneath a broad pediment of Tertiary and Quaternary alluvium. Maps indicate that the pediment is surrounded by uplands of folded marine limestone of Late Jurassic through Cretaceous ages. Beneath the alluvial and Tertiary-age volcanic rocks, the valleys near Camino Rojo are underlain by the Late Cretaceous Caracol Formation, the same marine siltstone-sandstone formation that underlies the Mazapil valley and hosts the mineralized diatremes at Peñasquito, 55 km to the northwest. Mineralization styles in the region include polymetallic and copper-gold skarn

and limestone manto (replacement) silver-lead-zinc sulphide ores in the Concepcion del Oro District, 50km north of Camino Rojo Project, and gold-silver-lead-zinc mineralized igneous diatreme-breccia, and sulphide-sulfosalt-carbonate veinlets and fracture fillings in the Caracol Formation at the Peñasquito mine.

The bedrock geology of the Camino Rojo project is almost entirely masked by colluvial cover, thus the geology is known through drill core exposures. The Camino Rojo Project deposit is hosted by Cretaceous submarine sedimentary strata, dominantly clastic. The most important mineralization host is the Caracol Formation, a rhythmically interbedded sequence of weakly calcareous turbiditic sandstones, siltstones and shales. The underlying Indidura Formation, comprised of regularly bedded reduced siltstones and shales and the Cuesta del Cura limestone, now recrystallized to white fine grained marble, host a minor amount of sulphide mineralization, but are inconsequential hosts of oxide mineralization.

Mineralized Zones

The mineralization is polymetallic, comprised of gold, silver, arsenic, zinc, and lead. For purposes of evaluation of the oxide resource potential, only Au is of potential significance. Mineralization was observed to be multi-phase, comprising as many as four separate but related mineralizing pulses (inferred from observations of drill core). At hand specimen scale, mineralization is controlled by bedding and fractures. The sandy and silty beds of the turbidite sequences of the Caracol Formation are preferentially mineralized, with pyrite disseminations and semi-massive stringers hosted within them, presumably due to higher porosity and permeability relative to the enclosing shale beds. Basal layers of the turbiditic sandstone beds are often preferentially mineralized. Bedding discordant open space filling fractures and structurally controlled breccia zones host banded sulphide veins and sulphide matrix breccias. Some higher grade vein and breccia zones are localized along the margins of dikes of intermediate composition. Dr. Gray observed mineralization in drill core over vertical intervals greater than 400 m, with mineralization occurring in a broad NE-SW trending elongate zone as much as 300 m wide and 700 m long.

Oxidation was observed to range from complete oxidation in the uppermost portions of the deposit, generally underlain or surrounded by a zone of mixed oxide and sulphide mineralization where oxidation is complete along fracture zones and within permeable strata, but lacking in the remainder of the rock, which then is generally underlain by a sulphide zone in which no oxidation is observed. Oxidation of the deposit is approximately 100%, extending from surface to depths of 100 to 150 m. The underlying transitional zone of mixed oxide/sulphide extends over a vertical interval in excess of 100 m, and is characterized by partial oxidation controlled by bedding and structures. The sandy layers of the turbiditic sequence are preferentially oxidized, creating a stratigraphically interlayered sequence of oxide and sulphide material at the cm scale, with oxidation along structures affecting all strata. The partial oxidation of the Caracol Formation preferentially oxidizes the mineralized strata thus incomplete oxidation in the transition zone may result in nearly complete oxidation of the gold bearing portion of the rock, thus the metallurgical characteristics of mixed oxide/sulphide may vary greatly, with some material exhibiting characteristics similar to oxide material.

The distribution of mineralization at Camino Rojo Project is controlled by both primary bedding and discordant structures. Near surface oxidation extends to depths in excess of 100m, and extends to greater depths along structurally controlled zones of fracturing and permeability.

The observed geologic and geochemical characteristics of the gold-silver-lead-zinc deposit are consistent with those of a distal oxidized gold skarn deposit. The near surface portion of the Camino Rojo deposit has characteristics consistent with those of the distal skarn zone, transitional to epithermal mineralization, and overlies garnet bearing skarn mineralization encountered in the deeper portions of the system. Skarn deposits often exhibit predictable patterns of mineral zoning and metal zoning. Application of skarn zoning models to exploration allows for inferences about the possible lateral and depth extents of the mineralized system at the Camino Rojo deposit and can be used to guide further exploration drill programs.

Exploration

Orla has conducted due diligence field reviews of the Camino Rojo Project, but has not conducted any exploration at the project.

Drilling

No drilling has been conducted on the property by Orla. Prior operators Canplats and Goldcorp conducted extensive drill campaigns at the project, totaling 371,675 m in 939 RC, RAB, and diamond core holes, as discussed above.

Sampling, Analysis, and Data Verification

Orla has not conducted any sampling at the project. Dr. Gray, an author of the Camino Rojo Report, examined publicly disclosed technical reports by Canplats and the drill hole database provided by Goldcorp and it appears that the information was collected and archived in a manner consistent with industry standards. The QA/QC and data verification procedures documented by Canplats and Goldcorp are consistent with industry standards. Dr. Gray observed drill core and drill logs during the site visit and is of the opinion that drill core handling and logging procedures were consistent with industry standards. Dr. Gray observed drill roads and drill pads in the project area that are consistent with the drill programs described for the project. Dr. Gray did not have access to original assay certificates or drill hole survey data, nor was Dr. Gray able to collect and analyze duplicate samples of drill core thus Dr. Gray is not able to verify the data generated by prior operators of the Camino Rojo project, however Dr. Gray has no reason to believe the historical data is less than valid and representative. Based on the work reviewed, it is Dr. Gray's opinion that data and information disclosed in the Camino Rojo Report is valid, and adequate in providing a basis for further work, which includes the data verification described in the Camino Rojo Report.

Mineral Processing and Metallurgical Testing

Metallurgical test work on the Camino Rojo Project was commissioned by the prior operators of the project, Canplats and Goldcorp. The results of these tests have not been verified by the authors or Orla, and these metallurgical studies are not considered current but are considered adequate for the purposes used in Camino Rojo Report, being the basis for the recommended work plan. No metallurgical studies have been conducted by Orla at this time.

Canplats examined the potential gold and silver recoveries from the Camino Rojo Project deposit and in 2009 publicly disclosed results of 18 column tests, 61 bottle roll tests, and 35 flotation tests. Composite samples for the first program by SGS were obtained from diamond drill cores of oxide and transition minerals. Tests performed during the first program included bottle roll, column leach and flotation. The second program used samples from diamond drill cores of oxide, sulphide and transition minerals. Material from the second program was used for bottle roll and flotation tests. No mineralogy, bond work index and crusher abrasion index tests were performed. Column leach tests results indicate crush sizes between 37 mm 9.5 mm for oxide material have a negligible effect on gold recovery. Silver recoveries tended to increase as the crush size was reduced to 9.5 mm. The effect of crush size on transition material was only evaluated on 2 samples and there were insufficient data to show any meaningful trends. In general, gold recovery was higher for oxide material than transition material. Silver recoveries were consistently higher in transition samples than in oxide samples. Different recovery trends for gold and silver based on material classification (oxide or transition) were evident. At a 19 mm crush size, modeling of recovery versus head grades indicated that at a 0.7 g/t gold head grade, a gold recovery of approximately 74% for oxide material and 69% for transition material is predicted. At a 14 g/t silver head grade, column test results indicated a silver recovery of approximately 23% for oxide material and 28% for transition material.

Bottle roll tests did not show any clear distinction between gold and silver recoveries for the oxide, transition and sulphide materials tested. Dissolution of gold and silver was essentially complete after 48 hours. Slightly different recovery trends for gold associated with oxide and transition material were evident with recoveries being marginally higher for oxide material. Results for silver in oxide material were too scattered to determine a trend. Flotation tests indicated that oxide material is not amenable to treatment by flotation and sulfidization did not improve the metallurgical response of this material. Flotation tests on sulphide samples produced some encouraging results for recoveries of base metals. Three tests recorded recoveries of lead to the lead rougher concentrate in excess of 85% while two indicated recoveries in excess of 70%. Apart from these tests, however, lead grades were mostly low and considerable upgrading would be required to produce a marketable lead concentrate. Recoveries of zinc to the zinc rougher concentrate were mostly modest although two tests recorded recoveries in excess of 75%. Considerable upgrading of both lead and zinc rougher concentrates are required to produce a marketable concentrate. Recoveries of gold and silver to the lead rougher concentrate were reasonable in some tests.

Between 2010 and 2015, Goldcorp carried out several metallurgical programs on oxide, sulphide and transition material.

KCA completed four separate test programs for Goldcorp between 2010 and 2015 including column leach tests, agglomeration and percolation tests, bottle roll tests and cyanide shake tests. The column tests were completed on composite samples of split core material by mineralization types and lithologies. The 2010 program included 18 column tests on 18 different composites based on sample intervals. The 2012 program included 28 column tests on 14 different composites by pit and material type. The 2015 program included 26 column tests on 13 different composites by lithology. The results of column testing on fractions of 100% passing 25 mm and 12.5 mm, respectively, reaffirmed the conclusion that the gold is insensitive to changes in particle size with the exception of oxide and transitional material logged as hornfels and incipient hornfels, which benefitted from finer crush size. Gold extractions for all test work ranged from 12% to 81%. Silver recoveries ranged between 4% to 62% with material classified as oxide yielding the highest recoveries. Bottle roll and shake tests performed by KCA yielded equivocal information about preg-robbing characteristics of the samples tested. The preg-robbing test work performed on the head material did not prove to be an indication of preg-robbing during leaching. Samples that exhibited preg-robbing characteristics during the preg-robbing test work did not necessarily show the same characteristics during direct and CIL bottle roll leach tests. Preg-robbing potential ranged from 3 to 43%. No strong correlation was observed between sulphide sulfur content and preg-rob values, nor was one observed between organic carbon content and preg-rob values.

In 2012/2013, the program consisted of a variability study, a small gravity program, and a flotation flowsheet development component. Tests were completed using four samples selected from the Represa transition to obtain information from a high oxidation and low oxidation sample from both the west and east zones of the deposit. The variability program subjected 98 samples to small-scale bench flotation, small-scale leach testing, and small-scale gravity recovery tests. Flotation flowsheet development testing was conducted on three bulk sulphide composites: one from the Represa zone and two from the West Extension. Nine single-pass gravity recoverable gold (“GRG”) tests were performed on different samples from various locations in the Camino Rojo deposit, both in the Represa and in the West Extension areas. A single extended GRG test was performed on a sulphide sample from the West Extension (WE MC1). The results of these tests demonstrated gold recoveries greater than 20% at nominal primary grind feed sizes with mass pulls averaging 2%. These results suggest that concentration of gold by an initial gravity process is a viable option. No subsequent gravity work has been conducted to date. A full mineralogical analysis was performed on several samples during this study. The results of the QEMSCAN sulphide mineralogy indicated that the sphalerite was relatively coarse-grained, being well-liberated (having a 40% release size) well above 100 microns. Galena appeared finer-grained, being well-liberated at 90 microns. Gold mineralogy was undertaken using both optical and D-SIMS techniques. Results indicated that gold was significantly linked to both pyrite and arsenopyrite. Higher gold values were associated with higher arsenic values.

In 2014, grinding, flotation, and cyanide leaching studies of sulphide and transitional material were conducted. Some 112 composites were tested. Standard flotation methods yielded recoveries of ~90% gold, 74 to 81% silver, 83 to 90% zinc, and 82 to 91% lead for sulphide material, and recoveries of 60 to 67% gold, 56 to 63% silver, 35% zinc, and 48% lead for transition material.

Based on the historic metallurgical data available, the Camino Rojo deposit shows significant variability in gold recoveries based on material type and geological domain. In general, historical data shows that recoveries for oxide material are good and will yield acceptable results using conventional heap leaching methods with cyanide. Recoveries for transition material and sulphides are significantly lower compared with the oxide material for conventional leaching with some areas of transition showing reasonably high recoveries. Reagent consumptions for all mineralization types were reasonably low.

Mineral Resource and Mineral Reserve Estimates

The Camino Rojo Project does not host a current Mineral Resource or Mineral Reserve estimate.

Exploration, Development, and Production

Exploration and metallurgical test results for the Camino Rojo Project demonstrate that it is prospective for the

potential to define a Mineral Resource. A 30 month, 2 stage work plan is recommended as detailed in the Camino Rojo Report. The first stage comprises 18 months and encompasses validation and confirmation of the drill hole database, creation of a current Mineral Resource model, metallurgical studies, and regional exploration around the Camino Rojo deposit. The second stage, lasting 12 months, which is conditional upon positive results from the first, is a Preliminary Economic Assessment of development of the Mineral Resource defined in Stage 1, and Mineral Resource definition drilling of new deposits discovered during Stage 1 exploration. Exclusive of corporate costs and holding costs, the total recommended Stage 1 budget is US\$4.5 million. The conditional Stage 2 budget is US\$4.0 million with US\$1.5 million budgeted for a Preliminary Economic Assessment of development of the Camino Rojo deposit and US\$2.5 million budgeted for definition drilling of new deposits. All Stage 2 work is contingent upon successful results from Stage 1 work.

	Start (Month)	End (Month)	Cost (US\$)
STAGE ONE			
<i>Resource Modeling</i>			
Acquire/Analyze Data	1	2	25,000
Re-log Core (geologic and metallurgical domain logging)	1	4	200,000
Preliminary Update Deposit Geologic and Metallurgical Model	4	5	100,000
Metallurgical and Confirmation Drilling	4	6	600,000
Metallurgical Testing	7	16	750,000
Technical Consulting Metallurgy	7	16	100,000
Technical Consulting Engineering	13	16	50,000
Resource Estimation	16	18	100,000
Technical Consulting Permitting	1	18	50,000
Baseline Environmental Sampling and AMD Testing	1	18	100,000
			2,075,000
<i>Exploration</i>			
Geophysical Surveys (magnetics, IP)	1	4	450,000
Regional Geochemical Survey	1	4	300,000
Trenching	1	5	250,000
RC Drilling (10000m, cost includes assay, geology, drilling)	5	12	1,000,000
			2,000,000
<i>Camp/Travel/Logistics (cost shared equally by Resource Modeling and Exploration Programs)</i>			
Camp (house rental, meals, janitorial, cook, etc.)	1	18	126,000
Core warehouse and logging facilities	1	18	72,000
Vehicles	1	18	108,000
Vehicle fuel and maintenance	1	18	22,000
Travel (flights, hotels, meals)	1	18	130,000
Communication	1	18	18,000
			476,000
TOTAL COST STAGE ONE			4,551,000

STAGE TWO			
<i>PEA on Resources defined in Stage 1</i>			
Preliminary Economic Assessment, Stage 1 Resources	1	12	1,500,000
			1,500,000
<i>Drill Testing of Targets Discovered in Stage 1</i>			
RC and Core Drilling (10,000 m RC, 5,000 m core)	1	12	2,500,000
			2,500,000
TOTAL COST STAGE TWO			4,000,000

RISK FACTORS

In addition to the usual risks associated with an investment in a mineral exploration and development company, the Company believes that, in particular, the risk factors set out below should be considered. It should be noted that this list is not exhaustive and that other risk factors may apply. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors of the Company are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects could be materially adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment. An investment in the Company may not be suitable for all investors.

Financing Risks

The Company has limited financial resources, no history of mineral production, operations or source of operating cash flow and continues to experience losses from operations, a trend the Company expects to continue. The exploration and development of the Company's properties, including continuing exploration, will require substantial additional financing. Historically, the Company has been financed through the issuance of Common Shares and other equity securities. Although Orla has been successful in the past in obtaining financing, the Company has limited financial resources. The Company has no assurance that additional funding will be available to it in the future to fulfill the Company's existing obligations or further exploration and development and, if obtained, on terms favourable to the Company. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing capital market conditions as well as the business performance of the Company.

The most likely source of future financing presently available to the Company is through the sale of additional Common Shares, which would mean that each existing shareholder would own a smaller percentage of the Common Shares then outstanding. Alternatively, the Company may rely on debt financing and assume debt obligations that require it to make substantial interest and capital payments. Also, the Company may issue or grant warrants or options in the future pursuant to which additional Common Shares may be issued. Exercise of such warrants or options will result in dilution of equity ownership to the Company's existing shareholders.

Failure to obtain required financing could result in delay or indefinite postponement of its anticipated activities in the coming years and could cause the Company to forfeit its interests in some or all of the Company's properties or to reduce or terminate the Company's operations. Failure to obtain required financing would have a material adverse effect on the Company's business, financial condition and results of operations.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

The figures for Mineral Reserves and Mineral Resources contained in this Annual Information Form are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level

of recovery will be realized or that Mineral Reserves or Mineral Resources will be mined or processed profitably. In addition, the historical estimates for the Camino Rojo Project are not considered to be current Mineral Resource or Mineral Reserve estimates and should not be relied on. The Company cannot give any assurance that such estimates will be achieved. Failure to achieve such estimates could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Until a deposit is actually mined and processed, the quantity of metal and grades must be considered as estimates only. Actual Mineral Reserves or Mineral Resources may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may differ from estimated levels. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. It is inherently impossible to have full knowledge of particular geologic structures, faults, voids, intrusions, natural variations in and within rock types and other occurrences. Failure to identify such occurrences in the Company's assessment of mineral reserves and mineral resources may have a materially adverse effect on the Company's future cash flows, results of operations and financial condition.

Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Fluctuations in gold and base or other precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may result in a revision of estimates from time to time or may render the estimates uneconomic to exploit. Mineral Resource and Mineral Reserve data is not indicative of future results of operations. Estimated Mineral Resources or Mineral Reserves for the Company's properties are evaluated from time to time and may require adjustments or downward revisions based upon further exploration or development work, geological interpretation, drilling results, metal prices or actual production experience. Any material reductions in estimates could have a material adverse effect on the Company's results of operations and financial condition.

The category of Inferred Mineral Resource is often the least reliable Mineral Resource category and is subject to the most variability. Due to the uncertainty which may attach to Inferred Mineral Resources, there is no assurance that Inferred Mineral Resources will be upgraded to Proven Mineral Reserves and Probable Mineral Reserves as a result of continued exploration. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Environmental and Other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving to stricter standards, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

The Company's current or future activities, including exploration and development activities and operations of the Company require licenses, permits or other approvals from various governmental authorities and activities are and will be governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration and development activities generally experience increased costs and delays as a result of the need to

comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company may require for exploration and development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities and that it does not currently have any material environmental obligations. However, there may be unforeseen environmental liabilities resulting from exploration, development and/or mining activities and these may be costly to remedy.

Other than the environmental mining insurance policies required by law for mining title, the Company does not maintain insurance against all environmental risks. As a result, any claims against the Company may result in liabilities that could have a significant adverse effect on the operations and financial condition of the Company.

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 exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

The Company cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition. There is no assurance that future changes to environmental regulation, if any, will not adversely affect the Company

Foreign Country and Political Risk

The Company's principal mineral properties are located in Panama and Mexico. The Company is subject to certain risks as a result of conducting foreign operations, including, but not limited to: 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; government regulations relating to the mining industry; renegotiation, cancellation or forced modification of existing contracts; expropriation or nationalization of property; changes in laws or policies or increasing legal and regulatory requirements including those relating to taxation, royalties, imports, exports, duties, currency, or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices; uncertain political and economic environments; war, terrorism, sabotage and civil disturbances; delays in obtaining or the inability to obtain or maintain necessary governmental or similar permits or to operate in accordance with such permits or regulatory requirements; currency fluctuations; import and export regulations, including restrictions on the export of gold or other minerals; limitations on the repatriation of earnings; and increased financing costs. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business.

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company currently conducts business or in the future may conduct business, could result in an increase in taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company being subject to additional taxation or that could otherwise have a material adverse effect on us.

One of the Company's principal mineral properties is located in Panama. 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 the progress achieved. If the economy of Panama fails to continue growth or suffers a recession, it may have an adverse effect on the Company's operations in that country. The Company does not carry political risk insurance.

Although the Company believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, new rules and regulations may be enacted and existing rules and regulations may be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations.

Concessions Risks

The original 20-year term for the concessions at the Cerro Quema Project 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 Annual Information Form, final concession renewals have not been received. There is no assurance that the Company will receive the extensions, or receive them within a reasonable time period. Failure to receive the extensions would have a material adverse effect on the Company's business, financial condition and results of operations.

ESIA Permit

To develop a mine at Cerro Quema, a Category 3 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. There is no assurance that the Company will receive the various approvals, including the modification to the EIA, or receive them within a reasonable time period. Failure to receive the ESIA would have a material adverse effect on the Company's business, financial condition and results of operations.

Permitting Risks

The Company's operations in each of the jurisdictions in which it operates are subject to receiving and maintaining permits (including environmental permits) from appropriate governmental authorities. Furthermore, prior to any development on any of its properties, the Company must receive permits from appropriate governmental authorities. The Company can provide no assurance that necessary permits will be obtained, that previously issued permits will not be suspended for a variety of reasons, including through government or court action, or that delays will not occur in connection with obtaining all necessary permits, renewals of permits for existing operations, or additional permits for any possible future changes to operations, or additional permits associated with new legislation. The Company can provide no assurance that it will continue to hold or obtain, if required to, all permits necessary to develop or continue operating at any particular site, which would materially adversely affect its operations.

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. The operations of the Company may be disrupted by a variety of risks and hazards normally encountered in the exploration, development and production of precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life and damage to tailings dams, property, and environmental damage, all of which may result in possible legal liability. The

occurrence of any of these events could result in a prolonged interruption of the Company's activities that would have a material adverse effect on its business, financial condition, results of operations and prospects. Further, the Company may be subject to liability or sustain losses in relation to certain risks and hazards against it cannot insure or for which it may elect not to insure. The occurrence of operational risks and/or a shortfall or lack of insurance coverage could have a material adverse impact on the Company's results of operations and financial condition.

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 that are explored are ultimately developed into producing mines. . Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Major expenses may be required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Orla 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, metal prices that 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. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore. Development projects have no operating history upon which to base estimates of future capital and operating costs. For development projects, Mineral Resource estimates and estimates of operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from ore, estimated operating costs, and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production can often occur.

Production Estimates

The Company has Mineral Resource and Mineral Reserves estimations for its existing Cerro Quema Project, and such estimates are based on a pre-feasibility study. The Company cannot give any assurance that such estimates will be achieved. Failure to achieve such estimates could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. The realization of estimates are dependent on, among other things, the accuracy of Mineral Reserve and Mineral Resource estimates, the accuracy of assumptions regarding grades and recovery rates, ground conditions (including hydrology), the physical characteristics of deposits, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, haulage and processing. Actual production may vary from estimates for a variety of reasons, including the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore stopes from those planned; mine failures or slope failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production.

In addition, the Company does not have a current Mineral Resource or Mineral Reserve estimation for the Camino Rojo Project. The historical estimates were estimated in accordance with the CIM Definition Standards and were calculated by Goldcorp. Orla is not treating these historical estimates as current and has not completed sufficient work to classify the historical estimate as current Mineral Resources or Mineral Reserves for Orla's purposes. The historic estimate should not be relied on. The Company cannot give any assurance that such estimates will be achieved.

Failure to achieve such estimates could have an adverse impact on the Company's results of operations and financial condition.

Cost Estimates

Capital and operating cost estimates discussed herein may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility studies, anticipated climatic conditions, market conditions for required products and services, and other factors and assumptions regarding foreign exchange currency rates. Any of the following events could affect the ultimate accuracy of such estimate: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims. Changes in the Company's anticipated production costs could have a major impact on any future profitability. Changes in costs of the Company's anticipated mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, a change in commodity prices, increased costs (including oil, steel and diesel) and scarcity of labour, and could result in changes in profitability or Mineral Reserve estimates. Many of these factors may be beyond the Company's control. There is no assurance that actual costs will not exceed such estimates. Exceeding cost estimates could have an adverse impact on the Company's future results of operations or financial condition.

Metal Prices

The Company's long-term viability depend, in large part, upon the market price of gold. Market price fluctuations of gold could adversely affect the profitability of the Company's operations and lead to impairments and write downs of mineral properties. Metal prices have fluctuated widely, particularly in recent years. The marketability of metals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to price, royalties, global consumption patterns, supply of, and demand for, metals, speculative activities, allowable production and importing and exporting of minerals, the effect of which cannot accurately be predicted. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has an interest may be mined at a profit.

Declining metal prices can also impact operations by requiring a reassessment of the feasibility of a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays and/or may interrupt operations until the reassessment can be completed, which may have a material adverse effect on the Company's results of operations.

Current Global Financial Condition

Market events and conditions, including the disruptions in the international credit markets and other financial systems, along with political instability and falling oil and currency prices expressed in United States dollars have resulted in commodity prices remaining volatile. These conditions have also caused a loss of confidence in global credit markets, resulting in a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions have caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond the Company's control may have on commodity prices; demand for metals, including gold; availability of credit; investor confidence; and general financial market liquidity, all of which may affect the Company's business.

Uninsured Risks

Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the storage and shipment of precious metal concentrates or doré bars, and political and social instability. Such occurrences could result in damage to mineral

properties, damage to underground development, damage to production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance policies do not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not always available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. The Company does not currently maintain insurance against political risks, underground development risks, production facilities risks, business interruption or loss of profits, theft of doré bars, the economic value to re-create core samples, environmental risks and other risks. Furthermore, insurance limits currently in place may not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Competition

The mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on desirable mineral properties, for capital to finance its activities and in the recruitment and retention of qualified employees. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights, financing, or recruiting and retaining employees.

Title Matters

The acquisition of title to mineral tenures in Panama and Mexico is a detailed and time-consuming process. Although the Company has diligently investigated title to all mineral tenures and, to the best of its knowledge, 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. Title to the Company's properties may also be affected by undisclosed and undetected defects. In every case in which the Company has detected a defect, a risk assessment has been performed, and none of them had been classified as high-risk. In addition, all corrective measures are being implemented on detected defects.

Surface Rights

The Company does not have direct ownership or possession rights to use the surface of the lands for its Mexican property, the Camino Rojo Project. Article 27 of the Mexican Constitution and subsequent legislation established the “ejido” and communal landholding as forms of land tenure in Mexico. There are three ejido communities in the vicinity of the main area of drilling at the Camino Rojo Project and other ejido lands cover most of the rest of the property. The lands that would be required by the Company for a potential open pit mine and heap leach facility are subject to an expropriation agreement between the Company and the San Tiburcio Ejido. For exploration activities, the Company enters into temporary occupation agreements with the ejido communities, which allow the Company to use the surface of the lands for its mining activities for a set period of time. In Mexico, mining rights that are covered under a concession do not include direct ownership or possession rights over the surface, or surface access, and at any particular time the Company may be involved in negotiations with various ejido communities to enter into new temporary occupation agreements or other surface access agreements or amend existing agreements. Failure to reach new agreements or disputes regarding existing agreements may cause, blockades, suspension of operations, delays to projects, and on occasion, may lead to legal disputes. Any such failure to reach new agreements or disputes regarding existing agreements may have a material adverse effect on the Company’s business.

Conflicts of Interest

The Company’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company’s directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

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*, the U.S. Foreign Corrupt Practices Act, and similar laws in any country in which the Company conducts business. 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. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents.

The Company’s Cerro Quema Project is located in Panama and the Camino Rojo Project is located in Mexico, both countries which are perceived as having fairly high levels of corruption (Panama ranks 87th with a score of 38 and Mexico ranks 123rd with a score of 30 (0 - highly corrupt to 100 -very clean) out of 176 countries according to a 2016 Corruption Perceptions 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.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration, or development-stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Tax Matters

The Company is subject to income taxes and other taxes in a variety of jurisdictions and the Company's tax structure is subject to review by both Canadian and foreign taxation authorities. The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Currency Fluctuations

The Company's operations in Panama make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in Canadian dollars with the majority of transactions denominated in U.S. dollars, Canadian dollars and Colombian pesos. As the exchange rates between the U.S. dollar fluctuate against Canadian dollar, the Company will experience foreign exchange gains or losses. The Company does not use an active hedging strategy to reduce the risk associated with currency fluctuations.

Limited Operating History

The Company has no history of generating operating revenues or profits. The Company expects to continue to incur losses unless and until such time as it develops its properties and commences operations on its properties. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with strategic parties, if any. There can be no assurance that the Company will generate operating revenues or profits in the future.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, the litigation process could take away from management time and efforts and the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's financial position, results of operations or the Company's property development.

Non-Governmental Organization Intervention

The Company's relationship with the communities in which it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. Non-governmental organizations may create or inflame public unrest and anti-mining sentiment among the inhabitants in areas of mineral development. Such organizations can be involved, with financial assistance from various groups, in mobilizing sufficient local anti-mining sentiment to prevent the issuance of required permits for the development of mineral projects of other companies. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Outside Contractor Risks

It is common for certain aspects of mining operations, such as drilling, blasting and underground development, to be conducted by outside contractors. As a result, the Company is subject to a number of risks, including: reduced control over the aspects of the tasks that are the responsibility of the contractors; failure of the contractors to perform under its agreement with the Company; inability to replace the contractors if their contracts are terminated; interruption of services in the event that the contractors cease operations due to insolvency or other unforeseen events; failure of the contractors to comply with applicable legal and regulatory requirements; and failure of the contractors to properly manage its workforce resulting in labour unrest or other employment issues.

Unreliable Historical Data

The Company has compiled technical data in respect of the Cerro Quema and Camino Rojo Projects, some of which was not prepared by the Company. While the data represents a useful resource for the Company, much of it must be verified by the Company before being relied upon in formulating exploration programs.

Unknown Liabilities in Connection with Acquisitions

As part of the Company's acquisitions, the Company has assumed certain liabilities and risks. While the Company conducted due diligence in connection with such acquisitions, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Company was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company's financial position and results of operations.

Acquisitions and Integration

From time to time, the Company examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio; a material property may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may experience dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

No Dividends

Any payments of dividends will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's board of directors may consider appropriate in the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Foreign Subsidiaries

The Company conducts certain of its operations through foreign subsidiaries and some of its assets are held in such entities. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with IFRS applicable to publicly accountable enterprises. In preparing financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's annual consolidated financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and annual consolidated financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Enforcement of Civil Liabilities

Substantially all of the assets of the Company are located outside of Canada and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares without par value, of which 116,498,572 Common Shares were issued and outstanding as of December 31, 2016, 160,441,213 Common Shares were issued and outstanding as December 31, 2017, and 160,976,415 Common Shares were issued and outstanding as of January 25, 2018. As at January 25, 2018, a total of 6,276,748 Common Shares are issuable on exercise of outstanding stock options (including options formerly exercisable for Pershimco Shares that were exchanged in accordance with the terms of the Arrangement), 6,837,500 Common Shares are issuable on exercise of the 2021 Warrants, 865,668 Common Shares are issuable on exercise of outstanding broker warrants expiring October 13, 2018, 2,825,160 Common Shares are issuable on exercise of outstanding advisory warrants expiring December 6, 2018, and 3,000,000 Common Shares are issuable on exercise of outstanding finders' warrants expiring December 6, 2018; and 3,000,000 Common Shares are issuable on exercise of outstanding finders' warrants expiring November 7, 2022.

Common Shares

The holders of Common Shares will be entitled to receive notice of and to attend any meeting of the shareholders of Orla and will be entitled to one vote for each Common Share held (except at meetings at which only the holders of another class of shares are entitled to vote). The holders of Common Shares will be entitled to receive dividends, on a *pro rata* basis, if, as and when declared by the Board of Directors and, subject to the prior satisfaction of all preferential rights, to participate ratably in the net assets of Orla in the event of any dissolution, liquidation or winding-up of Orla, whether voluntary or involuntary, or other distribution of assets of Orla among shareholders for the purposes of winding up its affairs.

DIVIDENDS

The Company has not paid any dividends on its Common Shares since its incorporation. The Company has no present intention of paying dividends on its Common Shares, as it anticipates that all available funds will be invested to finance the growth of its business. The payment of future cash dividends, if any, will be reviewed periodically by the Board of Directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors. There are no restrictions that could prevent the Company from paying dividends.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSXV under the symbol "OLA". The following table sets forth information relating to the trading for the Common Shares on the TSXV for the months indicated:

Month	High (C\$)	Low (\$)	Volume
<i>Year ended December 31, 2016</i>			
January	0.12	0.10	145,000
February	0.12	0.12	50,000
March	0.17	0.13	305,213
April	0.17	0.13	127,500
May	0.17	0.13	135,000
June	0.54	0.15	913,000
July	0.89	0.49	1,582,000
August	1.05	0.68	1,081,532

Month	High (C\$)	Low (\$)	Volume
September	1.75	0.90	1,368,607
October	1.69	1.30	675,503
November	1.52	1.15	2,201,251
December	1.45	1.20	4,112,879
<i>Year ended December 31, 2017</i>			
January	1.40	1.24	2,303,499
February	1.35	1.21	2,413,133
March	1.25	1.04	3,116,530
April	1.37	1.17	3,185,387
May	1.30	1.17	1,541,368
June	1.45	1.04	4,277,254
July	1.35	1.20	937,055
August	1.32	1.05	1,567,031
September	1.39	1.12	1,829,645
October	1.48	1.19	1,913,661
November	1.57	1.30	1,974,749
December	1.82	1.54	13,230,184
<i>Year Ending December 31, 2018</i>			
January 1 to 25	1.85	1.58	2,125,035

The closing price of the Common Shares on the TSXV on December 31, 2016 was C\$1.25, on December 29, 2017 was C\$1.78 and on January 25, 2018 was C\$1.68.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out the name, province or state, and country of residence of each current director and executive officer of the Company, their respective offices held with the Company and their respective principal occupations during the preceding five years. Each director holds office until the next annual meeting of shareholders of the Company.

Name, Province or State & Country of Residence and Position	Director Since	Principal Occupation for the Past Five Years
Marc Prefontaine <i>President, Chief Executive Officer & Director</i> British Columbia, Canada	June 10, 2015	Director, President and Chief Executive of the Company since June 2015; President and Chief Executive Officer of Grayd Resource Corporation (mining company) from 2003 to 2012.
Charles A. Jeannes ⁽¹⁾⁽²⁾ <i>Director</i> <i>(Non-Executive Chair of the Board of Directors)</i> Nevada, USA	June 19, 2017	Non-Executive Chairman of the Board of Directors; Director of Tahoe Resources Inc. since January 2017 and Wheaton Precious Metals Corp. (formerly Silver Wheaton Corp.) since November 2016 (mining companies); former President and Chief Executive Officer of Goldcorp (mining company) from 2009 until April, 2016, and Executive Vice President, Corporate Development from 2006 until 2008; serves as a University of Nevada, Reno (“UNR”) Foundation Trustee (a non-profit Board).
George Albino ⁽¹⁾⁽³⁾ <i>Director</i> Colorado, USA	June 19, 2017	Director of Eldorado Gold Corporation (mining company) since October 2016; Managing Director and Mining Analyst at GMP Securities, L.P., Research Division from 2010 until 2016.
Tim Haldane ⁽³⁾ <i>Director</i> Arizona, USA	June 19, 2017	Retired mining professional with international project development experience; previously Senior Vice-President of Operations - USA & Latin America at Agnico Eagle (mining company) from 2014 until February 2017.
Richard Hall ⁽²⁾ <i>Director</i> Colorado, USA	June 10, 2015	Corporate Director, Geologist and Mineral Industry Consultant; Director at IAMGold Corporation from 2012 to present, Kaminak Gold Corporation from 2013 to 2016 and Klondex Mines Ltd. (Chairman) from 2014 to present (mining companies).

Name, Province or State & Country of Residence and Position	Director Since	Principal Occupation for the Past Five Years
Jean Robitaille ⁽²⁾ <i>Director</i> Ontario, Canada	December 6, 2016	Senior Vice-President, Business Strategy and Technical Services at Agnico Eagle (mining company) since 2014; 25 years at Agnico Eagle, including as Senior Vice-President, Technical Services and Project Development (2008 to 2013), Vice-President, Metallurgy & Marketing, General Manager, Metallurgy & Marketing and Mill Superintendent and Project Manager; prior to Agnico Eagle, Mr. Robitaille worked as a metallurgist with Teck Mining Group (mining company); director of Pershimco Resources Inc. (2011 to 2016).
Hans Smit ⁽³⁾ <i>Chief Operation Officer & Director</i> British Columbia, Canada	June 10, 2015	Director and Chief Operating Officer of the Company since June 2015; Vice President Exploration of Grayd Resource Corporation from 2003 to 2012; Professional Geologist and Mining Industry Consultant.
Steven Thomas ⁽¹⁾ <i>Director</i> Ontario, Canada	November 7, 2017	Vice President, Controller at Goldcorp since November 2017; Chief Financial Officer of Goldcorp Operations, Canada from July 2016 to November 2017, Chief Financial Officer of De Beers Canada Inc. from October 2006 to June 2016; Director Gedex Technologies (resource technology company) from 2008 to 2015.
Paul Robertson <i>Chief Financial Officer and Corporate Secretary</i> British Columbia, Canada	June 10, 2015	Chief Financial Officer of the Company since June 2015; incorporated partner of Quantum Advisory Partner since June 2005 (financial advisory company).

Notes:

- (1) Member of the Audit Committee. Mr. Albino is the chair of the Audit Committee.
- (2) Member of the Compensation Committee. Mr. Hall is the chair of the Compensation Committee.
- (3) Member of the Environmental, Health and Safety Committee. Mr. Haldane is the Chair of the Environmental, Health and Safety Committee.

Based on the disclosure available on the System for Electronic Disclosure by Insiders (SEDI), as of the date hereof, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 12,948,950 Common Shares, representing approximately 8% of the total number of Common Shares outstanding, 620,000 warrants and 4,235,500 options.

Cease Trade Orders, Penalties or Sanctions

Other than as mentioned below, none of the directors or executive officers of the Company is, as at the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

In August 2014, Sonoma Resources Inc. (“**Sonoma**”), a reporting issuer in British Columbia and Alberta, was subject to a cease trade order imposed by the British Columbia Securities Commission (the “**BCSC**”) because Sonoma failed to file a comparative financial statement for the financial year ended March 31, 2014. Mr. Smit was a director of Sonoma at the time. Sonoma subsequently filed its financial statements for the periods ended March 31, 2014, June 30, September 30, 2014, and December 31 2014, along with the related management discussion and analysis and certifications. In 2015, BCSC issued Revocation Orders allowing Sonoma to effect certain transactions to complete a reverse take-over with Element Lifestyle Retirement Inc.

None of the directors or executive officers of the Company or, to the Company’s knowledge, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company have been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority, or (a) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

None of the directors or executive officers of the Company, or, to the Company’s knowledge, any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as at the date of this Annual Information Form, or has been within ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Steven Thomas was the Chief Financial Officer and a director of Archangel Diamond Corporation (“**Archangel**”). Archangel had a Chapter 11 Plan confirmed by the United States Bankruptcy Court for the District of Colorado on December 17, 2009, and on February 5, 2010 the Ontario Court issued its order under Part IV of the *Canada Companies’ Creditors Arrangement Act* recognizing the Chapter 11 case and confirming Archangel’s plan of liquidation. Archangel announced that at a special meeting of shareholders held on Monday, March 15, 2010, the shareholders approved the voluntary dissolution and the delisting of Archangel’s shares from the NEX trading board of the TSXV. As a result, Archangel implemented an amended plan of liquidation and was dissolved by way of articles of dissolution under the *Business Corporations Act* (Yukon) on May 26, 2010.

Conflicts of Interest

To the best of the Company’s knowledge, there are no known existing or potential conflicts of interest between the Company and any of the Company’s directors or officers. The directors and officers of the Company are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development. Conflicts may arise between their duties to the Company and their duties to such other companies. All such conflicts will be dealt with pursuant to the provisions of the applicable corporate legislation and the Company’s Code of Conduct. In the event that such a conflict of interest arises at a meeting of the directors, a director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the Board of Directors as soon as they become aware of them.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions involving Orla or its properties as at the date of this Annual Information Form, and Orla is not aware of any such proceedings or actions currently contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, no director or executive officer of the Company, no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities and no associate or affiliate of any of such persons or companies has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The Company's registrar and transfer agent for its Common Shares is Computershare Investor Services Inc. with offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Company has not entered into any material contracts within the most recently completed financial year or previous to the most recently completed financial year, that are still in effect.

INTERESTS OF EXPERTS

The following persons have been named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* during, or relating to, the Company's financial year ended December 31, 2016:

1. ***Cerro Quema Technical Report*** – Eugene Puritch, P. Eng., Richard H. Sutcliffe, P.Geo., Tracy Armstrong, P.Geo., Antoine Yassa, P.Geo., David Burga, P.Geo., Kenneth Kuchling, P.Eng., and Fred Brown, P.Geo., of P&E Mining Consultants Inc., Gene Tortelli, PE, George Lightwood, PE, and David Brown, P.Geo., of Golder Associates Inc., and Mark Gorman, PE of KCA; and
2. ***Camino Rojo Technical Report*** –Matthew D. Gray, Ph.D., C.P.G. of RGI and Carl E. Defilippi, RM, SME of KCA.

None of the foregoing persons, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the Company's property or the property of any of the Company's associates or affiliates. The foregoing persons held an interest in either less than 1% or none of the Company's securities or the securities of any associate or affiliate of the Company when they prepared the Report and after the preparation of such reports and estimates, and they did not receive any direct or indirect interest in any of the Company's securities or the securities of any associate or affiliate of the Company in connection with the preparation of the Report. Neither the aforementioned persons nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of us or of any associate or affiliate of the Company.

All scientific and technical information in this Annual Information form has been reviewed and approved by Marc Prefontaine, P.Geo., Chief Executive Officer and Director, who is a "Qualified Person" under NI 43-101. As of the date hereof, Marc Prefontaine holds 3,241,000 Common Shares and 120,000 warrants, and 825,000 options.

Davidson & Company LLP, Chartered Accountants, provided an auditor's report dated April 19, 2017 in respect to the Company's financial statements for the year ended December 31, 2016. Davidson & Company LLP has advised the Company that they are independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

AUDIT COMMITTEE INFORMATION

The Audit Committee has the responsibility of, among other things: overseeing financial reporting, internal controls, the audit process and the establishment of “whistleblower” and related policies; recommending the appointment of the independent auditor and reviewing the annual audit plan and auditor compensation; pre-approving audit, audit related and tax services to be provided by the independent auditor; and reviewing and recommending approval to the Board of Directors of annual and quarterly financial statements and management’s discussion and analysis and Annual Information Form. The full text of the Audit Committee Charter is attached hereto as Schedule “A”.

Composition of the Audit Committee

The Audit Committee consists of three directors. The following table sets out the name of each current Audit Committee member and whether they are “independent” and “financially literate”:

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
George Albino	Yes	Yes
Charles A. Jeannes	Yes	Yes
Steven Thomas	Yes	Yes

Notes:

- (1) To be considered to be independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Company. A material relationship is a relationship which could, in the view of the Board of Directors of the Company, reasonably interfere with the exercise of a member’s independent judgement.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected by the Company’s financial statements.

Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with: an understanding of the accounting principles used by Orla to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Orla’s financial statements, or experience actively supervising one or more persons engaged in such activities; and an understanding of internal controls and procedures for financial reporting, is set out below.

George Albino. Dr. Albino, Ph.D. was a Managing Director and Mining Analyst at GMP Securities, L.P., Research Division from 2010 until 2016. Prior to this, he was an Analyst at Macquarie Capital Markets Canada Ltd., Research Division from June 2002 until 2010, focusing on North American precious metal producers and exploration companies as well as base metal, uranium and diamond companies. Dr. Albino has over 35 years of experience in mining and finance, having been a geologist for 18 years and as a highly-ranked sell side analyst covering mining (principally gold) stocks for 19 years. Before joining the financial services side of the business, he worked for 18 years in the mining industry, academia and government as an Exploration and Research Geologist exploring for precious metals, base metals and diamonds. He is also currently a Director of Eldorado Gold Corporation. Dr. Albino has a Ph.D. from The University of Western Ontario, an M.S. from the Colorado State University and a B.A.Sc. from Queen’s University.

Charles Jeannes. Mr. Jeannes served as President and Chief Executive Officer of Goldcorp Inc. from 2009 until April, 2016, and Executive Vice President, Corporate Development from 2006 until 2008. From 1999 until the acquisition of Glamis Gold Ltd. (“Glamis”) by Goldcorp, he was Executive Vice President, Administration, General Counsel and Secretary of Glamis. Prior to joining Glamis, Mr. Jeannes worked for Placer Dome Inc., most recently as Vice President of Placer Dome North America. He is also currently a Director of Tahoe Resources Inc. and Wheaton Precious Metals Corp. (formerly Silver Wheaton Corp.) and serves as a UNR Foundation Trustee (a non-profit Board).

He holds a Bachelor of Arts degree from UNR and graduated from the University of Arizona School of Law with honours in 1983. He practiced law from 1983 until 1994 and has broad experience in capital markets, mergers and acquisitions, public and private financing and international operations.

Steven Thomas. Mr. Thomas is currently the Vice President, Controller at Goldcorp, having previously served as the Chief Financial Officer of Goldcorp Operations, Canada. Mr. Thomas has over 30 years of financial experience, with the last 14 years in the mining industry including De Beers Canada Inc. where he served as the Chief Financial Officer. He joined De Beers' London based Diamond Trading Company (DTC) in 2003 to establish an internal audit function for its global operations and was promoted shortly thereafter to the Head of Finance. Mr. Thomas is a Fellow of the Institute of Chartered Accountants and holds a Joint Honours Degree in Accounting and Economics from the University of Wales in the United Kingdom.

Audit Committee Oversight

Since the commencement of Orla's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4, Section 3.2, Section 3.4 or Section 3.5 of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has established policies and procedures that are intended to control the services provided by the auditors and to monitor their continuing independence. Under these policies, no services may be undertaken by the auditors, unless the engagement is specifically approved by the Audit Committee or the services are included within a category that has been pre-approved by the Audit Committee. The maximum charge for services is established by the Audit Committee when the specific engagement is approved or the category of services pre-approved. Management is required to notify the Audit Committee of the nature and value of pre-approved services undertaken.

The Audit Committee will not approve engagements relating to, or pre-approve categories of, non-audit services to be provided by Orla's auditors (i) if such services are of a type whereby the performance of which would cause the auditors to cease to be independent within the meaning of applicable rules, and (ii) without consideration, among other things, of whether the auditors are best situated to provide the required services and whether the required services are consistent with their role as auditor.

External Auditor Service Fees

The Company changed its auditor in the fourth quarter of 2016. Davidson & Company LLP was engaged as the Company's new auditor, replacing Manning Elliott LLP. The resignation of the Manning Elliott LLP as auditor of the Company and the appointment of the Davidson & Company LLP as auditor of the Company were considered and recommended by the Audit Committee and approved by the Board of Directors of the Company and there were no reportable events in connection with this change in auditor.

The following table discloses the fees billed to the Company by its external auditors during the last two financial years:

Financial Year Ended	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2016	\$10,000	\$7,900	\$2,500	Nil
December 31, 2015	\$8,000	Nil	\$7,500	Nil

Notes:

- (1) Audit Fees are the aggregate fees billed by the independent auditor for the audit of the consolidated annual financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. These fees were paid to Manning Elliott LLP.
- (2) Audit-Related Fees are fees charged by the independent auditor for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees". This category comprises fees billed for independent accountant review of Orla's interim financial statements and management discussion and analysis, as well as advisory services associated with the Company's financial reporting. These fees were paid to Manning Elliott LLP.
- (3) Tax Fees are fees for professional services rendered by the independent auditor for tax compliance, tax advice on actual or contemplated transactions. These fees were paid to Davidson & Company LLP.
- (4) All Other Fees includes amounts for services other than the audit fees, audit-related fees and tax fees described above.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at orlamining.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Information Circular for its most recent annual meeting of shareholders.

Additional financial information is provided in the Company's financial statements and management discussion and analysis for the year ended December 31, 2016, and the nine months ended September 31, 2017, all of which are filed on SEDAR.

APPENDIX A

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF ORLA MINING LTD.

INTRODUCTION

The primary responsibility of the Audit Committee (the “Committee”) is to oversee Orla Mining Ltd.’s (the, “Company” or “Orla”) financial reporting process on behalf of the Company’s Board of Directors (the “Board”) in order to assist the directors of the Company in meeting their responsibilities with respect to financial reporting by the Company.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's annual financial statements.

1. RESPONSIBILITIES AND AUTHORITY

The role, responsibility, authority and power of the Committee includes, but is not be limited to the following:

- (a) the Committee shall be directly responsible for the appointment and termination (subject to Board and shareholder ratification), compensation and oversight of the work of the independent auditors, including resolution of disagreements between management and the independent auditors regarding financial reporting;
- (b) the Committee shall ensure that at all times there are direct communication channels between the Committee and the internal auditors, if applicable, and the external auditors of the Company to discuss and review specific issues, as appropriate;
- (c) the Committee shall discuss with the independent auditors (and internal auditors, if applicable) the overall scope and plans for their audits, including the adequacy of staff. The Committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk and legal risk;
- (d) the Committee shall, at least annually, obtain and review a report by the independent auditors:
 - (i) describing their internal quality control procedures;
 - (ii) reviewing any material issues raised by the most recent internal quality control review, or peer review, or any inquiry or investigation by a government or professional institute or society, within the preceding five years, respecting any independent audit carried out by the independent auditors, and any steps taken to deal with any such issues; and
 - (iii) outlining all relationships between the independent auditor and the Company in order to assess the auditor's independence;
- (e) the Committee shall meet separately, on a regular basis, with management and the independent auditors to discuss any issues or concerns warranting Committee attention. As part of this process, the Committee shall provide sufficient opportunity for the independent auditors to meet privately with the Committee;

- (f) the Committee shall receive regular reports from the independent auditors on critical policies and practices of the Company, including all alternative treatment of financial information within generally accepted accounting principles which have been discussed with management. Where alternative treatment exists, the independent auditors shall be invited to express their opinion as to whether the Company is using best practices;
- (g) the Committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion;
- (h) the Committee shall review and discuss earnings press releases, as well as information and earnings guidance provided to analysts and rating agencies;
- (i) the Committee shall review the interim and annual financial statements and disclosures under management's discussion and analysis of financial condition and results of operations with management and the annual audited statements with the independent auditors, prior to recommending them to the Board for approval, release or inclusion in any reports to shareholders and/or securities commissions;
- (j) the Committee shall receive reports, if any, from corporate legal representatives of evidence of material violation of securities laws or breaches of fiduciary duty;
- (k) the Committee shall review and ensure that procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding accounting and auditing matters, as well as the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (l) the Committee shall meet as often as it deems appropriate to discharge its responsibilities and in any event at least four times per year. Additional meetings may be held as deemed necessary by the Chair of the Audit Committee (the "Chair") or as requested by any Committee member or the external auditors or management;
- (m) the Committee shall review all issues related to a change of auditor, including the information to be included in the notice of change of auditor and the planned steps for an orderly transition;
- (n) the Committee shall pre-approve all non-audit services to be provided to the Company by the external auditors;
- (o) the Committee shall review and approve the Company's policy with regard to the hiring of current and former partners or employees of the present and former external auditors;
- (p) the Committee shall report on all the foregoing matters to the directors of the Company at the next Board meeting following;

- (q) at all times, the membership of the Committee shall be such that:
 - (i) it shall be comprised of no fewer than three members;
 - (ii) the majority of the members thereof shall be “unrelated directors” or “independent” directors of the Company, as may be defined by the TSX Venture Exchange, the Ontario Securities Commission or any other regulator to which the Company reports or may report in the future;
 - (iii) the majority of the members of the Committee shall be financially literate in terms of the ability to read and understand a set of financial statements;
 - (iv) no independent member of the Committee shall have a material business relationship with the Company;
- (r) no business shall be transacted by the Committee except at a meeting of the members thereof at which:
 - (i) a majority of the members thereof are present;
 - (ii) a majority of the members thereof present are "unrelated or independent directors" of the Company; or
 - (iii) by a resolution in writing signed by all of the members of the Committee;
- (s) the minutes of all meetings of the Audit Committee shall be provided to the Board.

2. CODE OF BUSINESS CONDUCT AND ETHICS

With regard to the Company’s Code of Business Conduct and Ethics (the “Code”) and its Whistleblower Policy (the “Policy”) the Committee shall:

- (a) review periodically and recommend to the Board any amendments to the Code and/or Policy and monitor the policies and procedures established by management to ensure compliance with the Code;
- (b) review actions taken by management to ensure compliance with the Code and their response to any violations of the Code; and
- (c) monitor the adequacy of the Code, any proposed amendments to the Code and any waivers of the Code granted by the Board.

3. RESPONSIBILITIES OF THE COMMITTEE CHAIR

The fundamental responsibility of the Chair is to be responsible for the management and effective performance of the Committee and to provide leadership to the Committee in fulfilling its Charter and any other matters delegated to it by the Board. To that end, the Chair’s responsibilities shall include:

- (a) working with the Chairman of the Board to establish the frequency of Committee meetings and the agendas for such meetings;
- (b) providing leadership to the Committee and presiding over Committee meetings;
- (c) facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
- (d) reporting to the Board with respect to significant activities of the Committee and any recommendations of the Committee;

- (e) addressing, or causing to be addressed, all concerns communicated to the Chair under the Code and Policy;
- (f) leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
- (g) taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

4. ADOPTION

The Charter was adopted by the Board on December 6, 2016