



## **Condensed Interim Consolidated Financial Statements**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**

**(unaudited)**

**(Expressed in Canadian Dollars)**

**ORLA MINING LTD.**  
**Condensed Interim Consolidated Statements of Financial Position (unaudited)**  
**(Expressed in Canadian Dollars)**

<i>As at</i>	<b>September 30, 2017</b>	December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 14,475,502	\$ 25,935,149
Sales taxes recoverable	142,822	408,695
Prepaid expenses and deposits (note 6)	853,722	359,590
	<b>15,472,046</b>	<b>26,703,434</b>
<b>Non-current assets</b>		
Reclamation deposits (note 4)	186,981	201,405
Equipment (note 5)	286,205	418,115
Exploration and evaluation assets (note 6)	110,252,643	111,725,507
	<b>110,725,829</b>	<b>112,345,027</b>
<b>TOTAL ASSETS</b>	<b>\$ 126,197,875</b>	<b>\$ 139,048,461</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	\$ 1,440,431	\$ 2,696,677
<b>TOTAL LIABILITIES</b>	<b>1,440,431</b>	<b>2,696,677</b>
<b>EQUITY</b>		
Share capital (note 8)	\$ 129,420,287	\$ 128,139,781
Reserves (note 8)	14,434,881	11,985,482
Accumulated deficit	(12,125,618)	(5,059,078)
Accumulated other comprehensive income (loss)	(6,972,106)	1,285,599
<b>TOTAL EQUITY</b>	<b>124,757,444</b>	<b>136,351,784</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$ 126,197,875</b>	<b>\$ 139,048,461</b>

*Corporate information and continuance of operations (note 1)*

*Commitments and contingencies (note 10)*

*Segmented information (note 12)*

*Subsequent event (notes 6 and 15)*

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

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

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

**ORLA MINING LTD.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)****(Expressed in Canadian Dollars)**

	For the three months ended		For the nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
<b>EXPENSES</b>				
Depreciation (note 5)	\$ 1,724	\$ -	\$ 6,002	\$ -
Management and directors' fees (note 9)	209,363	76,741	550,838	173,679
Office and administration	142,937	59,057	609,655	89,614
Professional fees (note 9)	80,409	20,163	498,410	47,359
Property investigation costs	192,707	57,601	292,496	82,609
Public and community relations	155,854	-	507,311	-
Regulatory and transfer agent fees	5,923	2,380	80,076	16,041
Rent	20,356	4,080	68,961	10,605
Salaries and benefits	162,532	-	573,191	-
Share-based payments (note 8)	821,409	35,689	2,885,725	187,888
Travel	74,991	-	313,560	-
	<b>1,868,205</b>	<b>255,711</b>	<b>6,386,225</b>	<b>607,795</b>
<b>OTHER EXPENSES (INCOME)</b>				
Interest income	(50,449)	(10,805)	(152,255)	(12,096)
Finance costs	2,392	-	8,128	-
Foreign exchange loss	472,681	2,511	820,292	2,610
Penalties and interest on flow-through shares	1,401	1,333	4,150	3,949
<b>NET LOSS FOR THE PERIOD</b>	<b>\$ 2,294,230</b>	<b>\$ 248,750</b>	<b>\$ 7,066,540</b>	<b>\$ 602,258</b>
<b>OTHER COMPREHENSIVE EXPENSES</b>				
Foreign currency translation differences for foreign operations	\$ 4,434,635	\$ -	\$ 8,257,705	\$ -
Unrealised loss on available-for-sale investments	-	363,636	-	363,636
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 6,728,865</b>	<b>\$ 612,386</b>	<b>\$ 15,324,245</b>	<b>\$ 965,894</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)</b>				
	\$ 0.02	\$ 0.01	\$ 0.06	\$ 0.03
<b>Weighted average number of common shares outstanding</b>	<b>128,301,034</b>	<b>31,331,946</b>	<b>126,339,246</b>	<b>22,290,570</b>

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

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

	Note	Share capital		Reserves			Total	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
		Number of shares	Amount	Bonus shares	Options	Warrants				
<b>Balance at December 31, 2016</b>		<b>116,498,572</b>	<b>\$ 128,139,781</b>	<b>\$ -</b>	<b>\$ 1,655,150</b>	<b>\$ 10,330,332</b>	<b>\$ 11,985,482</b>	<b>\$ (5,059,078)</b>	<b>\$ 1,285,599</b>	<b>\$ 136,351,784</b>
Shares issued for cash - warrant exercised		11,708,000	778,400	-	-	-	-	-	-	778,400
Shares issued for cash - stock option exercised		213,000	65,780	-	-	-	-	-	-	65,780
Reclassification of grant-date fair value on exercise of warrants		-	354,480	-	-	(354,480)	(354,480)	-	-	-
Reclassification of grant-date fair value on exercise of stock options		-	81,846	-	(81,846)	-	(81,846)	-	-	-
Share-based payments	8(b)	-	-	63,700	2,822,025	-	2,885,725	-	-	2,885,725
Net loss per the period		-	-	-	-	-	-	(7,066,540)	-	(7,066,540)
Other comprehensive loss for the period		-	-	-	-	-	-	-	(8,257,705)	(8,257,705)
<b>Balance at September 30, 2017</b>		<b>128,419,572</b>	<b>\$ 129,420,287</b>	<b>\$ 63,700</b>	<b>\$ 4,395,329</b>	<b>\$ 9,975,852</b>	<b>\$ 14,434,881</b>	<b>\$ (12,125,618)</b>	<b>\$ (6,972,106)</b>	<b>\$ 124,757,444</b>
<b>Balance at December 31, 2015</b>		<b>17,437,924</b>	<b>\$ 2,229,514</b>	<b>\$ -</b>	<b>\$ 440,742</b>	<b>\$ 342,214</b>	<b>\$ 782,956</b>	<b>\$ (2,168,895)</b>	<b>\$ -</b>	<b>\$ 843,575</b>
Shares issued for cash - private placement		14,375,000	4,698,271	-	-	2,331,729	2,331,729	-	-	7,030,000
Share issue costs		-	(50,397)	-	-	-	-	-	-	(50,397)
Shares issued for cash - warrant exercise		1,150,000	69,000	-	-	-	-	-	-	69,000
Reclassification of grant-date fair value on exercise of warrants		-	27,743	-	-	(27,743)	(27,743)	-	-	-
Share-based payments		-	-	-	187,888	-	187,888	-	-	187,888
Net loss for the period		-	-	-	-	-	-	(602,258)	-	(602,258)
Other comprehensive loss for the period		-	-	-	-	-	-	-	(363,636)	(363,636)
<b>Balance at September 30, 2016</b>		<b>32,962,924</b>	<b>\$ 6,974,131</b>	<b>\$ -</b>	<b>\$ 628,630</b>	<b>\$ 2,646,200</b>	<b>\$ 3,274,830</b>	<b>\$ (2,771,153)</b>	<b>\$ (363,636)</b>	<b>\$ 7,114,172</b>

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

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

	For the nine months ended	
	September 30, 2017	September 30, 2016
<b>Cash flows provided from (used by):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the period</b>	\$ (7,066,540)	\$ (602,258)
<b>Adjustments for items not affecting cash:</b>		
Depreciation	6,002	-
Share-based compensation	2,885,725	187,888
<b>Net changes in non-cash working capital items:</b>		
Sales taxes recoverable	264,874	(7,219)
Prepaid expenses and deposits	(519,215)	(25,806)
Accounts payable and accrued liabilities	(1,226,203)	39,651
<b>Net cash flows used in operating activities</b>	<b>(5,655,357)</b>	<b>(407,744)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds on issuance of shares (note 8(b))	844,180	7,048,603
<b>Net cash flows from financing activities</b>	<b>844,180</b>	<b>7,048,603</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets (note 6)	(6,571,239)	(631)
Purchase of equipment (note 5)	(40,817)	-
Investment in Pershimco Resources Inc.	-	(4,000,000)
<b>Net cash flows used in investing activities</b>	<b>(6,612,056)</b>	<b>(4,000,631)</b>
<b>Effects of exchange rate changes on cash</b>	<b>(36,414)</b>	<b>-</b>
<b>Net decrease in cash</b>	<b>(11,459,647)</b>	<b>2,640,228</b>
<b>Cash, beginning of period</b>	<b>25,935,149</b>	<b>418,703</b>
<b>Cash, end of period</b>	<b>\$ 14,475,502</b>	<b>\$ 3,058,931</b>
<b>Cash paid during the period for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

Supplemental cash flow information (note 11)

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

## ORLA MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars)

#### 1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Orla Mining Ltd. (the “Company” or “Orla”) was incorporated under the Business Corporations Act of Alberta on May 31, 2007 as a Capital Pool Company as defined by Policy 2.4 of the TSX Venture Exchange. The Company was continued into British Columbia under the Business Corporations Act in 2010 and subsequently into Ontario under the Business Corporations Act (Ontario) in 2014.

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

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

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2017, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and further equity financings.

The unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2017 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on November 28, 2017.

#### 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

##### **Statement of compliance to International Financial Reporting Standards**

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

##### **Basis of presentation**

These unaudited condensed consolidated interim financial statements include the accounts of Orla and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

**ORLA MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

**For the Nine Months Ended September 30, 2017**

**(Expressed in Canadian Dollars)**

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**3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

***New standards and interpretations not yet adopted***

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2018. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

**4. RECLAMATION DEPOSITS**

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The Company has reclamation deposits of \$186,981 (US\$150,000). These bonds were put as collateral for the 3 mining concessions at Cerro Quema (Panama) in the event of future operations (December 31, 2016 – \$201,405 (US\$150,000)).

**ORLA MINING LTD.**
**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**
**For the Nine Months Ended September 30, 2017**

(Expressed in Canadian Dollars)

**5. EQUIPMENT**

	Equipment		Vehicles		Computer equipment	Office equipment	Total
<b>Cost</b>							
As at December 31, 2016	\$ 258,580	\$ 81,519	\$ 85,806	\$ 10,434			\$ 436,339
Additions	30,230	-	3,117	7,470			40,817
Effect of movements in exchange rates	(19,920)	(5,838)	(6,273)	(835)			(32,866)
<b>Balance as at September 30, 2017</b>	<b>\$ 268,890</b>	<b>\$ 75,681</b>	<b>\$ 82,650</b>	<b>\$ 17,069</b>			<b>\$ 444,290</b>
<b>Depreciation</b>							
As at December 31, 2016	\$ (10,563)	\$ (2,620)	\$ (3,890)	\$ (1,151)			\$ (18,224)
Charged for the period	(89,640)	(19,886)	(32,444)	(6,002)			(147,972)
Effect of movements in exchange rates	4,910	1,109	1,775	317			8,111
<b>Balance as at September 30, 2017</b>	<b>\$ (95,293)</b>	<b>\$ (21,397)</b>	<b>\$ (34,559)</b>	<b>\$ (6,836)</b>			<b>\$ (158,085)</b>
<b>Net book value</b>							
As at December 31, 2016	\$ 248,017	\$ 78,899	\$ 81,916	\$ 9,283			\$ 418,115
<b>As at September 30, 2017</b>	<b>\$ 173,597</b>	<b>\$ 54,284</b>	<b>\$ 48,091</b>	<b>\$ 10,233</b>			<b>\$ 286,205</b>

During the nine months ended September 30, 2017, the Company charged \$147,972 (September 30, 2016 – \$nil) in depreciation expense of which \$6,002 (September 30, 2016 – \$nil) was recognized as expenses and \$141,970 was capitalized to exploration and evaluation assets (September 30, 2016 – \$nil).

**6. EXPLORATION AND EVALUATION ASSETS**

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

	Panama		Canada		Total
	Cerro Quema	Aurum	Blue Quartz		
<b>Balance December 31, 2016</b>	<b>\$ 111,131,831</b>	<b>\$ 1</b>	<b>\$ 593,676</b>		<b>\$ 111,725,508</b>
<b>During the period:</b>					
<b>Acquisition costs</b>					
Additions	-	-	469		469
<b>Deferred exploration costs</b>					
Assays and sample analysis	63,212	-	-		63,212
Depreciation	141,970	-	-		141,970
Drilling	1,184,404	-	-		1,184,404
Geological and geophysical	1,845,929	-	-		1,845,929
Rentals, supplies and other	798,868	-	-		798,868
Repairs and maintenance	226,288	-	-		226,288
Salaries and benefits	1,864,446	-	-		1,864,446
Social responsibility	6,863	-	-		6,863
Travel, food and accommodations	580,760	-	-		580,760
	<b>\$ 6,712,740</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 6,712,740</b>
<b>Effect of movements in exchange rates</b>	<b>\$ (8,186,074)</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ (8,186,074)</b>
<b>Balance September 30, 2017</b>	<b>\$ 109,658,497</b>	<b>\$ 1</b>	<b>\$ 594,145</b>		<b>\$ 110,252,643</b>



**ORLA MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

**For the Nine Months Ended September 30, 2017**

**(Expressed in Canadian Dollars)**

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

**Camino Rojo, Mexico**

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

On November 7, 2017, the Company completed the Agreement with Goldcorp pursuant to the Agreement.

The purchase price for acquiring Camino Rojo consists of the followings:

- i. 31,860,141 common shares of the Company; (Note 15)
- ii. a 2.0% net smelter royalty (the "Royalty") on the sale of all metal production from Camino Rojo, except for metals produced from a sulphide project where Goldcorp has exercised its Sulphide Option. If Goldcorp elects to sell the Royalty, in whole or in part, the Company would retain a right of first offer on the sale; and,
- iii. Assumption of certain obligations including Mexican value-added taxes of approximately USD\$3,900,000 exigible on the acquisition of Camino Rojo, which was paid subsequent to September 30, 2017.

In addition, the Company and Goldcorp entered into an option agreement regarding the potential development of sulphide operations at Camino Rojo whereby Goldcorp will, subject to the applicable sulphide project meeting certain thresholds, have an option to acquire a 60% or 70% interest in the applicable sulphide project.

As of September 30, 2017, prepaid expenses included \$226,945 acquisition costs related to the Camino Rojo Project.

**Cerro Quema, Panama**

The Company's 100% owned Cerro Quema project is located on the Azuero Peninsula in the Los Santos Province of Southwestern Panama, about 45 kilometres southwest of the city of Chitre and about 190 kilometres southwest of Panama City. Rights to gold and silver at Cerro Quema are held through 3 concessions that encompass 14,833 hectares. As well as mineral rights, the Company owns the surface rights over the areas of the current resources.

Concession to the property comprises of three contracts between the Republic of Panama and Minera Cerro Quema S.A., a wholly owned subsidiary of the Company. The original 20-year term for these concessions expired on February 26, 2017 (Contracts 19 and 20) and March 3, 2017 (Contract 21). The Company has applied for the prescribed 10-year extension to these contracts as it is entitled to under Panamanian mineral law. The Company believes it has complied with all legal requirements in relation to the concessions. On March 6, 2017, the Ministry of Commerce and Industry provided written confirmation to the Company that the extension applications were received and that exploration work could continue while the Company waits for the renewal of the concessions. Furthermore, the Panamanian Ministry of Commerce and Industry approved the most recent annual report for the concessions which includes a work plan for 2017. On April 26, 2017, the Company received authorization from the Ministry of Environment to drill in two areas outside of the existing permitted drill area. On June 28, 2017, the Company received a permit to use water for drilling. In early August 2017, an additional two drill permits were received. As of the date of this Financial Statement, final concession renewals have not been received.

## ORLA MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars)

#### 6. EXPLORATION AND EVALUATION ASSETS (continued)

##### Aurum, Panama

The Company holds, through its wholly-owned Panama subsidiary, Aurum Exploration Inc., a 100% interest in a group of six mineral concessions (under application) covering approximately 55,000 hectares located in the Herrera and Los Santos Provinces on the Azuero Peninsula in the Republic of Panama. The applications are west of the Cerro Quema property. The Company does not consider this property as core to its operations and is reviewing its options relating to this concession.

##### Blue Quartz Property, Ontario

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

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Note	September 30, 2017	December 31, 2016
Trade payables		\$ 867,726	\$ 1,774,074
Accrued liabilities		427,957	728,277
Due to related party	9	31,295	85,023
Indemnification liability	10	113,453	109,303
		\$ 1,440,431	\$ 2,696,677

#### 8. SHARE CAPITAL

##### a) Authorized share capital

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

##### b) Issued share capital

At September 30, 2017, the Company had 128,419,572 common shares issued and outstanding (December 31, 2016 – 116,498,572) with a value of \$129,420,287 (December 31, 2016 – \$128,139,781).

**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****8. SHARE CAPITAL (continued)****b) Issued share capital*****During the nine months ended September 30, 2017:***

- 11,708,000 warrants were exercised for proceeds of \$778,400. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$354,480 from reserve to share capital.
- 213,000 options were exercised for proceeds of \$65,780. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$81,846 from reserve to share capital.
- On June 26, 2017, the Company's Board of Directors approved the issuance of up to 500,000 common shares to the non-executive Chairman of the Company as bonus shares. The bonus shares are subject to a vesting period from June 19, 2017 to June 18, 2020 ("Eligibility Period"). If the non-executive Chairman ceases to be the director of the Company before the Eligibility Period, the bonus shares will be immediately forfeited. The bonus shares will become issuable on the date that the non-executive Chairman ceases to act as a director of the Company after the Eligibility Period.

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

During the nine months ended September 30, 2017, the Company recognized \$63,700 as share-based payments in the statement of loss and comprehensive loss.

**c) Warrants**

The changes in warrants during the nine months ended September 30, 2017 was as follows:

	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2016</b>	<b>25,673,828</b>	<b>\$ 0.71</b>
Expired	(50,000)	0.50
Exercised	(11,708,000)	0.07
<b>Balance, September 30, 2017</b>	<b>13,915,828</b>	<b>\$ 1.25</b>

***During the nine months ended September 30, 2017***

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

**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****8. SHARE CAPITAL (continued)****c) Warrants (continued)**

The following summarizes information about warrants outstanding at September 30, 2017:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Warrants outstanding</b>	<b>Weighted average remaining contractual life (in years)</b>	<b>Estimated grant date fair value</b>
February 15, 2018	\$ 0.10	375,000	0.38	\$ 14,347
October 13, 2018	\$ 1.75	865,668	1.04	740,954
December 6, 2018	\$ 2.00	5,825,160	1.18	6,952,829
July 8, 2021	\$ 0.62	6,850,000	3.77	2,267,723
		<b>13,915,828</b>	<b>2.43</b>	<b>\$ 9,975,853</b>

**d) Stock Options**

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

The changes in stock options during the nine months ended September 30, 2017 was as follows:

	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2016</b>	<b>2,618,744</b>	<b>\$ 0.91</b>
Granted	4,365,000	1.39
Expired	(332,496)	3.30
Exercised	(213,000)	0.31
<b>Balance, September 30, 2017</b>	<b>6,438,248</b>	<b>\$ 1.13</b>

**During the nine months ended September 30, 2017**

- On June 25, 2017, the Company's Board of Directors approved a resolution to extend the period which certain former directors have to exercise their 546,000 stock options from 90 days of their resignation under the Plan to 12 months. As a result of the modification, \$2,567 was recognized as share-based payments in the statement of loss and comprehensive loss.
- On June 26, 2017, the Company granted 4,365,000 options with an exercise price of \$1.39 to certain officers, directors and employees. The options are exercisable for a period of five years. One-third vest six months from the date of grant and one-third will vest every twelve months thereafter.
- 332,496 options with an exercise price ranging from \$0.81 to \$7.48 expired unexercised.

**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****8. SHARE CAPITAL (continued)****d) Stock Options (continued)**

The following summarizes information about stock options outstanding and exercisable at September 30, 2017:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Estimated grant date fair value</b>	<b>Weighted average remaining contractual life (in years)</b>
June 19, 2018	\$ 0.15	375,000	375,000	\$ 75,316	0.72
June 19, 2018	\$ 0.81	57,000	57,000	\$ 76,475	0.72
June 19, 2018	\$ 1.48	38,000	38,000	\$ 48,625	0.72
June 19, 2018	\$ 1.69	38,000	38,000	\$ 31,708	0.72
June 19, 2018	\$ 3.53	38,000	38,000	\$ 11,732	0.72
July 30, 2018	\$ 1.90	38,000	38,000	\$ 30,132	0.83
September 19, 2018	\$ 1.69	111,148	111,148	\$ 92,745	0.97
March 10, 2019	\$ 1.69	38,000	38,000	\$ 46,688	1.44
October 1, 2019	\$ 1.48	155,800	155,800	\$ 199,380	2.00
November 27, 2020	\$ 0.15	1,000,000	1,000,000	\$ 200,852	3.16
December 3, 2020	\$ 0.81	184,300	184,300	\$ 247,280	3.18
June 23, 2022	\$ 1.39	4,365,000	1,455,003	\$ 6,012,266	4.73
		<b>6,438,248</b>	<b>3,528,251</b>	<b>\$ 7,073,199</b>	<b>3.93</b>

During the nine months ended September 30, 2017 and 2016, the Company recognized share-based payments expense of \$2,822,025 and \$187,888, respectively, relating to the vesting of stock options vested.

**9. RELATED PARTY TRANSACTIONS AND BALANCES****a) Related Party Transactions**

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

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

	<b>For the nine months ended</b>	
	<b>September 30, 2017</b>	<b>September 30, 2016</b>
Management fees and directors' fees	\$ 550,838	\$ 173,679
Professional fees	102,646	-
Share-based payments		
- Bonus shares	63,700	-
- Options	2,134,111	143,823
	<b>\$ 2,851,295</b>	<b>\$ 317,502</b>

**ORLA MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

**For the Nine Months Ended September 30, 2017**

**(Expressed in Canadian Dollars)**

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**9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**a) Related Party Transactions (continued)**

The Company entered into the following transactions with a related party during the nine months ended September 30, 2017:

- The Company paid \$187,500 (September 30, 2016 – \$40,000) for management services to the Company's Chief Executive Officer or to Pref-Ex Geological Inc., which is a corporation controlled by the Company's Chief Executive Officer
- The Company paid \$187,500 (September 30, 2016 – \$60,000) for management services to the Company's Chief Operating Officer or to Hans Smit, P.Geo. Inc., which is a corporation controlled by the Company's Chief Operating Officer.
- The Company paid \$133,338 (September 30, 2016 – \$59,076 of which \$6,230 was classified as share issuance costs) for management fees, to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.
- The Company paid \$2,646 (September 30, 2016 – \$nil), included in professional fees, for consulting fees to Pure Gold Mining Inc., which is a corporation controlled by a director of the Company.
- The Company paid \$100,000 (September 30, 2016 – \$nil), included in professional fees, for consulting fees to Alain Bureau Project Management Inc., which is a corporation controlled by a former director of the Company.
- The Company's Board of Directors approved the issuance of up to 500,000 common shares to the non-executive Chairman of the Company as bonus shares (Note 8(b)).

**b) Related party balances**

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$31,295, as at September 30, 2017 (December 31, 2016 – \$110,654), which were paid subsequent to September 30, 2017. These amounts are unsecured, non-interest bearing and payable on demand.

**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****10. COMMITMENTS AND CONTINGENCIES****Flow-through shares**

The Company committed to incur \$165,000 of qualifying resource expenditures pursuant to a flow-through private placement completed in 2012. Renunciation forms relating to this financing were filed in February of 2013. As the Company did not fulfil its obligation to incur the required qualifying expenditures within the specified time frame, the Company has recognized \$131,694 related to penalties, interest and indemnification liabilities to date in these financial statements (December 31, 2016 – \$128,926) of which \$nil was paid during the nine months ended September 30, 2017 (September 30, 2016 – \$19,623).

During the nine months ended September 30, 2017, the Company has recognized \$4,150 in interest and penalties relating to these obligations (September 30, 2016 – \$3,949).

The balances due to the indemnification liability included in accounts payables and accrued liabilities were \$113,453, as at September 30, 2017 (December 31, 2016 – \$109,303).

**Camino Rojo project (Mexico)**

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

**Minera Cerro Quema project (Panama)**

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

**Commitments**

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

**11. SUPPLEMENT CASH FLOWS**

	For the nine months ended	
	September 30, 2017	September 30, 2016
Reclassification of grant-date fair value on exercise of stock options from reserves to share capital	\$ 81,846	\$ -
Reclassification of grant-date fair value on exercise of stock warrants from reserves to share capital	354,480	27,743
Reclassification of the fair value of warrants issued	\$ -	\$ 2,331,729

**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****12. SEGMENTED INFORMATION**

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

	Canada	Panama	Mexico	Total
<b>As at September 30, 2017</b>				
Reclamation deposits	\$ -	\$ 186,981	\$ -	\$ 186,981
Equipment	4,311	281,696	198	286,205
Exploration and evaluation assets	594,145	109,658,498	-	110,252,643
	<b>\$ 598,456</b>	<b>\$ 110,127,175</b>	<b>\$ 198</b>	<b>\$ 110,725,829</b>
<b>As at December 31, 2016</b>				
Reclamation deposits	\$ -	\$ 201,405	\$ -	\$ 201,405
Equipment	-	417,927	188	418,115
Exploration and evaluation assets	593,677	111,131,830	-	111,725,507
	<b>\$ 593,677</b>	<b>\$ 111,751,162</b>	<b>\$ 188</b>	<b>\$ 112,345,027</b>

**13. CAPITAL MANAGEMENT**

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

There were no changes to the Company policy for capital management during the nine months ended September 30, 2017.

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

The Company's investment policy is to invest its excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. By using this strategy, the Company preserves its cash resources and is able to marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

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



**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****14. FINANCIAL INSTRUMENTS****a) Fair value**

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

	<b>September 30, 2017</b>	December 31, 2016
<b>Financial assets:</b>		
<i>Fair value through profit and loss</i>		
Cash	\$ 14,475,502	\$ 25,935,149
<i>Loans and receivables</i>		
Sales taxes recoverable	142,822	408,695
<b>Financial liabilities:</b>		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 1,440,431	\$ 2,696,677

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

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

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

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

As at September 30, 2017 and December 31, 2016, the financial instrument recorded at fair value on the statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

**b) Financial risk management***Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to financial instruments fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and sales taxes recoverable.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

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

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

**ORLA MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements (unaudited)****For the Nine Months Ended September 30, 2017****(Expressed in Canadian Dollars)****14. FINANCIAL INSTRUMENTS (continued)****b) Financial risk management (continued)**Liquidity risk

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

The Company maintained sufficient cash at September 30, 2017 in the amount of \$14,475,502 in order to meet short-term operating requirements (December 31, 2016 – \$25,935,149). At September 30, 2017, the Company had accounts payable and accrued liabilities of \$1,440,431 (December 31, 2016 – \$2,696,677). All accounts payable and accrued liabilities are current.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2017.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash and cash equivalents outstanding at September 30, 2017 would result in approximately \$140,000 change to the Company's net loss for the nine months ended September 30, 2017.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, sales taxes recoverable, and accounts payable and accrued liabilities are held in Canadian Dollars ("CAD"), US Dollars ("USD") and Mexican Peso ("MXN"); therefore, USD and MXN accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in foreign currency as at September 30, 2017:

	in Canadian dollars	in US dollars	in MXN
Cash	\$ 2,612,513	\$ 9,513,602	57,204
Sales taxes recoverable	124,421	14,762	-
Accounts payable and accrued liabilities	(244,808)	(843,379)	(2,114,816)
<b>Total foreign currencies</b>	<b>2,492,126</b>	<b>8,684,985</b>	<b>(2,057,612)</b>
Foreign currency rate	1.000	1.2465	0.0682
<b>Equivalent to Canadian dollars</b>	<b>\$ 2,492,126</b>	<b>\$ 10,826,181</b>	<b>\$ (140,414)</b>

**ORLA MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**

**For the Nine Months Ended September 30, 2017**

**(Expressed in Canadian Dollars)**

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**14. FINANCIAL INSTRUMENTS (continued)**

**b) Financial risk management (continued)**

Currency risk (continued)

Based on the above net exposures as at September 30, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and MXN by 10% would increase/decrease profit or loss by approximately \$1,000,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

**15. SUBSEQUENT EVENT**

Subsequent to September 30, 2017

- On November 7, 2017, in connection with the Acquisition of the Camino Rojo Project, the Company issued 31,860,141 common shares to GoldCorp and paid approximately USD\$3,900,000 in Mexican value-added taxes. (Note 6)