ORLA MINING LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

Background

This Management's Discussion and Analysis ("MD&A") of Orla Mining Ltd. (the "Company" or "Orla") provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition for the year ended December 31, 2017. This MD&A supplements the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") This MD&A should be read in conjunction with the Company's audited consolidated financial statements and corresponding notes for the fiscal year ended December 31, 2017 and related MD&A. This MD&A is prepared as of April 24, 2018.

Except as otherwise disclosed, all dollar figures included herein are quoted in Canadian dollars. The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

Orla is a mineral exploration company led by a group of seasoned mining executives with strong financial backing. The Company's focus is the acquisition of mineral exploration opportunities where Orla's exploration and development expertise could substantially enhance shareholder value. Orla has two material gold projects with near-term production potential based on open pit mining and heap leaching: the Camino Rojo gold and silver oxide heap leach project in Zacatecas State, Mexico and the Cerro Quema project in Panama (refer to *Property Descriptions* below for further details). Both projects have good infrastructure (including paved road access), supportive local communities, and exploration upside.

The Company was incorporated under the Business Corporations Act of Alberta on May 31, 2007 as a Capital Pool Company as defined by Policy 2.4 of the TSX Venture Exchange. The Company was continued into British Columbia under the Business Corporations Act in 2010 and subsequently into Ontario under the Business Corporations Act (Ontario) in 2014. On December 6, 2016, Orla and Pershimco Resources Inc. completed a plan of arrangement under the Canada Business Corporations Act, amalgamated and continued as one company named Orla Mining Ltd.

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

Property Descriptions

Hans Smit, P. Geo, the Company's Chief Operating Officer, is the Qualified Person, as defined by National Instrument 43-101 ("NI 43-101"), who has reviewed and approved the technical information disclosed in this MD&A.

Camino Rojo, Mexico

On November 7, 2017, the Company completed the acquisition of the Camino Rojo Project, a gold and silver oxide heap leach project located in Zacatecas State, Mexico, for consideration to Goldcorp consisting of 31,860,141 million common shares of Orla and a 2% net smelter royalty (pursuant to an asset purchase agreement dated June 20, 2017, as amended). In addition, Orla 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. Details of the transaction agreements can be found on Orla's SEDAR profile at www.sedar.com.

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*.

Overview of Camino Rojo

Camino Rojo is an advanced-stage project located 50 kilometres southeast of Goldcorp's Peñasquito mine. Roads and power are nearby, and skilled labour and contractors are readily available in this historic mining region. As currently understood Camino Rojo is comprised of a near-surface oxide gold and silver deposit and a deeper sulphide zone containing gold, silver, zinc and lead mineralization.

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 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 an escalating per-hectare 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 ha, with one concession expiring in 2057 and the remaining seven expiring in 2058. Surface rights over the main area of known mineralization are held by the Ejido San Tiburcio, a communal agrarian cooperative. Exploration has been carried out under the authority of agreements between the project operators and the Ejido San Tiburcio.

Canplats Resources Corporation initially discovered gold-silver mineralization in 2007 during a regional prospecting program. Canplats completed 39,725 metres of drilling in 92 reverse circulation holes and 30 diamond drill holes, largely delineating the shallow oxide mineralization. Canplats also carried out metallurgical studies (18 column tests on 6 composite samples) prior to its acquisition by Goldcorp in 2010. Subsequent to acquiring Camino Rojo in 2010, Goldcorp completed in excess of 250,000 metres of drilling, conducted airborne and ground geophysical surveys and did extensive geological and mineralogical investigations. Numerous metallurgical studies were also conducted, including detailed mineralogical studies, column leach tests on oxide material, size fraction analysis, variability test work and sulphide flotation studies.

Key Highlights

- Acquisition by Orla of a second-high quality, advanced oxide heap leach project in a low risk jurisdiction. The Acquisition leverages management's and the board's extensive exploration, development and operating experience in Mexico.

- Significant historical mineral reserves and resources: 1.7 million ozs of oxide gold reserves and 7.5 million ozs of Measured & Indicated gold resources along with significant silver, lead, and zinc.* All of the mineral reserves and resources estimates herein are historical estimates and Orla is not treating such estimates as current.

- Large prospective land package: Over 200,000 hectares, with potential to find additional oxide and sulphide mineral resources.

- Ejido agreements for proposed project development and strong community relationships are in place.

Summary of the Acquisition

The purchase price for the Camino Rojo Project consisted of:

i) 31,860,141 common shares of Orla, representing a 19.9% interest in Orla post transaction (issued on November 7, 2017); and,

ii) A 2% 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. If Goldcorp elects to sell the royalty, in whole or in part, Orla holds a right of first offer on the sale; and,

iii) Assumption of certain obligations including Mexican value-added taxes of USD$3,859,969 eligible on the acquisition of Camino Rojo.

In connection with the issuance of Orla common shares to Goldcorp, the parties have agreed that (i) Goldcorp will not sell any of the Orla shares for a period of two years, except in certain circumstances; (ii) for so long as Goldcorp maintains at least a 10% equity interest in the Company, it will have the right to participate in future equity offerings in order to maintain its pro rata ownership and (iii) Goldcorp will have the right to appoint one nominee to Orla's board of directors [as directors subject to election should it something like "Goldcorp will have the right to nominate one representative to be included on management's slate for election of directors"?].

Sulphide Option

Orla is the operator of Camino Rojo and has 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 sulphide project. The structure of the joint venture will depend on the following circumstances:

a) for sulphide projects where ore from Camino Rojo is processed using the existing infrastructure of Peñasquito, the applicable sulphide project would be operated by Goldcorp, who would hold a 70% interest, with Orla owning 30%; or,

b) for standalone sulphide projects with a mine plan containing at least 500 million tonnes of proven and probable reserves using standalone facilities not associated with Peñasquito, the applicable sulphide project would be operated by Goldcorp, who would hold a 60% interest, with Orla owning 40%.

In the event that Goldcorp exercises an option, Orla has the option to require Goldcorp to finance Orla's share to develop the project. If Goldcorp elects to sell its portion of the sulphide project, in whole or in part, Orla holds a right of first refusal on the sale.

Historical Estimates – Camino Rojo Reserves and Resources*

The Camino Rojo Project does not host a current Mineral Resource or Mineral Reserve estimate. As reported by Goldcorp at June 30, 2016, historical mineral reserves and resources for Camino Rojo are shown below. For Orla's purposes, these estimates for Camino Rojo are considered to be historical estimates under NI 43-101 as they were prepared by Goldcorp prior to Orla's agreement to acquire Camino Rojo.

MINERAL RESERVES (Oxide & Transitional)

Category	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Au (Mozs)	Ag (Mozs)
Proven	-	-	-	-	-
Probable	75.52	0.70	14.22	1.70	34.53
Total Reserve	**75.52**	**0.70**	**14.22**	**1.70**	**34.53**

MINERAL RESOURCES (Sulphide)

Category	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Au (Mozs)	Ag (Mozs)
Measured	-	-	-	-	-
Indicated	223.08	1.05	9.02	7.50	64.72
M&I Resource	**223.08**	**1.05**	**9.02**	**7.50**	**64.72**
Inferred	17.16	0.88	9.06	0.49	5.00

Notes:

1. Mineral Reserves and Mineral Resources estimate as reported by Goldcorp in the AIF for the financial year ended December 31, 2016, available at www.sedar.com under Goldcorp's profile. Mineral Reserves and Mineral Resources were prepared by Goldcorp in accordance with NI 43-101 under the supervision of a qualified person. Orla is not treating these historical estimates as current and has not completed sufficient work to classify the historical estimate as current mineral reserves or mineral resources for Orla's purposes. Orla's qualified person will review and verify the scientific and technical information of Goldcorp, as well as complete the other work necessary for purposes of preparing a 43-101 technical report, including validation of data quality, resource model accuracy, and costs used in reserve and resource cut-offs.
2. Mineral reserves were calculated by Goldcorp using metal prices of $1,200 per gold ounce and $18 per silver ounce, and mineral resources were calculated using $1,400 per gold ounce, $20 per silver ounce, $1.00 per pound of lead and $1.00 per pound of zinc.
3. Mineral resources are in addition to mineral reserves and do not have demonstrated economic viability.

Geology

The Camino Rojo Project is situated between splays of the regional, northwest trending San Tiburcio fault zone, beneath a broad pediment largely covered by 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 alluvial 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, locally recrystallized to white fine grained marble, host a minor amount of sulphide mineralization, but are inconsequential hosts of oxide mineralization.

The mineralization is polymetallic, comprised of gold, silver, arsenic, zinc, and lead. For purposes of evaluation of the oxide resource potential, only gold and silver are 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 still 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.

Outlook/Future Plans

The Company started refurbishing the Camino Rojo camp in late October 2017 and relogged a portion of the core holes by year end as part of the effort to create a new geological model for the property. The new geological model will form the basis for a resource estimate expected to be completed in the second quarter of 2018. All previous metallurgical, engineering and environmental data is being reviewed. This information, along with the resource estimate, is being be used for a Preliminary Economic Assessment (PEA) of an open pit mine and heap leach extraction facility based on oxide and transitional material. Completion of the PEA is planned in the second quarter of 2018.

Environmental baseline and assessment activities were restarted in March 2018, as was the evaluation of flow rates from four previously established wells. A Community and Social Responsibility (CSR) program was started in November of 2017 and activities are ongoing.

Additional metallurgical test work is planned and core holes to obtain sample material will be drilled starting in April 2018. Additional groundwater and geotechnical studies are also planned.

Exploration work to evaluate previously identified targets and develop new targets for gold and silver mineralization on the large land position started in early 2018. Extensive overburden cover hinders exploration. But as the mineralization previously discovered on the property demonstrates, shallow cover can mask extensive near-surface mineralization. Prospective targets will be geologically mapped, sampled and potentially trenched. On targets where initial work is positive, drilling will be planned. A large IP survey will start in April of 2018.

Cerro Quema, Panama

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

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

Mineral concessions are comprised of three contracts between the Republic of Panama and Minera Cerro Quema S.A., a wholly owned subsidiary of Orla. The original 20-year term for these concessions expired on February 26, 2017 (Contracts 19 and 20) and March 3, 2017 (Contract 21). The Company has applied for the prescribed 10-year extension to these contracts as it is entitled to under Panamanian mineral law. The Company believes it has complied with all legal requirements in relation to the concessions. On March 6, 2017, the Ministry of Commerce and Industry provided written confirmation to the Company that the extension applications were received and that exploration work could continue while the Company waits for the renewal. Orla has also received verbal assurances from government officials that the renewal applications are complete with no outstanding legal issues. Furthermore, the Panamanian Ministry of Commerce and Industry approved the most recent annual report for the concessions which includes a work plan for 2017. On April 26, 2017, the Company received authorization from the Ministry of Environment to drill in two areas outside of the existing permitted drill area. On June 28, 2017, the Company received a permit to use water for drilling. The 2017 annual report for the concessions which includes a work plan for 2018 has been submitted. As of the date of this MD&A, 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.

2017 Exploration

Exploration at Cerro Quema in 2017 targeted zones of high-sulphidation style alteration that could potentially host additional oxide gold resources. Exploration has also tested for sulphide copper-gold mineralization below the level where the rocks are oxidized. There have not been any exploration results 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.

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.

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., who mobilized 3 man-portable rigs to the site. 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.

Holes were 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); areas north of the Quemita zone; the area between the two resource areas (Chontal); and the Idaida and Caballito area to the south of Quemita. Drill targets included resistivity anomalies and areas of alteration that may host undiscovered gold mineralization in oxidized material. Along with testing for new discoveries, the drilling tested potential extensions to the resource zones outlined in the Cerro Quema Report, and possible upgrades to the resources within the pre-feasibility study proposed pits.

A new zone at Cabalito comprised of low-arsenic copper-gold mineralization and located 2 km south of Quemita, was recently discovered and is described below.

Drill highlights by target area are described below:

Quemita Zone:

Thirty-six holes were completed within and proximal to, the Quemita zone. These holes were designed to test for extensions to oxide mineralization laterally and to depth. Angled holes were drilled in 2017 within the reserve because almost all of the previous drilling on the project was vertical and structures are mostly steep to 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 included holes CQDH17-075 and 076 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. Highlights of holes drilled to expand the zone laterally include CQDH17-068 that 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.

Domo Target:

Four holes were completed to test a geophysical anomaly northeast of the Quemita reserve in what is known as the Domo area. Highlights included CQDH17-069 (47.8 m of 0.47 g/t Au) and CQDH-17-070 (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 other two holes at Domo intersected well altered and oxidized material, including zones with vuggy silica. Gold results were anomalous, but low in these holes. Overall, results show potential for only a limited amount of oxide resource at Domo.

Mesita Target:

Mesita is a target area northwest of Quemita where oxidized and altered rock crops out at surface. Thirteen holes were drilled on this target. All holes intersected strongly altered rock, including significant zones of vuggy silica, and moderate to deep oxidation. Unfortunately, gold grades were only anomalous to locally very low grade (0.1 to 0.3 g/t Au).

Quemita Baja Target:

Five holes were drilled north and below Quemita in what may be the downfaulted portion of the same zone. Some anomalous gold was intersected, but oxidation levels are close to surface in this area so the oxide resource potential is limited.

Chontal Target:

Four holes were drilled at Chontal, located between the Quemita and La Pava reserves where the IP survey showed a strong resistor. The holes intersected strong alteration but did not return any significant gold.

Idaida Target:

Six holes were completed at Idaida, located 1.5 km southeast of Quemita, to evaluate the oxide gold potential of this area. A 47.8 m intersection averaging 0.26 g/t Au in CQDH17-111 showed potential for oxide resource. However, none of the holes showed deep oxidation levels such that the oxide resource potential at Idaida is considered to be small.

Caballito Copper -Gold Zone:

The Caballito area adjoins Idaida to the southeast and the two are essentially faulted parts of the same alteration system. The original target at Caballito was oxide gold. Drilling showed that oxidation levels are quite shallow in the Caballito area. However, in September 2017, the Company announced a new copper-gold sulphide discovery at Caballito. 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. 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%.

A total of 17 holes were drilled at Caballito in 2017. Other highlights include hole CQDH-17-136 which intersected 158.7 metres grading 0.62 g/t Au and 0.62% Cu, hole CQDH-17-142 that intersected 87.9m grading 0.36 g/t Au and 0.74% Cu and 52.8m grading 0.2 g/t Au and 0.52% Cu and hole CQDH-17-148 that intersected 102.5 metres grading 0.46 g/t Au and 1.21% Cu.

These intersections and other reported Caballito copper-gold intercepts are within a NW-SE trending chargeability anomaly identified in an Induced Polarization ("IP") survey conducted in January and February of 2018. The anomaly is comprised of two high chargeability lobes within an area of anomalous chargeability covering 500 to 700 metres in the NW-SE direction and 200 to 400 metres in the NE-SW direction. Best grades intersected to date are in areas of moderate chargeability and low resistivity adjacent to the very high chargeabilities within the overall zone.

Drilling to help define the extent of mineralization continues. 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.

Metallurgical Holes:

Six holes were drilled in 2017 to obtain material for additional metallurgical testing. (3 at Quemita and 3 at La Pava). Material has been sent to Kappes Cassiday and Associates in Reno for column tests at a larger particle size than previous tests conducted on material from the property.

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 summarizes all drill holes drilled at the Cerro Quema Project in 2017.

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	
						including		*0.0*	*16.5*	16.5	*3.26*	
CQDH-17-077	Quemita	553019.5	835755.4	844.8	174	-56.3	112.9	0.0	95.0	95.0	0.69	

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
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	
						including		*33.8*	*47.8*	*14.0*	*0.27*	
						including		*100.8*	*107.1*	*6.3*	*0.42*	
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	
CQDH-17-091	Quemita	552851	835783	763	124	-51.1	109.8	No sig int				
CQDH-17-092	Caballito	554812	834847	762	354	-60.9	103.7	No sig int				
CQDH-17-093	Mesita	552690	836042	665	134	-71.5	199.8	17.3	27.5	10.2	0.21	
CQDH-17-094	Quemita	552849	835783	768	181	-49.8	144.9	15.0	102.5	87.5	0.13	
						including		50.9	61.3	10.4	0.25	
CQDH-17-095	Caballito	554856	834792	754	358	-62	77.8	53.6	56.0	2.4	0.57	
CQDH-17-096	Mesita	552744	835954	708	133	-60	115.3	0.0	32.0	32.0	0.27	
CQDH-17-097	Mesita	552745	835952	706	311	-60	99.1	0.0	4.5	4.5	0.37	
CQDH-17-098	Quemita	553085	835796	825	178.54	-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
						including		*122.0*	*125.5*	*3.5*	*3.97*	*3.05*
CQDH-17-105	Mesita	552465	835943	624	135	-70	117.0	15.0	29.4	14.4	0.30	
CQDH-17-106	Mesita	552465	835944	629	315	-70	103.5	No sig int				
CQDH-17-107	Quemita	553077	835950	757	180	-65	122.7	No sig int				
CQDH-17-108	Caballito	554780	834750	711	0	-60	100.5	No sig int				
CQDH-17-109	Quema - Bajo	553266	836052	769	125	-50	100.5	No sig int				
CQDH-17-110	Caballito	554693	834691	663	0	-60	102.0	12.2	15.6	3.4	0.26	

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
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	Quemita	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
							including	*126.0*	*143.5*	*17.5*	*0.56*	*5.26*
								188.0	199.5	11.5	0.29	0.65
CQDH-17-117	Quemita	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	Quemita	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	Quemita	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	
CQDH-17-124	Quemita	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
							including	*31.7*	*58.0*	*26.3*	*0.43*	*0.91*
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
							including	*111.0*	*124.0*	*13.0*	*1.09*	*0.85*
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
							including	*101.0*	*130.5*	*29.5*	*0.53*	*1.31*
								209.3	289.2	79.9	0.15	0.17
CQDH-17-137	Quemita	552976	835854	755	180	-50	102.0			No sig int		

Hole	Area	East	North	Elev	Az	Dip	Depth	Intercepts				
								From	to	Width	Au g/t	Cu %
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
							including	*81.1*	*90.6*	*9.5*	*0.61*	*2.07*
							including	*100.9*	*105.0*	*4.1*	*0.59*	*3.29*
								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
							including	*81.4*	*89.5*	*8.1*	*2.31*	*3.21*
								174.0	255.1	81.1	0.19	0.24
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			No sig int		
CQDH-17-153	Quema Bajo	553467	836397	672	150	-60	100.5			No sig int		
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**					

2018 Exploration

Drilling continues at Cerro Quema with one rig currently in operation. As of the date of this MD&A, a total of 2,101 metres in 8 holes have been drilled in 2018.

On March 22, 2018, a Company news release reported results from 2018 exploration at Caballito, including the first three holes drilled in 2018. All were drilled within or adjacent to the chargeability anomaly that was outlined in an Induced Polarization (IP) survey completed in 2018.

Highlights included diamond drill hole CQDH-18-157 which intersected 124.5 metres grading 0.47 g/t Au and 1.54% Cu from 75.0 to 199.5 m depth. In addition to the copper-gold intersection, the hole had an upper oxide intersection of gold that graded 0.73 g/t Au over 30.0 metres from 9.0 to 39.0 m in oxide with an additional 13.5 metres grading 0.59 g/t Au in sulphide. In the wide copper-gold intersection, gold is relatively consistent throughout. Copper is elevated throughout the intercept, but values are more irregular. There is a higher-grade section from 94.5 to 127.5 metres that averaged 0.49 g/t Au and 2.78% Cu over the 33.0 metres.

Hole CQDH-18-156, drilled from a pad 100 metres to the west of CQDH-18-157, intersected 147.6 metres grading 0.21 g/t Au and 0.33% Cu from 46.2 to 193.8 metres. Hole CQDH-18-158 which was drilled a further 100 metres to the west did not intersect significant mineralization. It is in an area of low chargeability and confirms the IP model and that mineralization is associated with higher chargeability.

The recently completed IP survey at Caballito was comprised of 27 line-km with 100 metre spaced lines and 50 metre stations. The survey shows a zone with two NW-SE trending high chargeability anomalies within an area of anomalous chargeability covering 500 to 700 metres in the NW-SE direction and 200 to 400 metres in the NE-SW direction. Best grades intersected to date are in areas of moderate chargeability and low resistivity.

The IP results indicate that the mineral zone is cut on its NW and SE sides, probably by post-mineral faulting. The zone is also cut on the west side by a fault. There is some indication this fault may be remobilizing an earlier mineralizing structure.

Mineralization is within a shallow west-dipping zone. The orientation and extent of the higher copper-gold grade mineralization within this zone will require further drilling to evaluate as will determining the spatial relationship between the low arsenic copper-gold mineralization and high arsenic mineralization that also occurs within the area of the IP anomaly.

To the northwest of the Caballito anomaly, the IP shows a steeper dipping chargeability high and resistor low at depth (200 metres) that trends towards the Quemita reserve area located 1.2 km to the northwest of Caballito. There are no holes that test this part of the anomaly to date.

Mineral Resources

The mineral resource estimate at Cerro Quema was prepared by P&E Mining Consultants Inc. and is detailed in the Company's NI 43-101 report dated August 15, 2014 entitled, "Cerro Quema Project - Pre-Feasibility Study on the La Pava and Quemita Oxide Gold Deposits", which was filed on SEDAR on August 22, 2014. The study incorporates data from 641 reverse circulation and diamond drill holes. The report has an effective date of June 30, 2014. Except for current drill holes for which assays are still pending, there has not been any drilling subsequent to the resource estimate that would materially impact the resource estimate used for the Pre-Feasibility Study.

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

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

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

*(1) Mineral resources are reported inside an optimized pit shell. AuEq was calculated using Au + 1.6 * Cu.*
(2) Numbers may not add up due to rounding.
(3) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
(4) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

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

TABLE 14-6
ECONOMIC PARAMETERS

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

Mineral Reserves

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

TABLE 15-1
CERRO QUEMA MINERAL RESERVES

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

Pre-Feasibility Study

A Pre-Feasibility Study (PFS) was completed on the Cerro Quema project in 2014. The PFS was prepared by independent consulting groups Kappes, Cassiday and Associates; Golder Associates Inc.; and P&E Mining Consultants Inc. The PFS is detailed in the Company's NI 43-101 report dated August 15, 2014 and effective June 30, 2014 entitled "Cerro Quema Project - Pre-Feasibility Study on the La Pava and Quemita Oxide Gold Deposits", which was filed on SEDAR on August 22, 2014.

The report envisions a standard open pit mine with two pits, one at La Pava and one at Quemita (which includes Quema, Quemita and Mesita resources) coupled with a 10,000 ton per day heap leach facility to extract the gold. With an average head grade of 0.77 g/t Au and a crush size of 80% passing minus 50mm, an average gold recovery of 86% was estimated. This would result in 488,000 ounces of gold being produced over a 5.3-year mine life.

PFS Highlights

Table 22-1
Life of Mine Summary

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

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

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

Health and Safety

Orla has a Health and Safety department at Cerro Quema. In addition to ensuring the safety of Company workers and contractors, the Company has aided local communities and residents in urgent need of help.

There were two lost-time accidents in 2017. In both cases, workers returned to work after a short recovery period. The Company strives to have a perfect safety record and continues to be proactive in ensuring the risk of such accidents is minimized. There have been no lost-time accidents in 2018 to date.

Environmental and Corporate Social Responsibility

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

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

Permitting

To develop a mine at Cerro Quema, a Category 3 environmental permit (ESIA) is required from the Ministry of Environment. An application for this permit was submitted in 2016. The Ministry has completed the technical evaluation of the ESIA. Timing of approval is presently not known. When drilling commenced in January 2017, it was in an area covered by previously issued permits. Since then, the Ministry of Environment has issued Orla permits to drill three new areas.

The Company is actively engaged with government officials at various levels in regards to the ESIA and concession renewals. It is reviewing all options including ceasing site activities until such time as approval of the renewals and the permits is finalized.

Outlook/Future Plans

Drilling on the Caballito copper-gold discovery will continue in 2018. When permits are acquired, drilling is planned in the Sombrero zone adjacent to the north of Caballito to test for both oxide gold mineralization and potential extension of the Cu-Au mineralization. Drilling in the Pelona zone in the eastern part of the property is planned for after the rainy season in late 2018.

Material from the six metallurgical holes is in the Kappes Cassiday (KCA) laboratory in Reno and column testing on material at larger sizes than previous testing will be started in late April 2018. Engineering and environmental aspects of the project are being review in anticipation of completing an updated resource estimate and an updated PFS on the project which is expected to be completed in the first quarter of 2019.

Results of Operations

Selected Financial Information

	For the years ended		
	December 31, 2017	**December 31, 2016**	**December 31, 2015**
Net loss	$ (9,925,266)	$ (2,890,183)	$ (283,496)
Comprehensive loss	(20,050,454)	(1,604,584)	(270,496)
Basic and diluted loss per share	$ (0.08)	$ (0.09)	$ (0.02)

As at:	**December 31, 2017**	**December 31, 2016**	**December 31, 2015**
Working capital	$ 4,804,490	$ 24,006,757	$ 250,530
Total assets	172,044,476	139,048,461	1,024,213
Total liabilities	2,256,759	2,696,677	180,638
Share capital	174,435,785	128,139,781	2,229,514
Deficit	(14,984,344)	(5,059,078)	(2,168,895)

The increase in the net loss during the year ended December 31, 2017 and 2016 is mainly due to the acquisition Camino Rojo project and Pershimco Resources Inc. These acquisitions increased the business activities in both years. In addition, during the year ended December 31, 2017, the Company impaired the Blue Quartz Property and recognized an impairment loss of $594,144.

The increase total assets in fiscal year of 2017 compared to fiscal year of 2016 is mainly due to the acquisition of Camino Rojo project during the year ended December 31, 2017. The increase total assets in fiscal year of 2016 compared to fiscal year of 2015 is mainly due to the acquisition of Pershimco Resources Inc. during the year ended December 31, 2016. In addition, the increase in total assets for fiscal year of 2017 and 2016 is due to the significant expenditures incurred in the exploration activities. The increase in share capital in both fiscal year of 2017 and 2016 is mainly due to the shares issued for acquisition of Camino Rojo project and Pershimco Resources Inc. and the completions of the private placements.

Summary of Quarterly Results

	Three months ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net loss	$ (2,858,726)	$ (2,294,230)	$ (3,465,296)	$ (1,307,014)
Comprehensive loss	(4,726,209)	(6,728,865)	(6,464,992)	(2,130,388)
Loss per share (basic and diluted)	(0.02)	(0.02)	(0.02)	(0.01)

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

With the completion of the acquisition of Camino Rojo project and Pershimco Resources Inc. during in Q417 and Q416, respectively, the Company's operations and activities have expanded. As a result of the expansion on business activities net loss in Q416 to Q417 was increase significantly compared to Q116 to Q316. In addition, in Q417, the Company impaired the Blue Quartz Property and recognized an impairment loss of $594,144.

The fluctuation in net loss on a quarterly basis is attributable to variations in various expense items, such management and directors' fees, professional fees, salaries and employees benefits and share-based payments, which occur due to the administrative, exploration and fund-raising activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend.

The Company anticipates significant future fluctuations in its quarterly operating results caused by a number of factors, as provided in the "Risks and Uncertainties" discussion. Consequently, the Company is of the opinion that operating results comparisons will not necessarily be meaningful and that such comparisons should not be relied upon to assess future returns.

Three months ended December 31, 2017 compared to three months ended December 31, 2016

During the three months ended December 31, 2017, the Company incurred a net loss of $2,858,726 representing a decrease of $570,801, when compared to a net loss of $2,287,925 during the three months ended December 31, 2016. The increase in net loss was mainly due to the significant increase in operating expenses and the impairment loss during the three months ended December 31, 2017. The increase in net loss was partially offset by the reclassification of loss on available-sale-investment of $969,697 recognized during the three months ended December 31, 2016. No such loss was recognized during the three months ended December 31, 2017. In addition, the increase in foreign exchange gain of $369,364 decrease the net loss for the three months ended December 31, 2017.

During the three months ended December 31, 2017, the Company decided not to continue exploration of the Blue Quartz Property. As a result of the Company's decision not to conduct any significant work on the Blue Quartz Property in the near future, the Company wrote off the capitalized costs of $594,144 associated with the Blue Quartz Property during the year ended December 31, 2017. No such loss was recognized during the three months ended December 31, 2016.

Management and directors' fees of $582,250 for the three months ended December 31, 2017 mainly consists $62,500, $39,750 and $62,500 paid to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. The Company also paid directors' fees of $42,500 for the three months ended December 31, 2017. In addition, the Company accrued bonus payments paid for the Company's officers of $375,000 during the three months ended December 31, 2017. No such bonus payments were recognized during the three months ended December 31, 2016.

Salaries and benefits for the three months ended December 31, 2017 of $396,553 mainly related to 21 administrative and non-technical staff in Panama. Salaries and benefits for the three months ended December 31, 2016 of $62,334 only included the salaries and benefits paid for the administrative and non-technical staff in Panama from December 6, 2016 (the date of acquisition of Pershimco) to December 31, 2016.

Share-based payments increased during the three months ended December 31, 2017 mainly due to more options vesting in the current quarter. In addition, the Company recognized $54,600 share-based payments for the bonus shares approved for issuance to the non-executive Chairman of the Company.

Property investigation costs increased by $155,629, to $218,377 for the three months ended December 31, 2017, from $62,748 for the three months ended December 31, 2016. This increase was mainly related to the pre-exploration and investigation costs incurred on the Monitor Gold exploration project.

Public and community relations expenses for the three months ended December 31, 2017 was $141,155, an increase of $105,815, compared to $35,340 for the three months ended December 31, 2016. The increase in public and community relations expenses mainly related to various local community out-reach programs implemented and maintained by Minera Cerro Quema S.A. Ongoing community projects carried out during the period included information sessions, radio programs, and community support programs offered to 24 municipal communities, as well as a hot lunch program for 18 schools located within a fifteen-kilometre radius of the Cerro Quema project site. The Company also provides support for various local amateur sports teams, a youth orchestra, local fairs and cultural events. The Company helps with various local initiatives; for example, it aided with the construction of a newly opened seniors' centre in Tonosi.

Foreign exchange gain increased by $369,364, to $258,130, for the three months ended December 31, 2017, from $111,234 for the three months ended December 31, 2016 mainly due to the fluctuations in the exchange rates between the Canadian dollar and United States dollar.

Year ended December 31, 2017 compared to year ended December 31, 2016

During the year ended December 31, 2017, the Company incurred a net loss of $9,925,266, representing an increase of $7,035,083, when compared to a net loss of $2,890,183 during the year ended December 31, 2016. The increase in net loss was mainly due to the significant increase in operating expenses and the impairment loss during the year ended December 31, 2017.

Share-based payments increased during the year ended December 31, 2017 mainly due to more options vesting in the current year. In addition, the Company recognized $118,300 share-based payments for the bonus shares approved for issuance to the non-executive Chairman of the Company.

During the year ended December 31, 2017, the Company decided not to continue exploration of the Blue Quartz Property. As a result of the Company's decision not to conduct any significant work on the Blue Quartz Property in the near future, the Company wrote off the capitalized costs of $594,144 associated with the Blue Quartz Property during the year ended December 31, 2017. No such loss was recognized during the year ended December 31, 2016.

Foreign exchange loss increased by $448,318, to $562,162, for the year ended December 31, 2017, from $113,844 for the year ended December 31, 2016 mainly due to the fluctuations in the exchange rates between the Canadian dollar and United States dollar.

Salaries and benefits for the year ended December 31, 2017 of $969,744 mainly related to 21 administrative and non-technical staff in Panama. Salaries and benefits for the year ended December 31, 2016 of $62,334 only included the salaries and benefits paid for the administrative and non-technical staff in Panama from December 6, 2016 (the date of acquisition of Pershimco) to December 31, 2016.

Office and administration expenses for the year ended December 31, 2017 were $771,342, an increase of $598,945, compared to $172,397 for the year ended December 31, 2016. The increase in office and administrative expenses of Orla is related to the increase in insurance premiums as higher limits were sought and the increase the business activities during the year ended December 31, 2017. During the year ended December 31, 2017, Minera Cerro Quema incurred the following major office and administration expenses:

- Telecommunication expense of $40,632;
- Office supplies of $84,364;
- Commercial licensing tax of $80,058; and
- Insurance of $32,938.

Public and community relations expenses for the year ended December 31, 2017 was $648,466, an increase of $593,209, compared to $55,257 for the year ended December 31, 2016. The increase in public and community relations expenses mainly related to various local community out-reach programs implemented and maintained by Minera Cerro Quema S.A. Ongoing community projects carried out during the period included information sessions, radio programs, and community support programs offered to 24 municipal communities, as well as a hot lunch program for 18 schools located within a fifteen-kilometre radius of the Cerro Quema project site. The Company also provides support for various local amateur sports teams, a youth orchestra, local fairs and cultural events. The Company helps with various local initiatives; for example, it aided with the construction of a newly opened seniors' centre in Tonosi. In addition, the Company incurred investor relations expense of $65,486 during the year ended December 31, 2017 compared to $30,494 for the year ended December 31, 2016.

Professional fees increased by $413,736, to $597,194 for the year ended December 31, 2017, from $183,458 for the year ended December 31, 2016. The increase in professional fees primarily relate to legal fees incurred in connection with the concession renewal application for the Cerro Quema project during the year ended December 31, 2017. In addition, Orla incurred $100,000 professional fees which were paid to the Company former director for assistance with the post-acquisition transition of Minera Cerro Quema. Due to the significant increase in business activities, Orla incurred legal fees related to general corporate matters of $ 91,624 during the year ended December 31, 2017 compared to $ 33,151 during the year ended December 31, 2016.

Property investigation costs increased by $365,516, to $510,873 for the year ended December 31, 2017, from $ 145,357 for the three months ended December 31, 2016. This increase was mainly related to the pre-exploration and investigation costs incurred on the Camino Rojo project and Monitor Gold exploration project.

Management and directors' fees of $1,133,088 for the year ended December 31, 2017 mainly consists $250,000, $173,088 and $250,000 paid to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. The Company also paid directors' fees of $85,000 for the year ended December 31, 2017. In addition, the Company accrued bonus payments paid for the Company's officers of $375,000 during the year ended December 31, 2017. No such bonus payments were recognized during the three months ended December 31, 2016.

Travel expenses were $397,278 for the year ended December 31, 2017 as compared to $121,354 for year ended December 31, 2016. Increased travel to Panama and, Mexico and increase in corporate travel by management and directors resulted in higher travel costs during the year ended December 31, 2017 compared to the year ended December 31, 2016.

Liquidity and Capital Resources

As at December 31, 2017, the Company had working capital of $4,804,490 (December 31, 2016 – $24,006,757) including cash of $6,142,278 (December 31, 2016 – $25,935,149).

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations that generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits, arrange required funding through future equity issuances or a combination thereof. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. The Company relies on equity financings (including proceeds from warrants and options exercised) to fund its exploration activities and its corporate and overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its board and management. Actual funding requirements may vary from those planned due to many factors, including the progress of exploration activities.

The Company's operations to date have been financed by issuing common shares. The Company's capability to continue as a going concern is dependent upon its ability to obtain additional equity financing to meet its obligations as they come due. If the

Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration and future development programs, and the Company has no plans to use debt financing at the present time.

It is expected that the current cash position will be sufficient to fund the Company's needs for the remainder of the 2018 fiscal year. Management will review several equity financing options when deemed appropriate to further its mineral property interests.

Outstanding Share Data

At December 31, 2017, the Company had 160,441,213 common shares issued and outstanding (December 31, 2016 – 116,498,572).

During the year ended December 31, 2017:

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

- On June 26, 2017, the Company's Board of Directors approved the issuance of up to 500,000 common shares to the non-executive Chairman of the Company as bonus shares. The bonus shares are subject to a vesting period from June 19, 2017 to June 18, 2020 ("Eligibility Period"). If the non-executive Chairman cease to be the director of the Company before the Eligibility Period, the bonus shares will be immediately forfeited. The bonus shares will become issuable on the date that the non-executive Chairman cease to act as a director of the Company after the Eligibility Period.

- On June 26, 2017, 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 on the date of grant and one-third will vest every twelve months thereafter.

- On November 7, 2017, the Company issued 31,860,141 common shares with a fair value of $44,604,197 for the acquisition of Camino Rojo project. In connection with Camino Rojo project, the Company issued 3,000,000 finders' warrants at an exercise price of $1.40 per common share of Orla for a period of 5 years.

- 11,708,000 warrants were exercised for proceeds of $778,400.

- 374,500 options were exercised for proceeds of $268,225.

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

- 332,496 options with an exercise price ranging from $0.81 to $7.48 expired unexercised.

Subsequent to December 31, 2017:

- The Company completed shares for debt settlement after being granted approval of the transaction by the TSX Venture Exchange. An aggregate of $206,783 in debt was extinguished through the issuance of an aggregate of 147,702 common shares of the Company.

- The Company closed a non-brokered private placement of 17,581,200 units at a price of $1.75 for gross proceeds of $30,767,100. Each Unit consists of one common share of Orla and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one common share of Orla at a price of $2.35 at any time prior to February 15, 2021.

- 387,500 warrants with an exericse price of $0.10 were exercised

- 200,000 stock options with an exercise price of $0.15 were exercised.

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

- 178,757,615 common shares issued and outstanding;
- 25,318,928 warrants with exercise prices ranging from $0.62 to $2.35 per share outstanding; and
- 6,076,748 stock options with exercise prices ranging from $0.15 to $3.53 per share outstanding.

Commitments and Contingencies

Flow-through shares

The Company committed to incur $165,000 of qualifying resource expenditures pursuant to a flow-through private placement completed in 2012. Renunciation forms relating to this financing were filed in February of 2013. As the Company did not fulfil its obligation to incur the required qualifying expenditures within the specified time frame, the Company has recognized $133,112 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 year ended December 31, 2017 (December 31, 2016 – $19,623).

During the year ended December 31, 2017, the Company has recognized $5,568 in interest and penalties relating to these obligations (December 31, 2016 – $5,298).

The balances due to the indemnification liability included in accounts payables and accrued liabilities were $114,871, as at December 31 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.

The Company will be required to post monetary bonds with respect to two exploration permits that were transferred from Goldcorp with the property. Amounts of these bonds still has to be determined in discussion with government authorities. Due to limited disturbance planned for the exploration activities, bond amounts are not expected to be significant.

Minera Cerro Quema project (Panama)

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

In order to guarantee the payment of reparations for damage caused by unsafe acts, restorations waste or abandonment, the Company agreed to provide three surety bonds of US$100,000; each bonds insurance shall remain in effect up to two additional years after expiration of the Contract and shall be deposited in the Comptroller General of the Republic of Panama.

Commitments

- The Company is a party to certain management contracts. These contracts contain clauses requiring that $1,144,000 be paid to certain management personnel upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

Financial Instruments

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 15 of our audited consolidated financial statements for the year ended December 31, 2017. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended December 31, 2017.

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. Followings are related parties of the Company which include directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

Related Party	Relationship	Status
Marc Prefontaine (Pref-Ex Geological Inc.)	CEO	**Active**
Paul Robertson (Quantum Advisory Partners LLP)	CFO	**Active**
Hans Smit (Hans Smit, P. Geo. Inc.)	COO	**Active**
Charles A. Jeannes	Non-executive Chairman of the Board and Director	**Active**
George Albino	Director	**Active**
Tim Haldane	Director	**Active**
Richard Hall (IAMGOLD)	Director	**Active**
Jean Robitaille	Director	**Active**
David Stephens	Director	**Active**
Alain Bureau (Alain Bureau Project Management)	Former director	**Former**
Troy Fierro (Pure Gold Mining Inc.)	Former director	**Former**
Steven Thomas	Former director	**Former**

The Company entered into the following transactions with a related party during year ended December 31, 2017:

- The Company paid $250,000 (December 31, 2016 – $123,333) 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 $250,000 (December 31, 2016 – $123,333) 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 $173,088 (December 31, 2016 – $149,648, of which $75,414 was classified as acquisition costs related to the Merger, $6,230 was classified as share issuance costs, and $68,004 for management fees) for management fees, to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

- The Company paid $100,000 (December 31, 2016 – $25,000), included in professional fees, for consulting fees to Alain Bureau Project Management Inc., which is a corporation controlled by a former director of the Company.

- The Company paid $2,646 (December 31, 2016 – $nil), included in professional fees, for consulting fees to Pure Gold Mining Inc., which is a corporation controlled by a former director of the Company.

- The Company declared $375,000 bonus for certain officers of the Company (December 31, 2016 – $nil).

- 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 9b)).

Total compensation of key company personnel for the years ended December 31, 2017 and 2016 is as follows:

	For the years ended	
	December 31, 2017	**December 31, 2016**
Management fees and directors' fees	**$ 1,133,088**	$ 358,721
Professional fees	**102,646**	-
Share-based payments		
- Bonus shares	**118,300**	-
- Options	**2,706,950**	304,967
	$ 4,060,984	$ 663,688

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $387,420, as at December 31, 2017 (December 31, 2016 – $110,654), which were paid after December 31, 2017. These amounts are unsecured, non-interest bearing and payable on demand.

Critical Estimates

The preparation of the consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of the Company's annual audited consolidated financial statements for the year ended December 31, 2017 for a more detailed discussion of the critical accounting estimates and judgments.

Adoption of New and Amended IFRS Pronouncements

New standards and interpretations not yet adopted

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

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company has performed a preliminary analysis and expects no material impact from adopting this standard.

- 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. The Company has performed a preliminary analysis and expects no material impact from adopting this standard.

- 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. The Company is currently evaluating the impact of this standard.

Risks and Uncertainties

As the Company has not commenced principal operations, historical revenue and expenditure trends are not indicative of future activity. The Company has committed to certain work expenditures on the Property and may enter into future agreements. The ability of the Company to fund its future operations and commitments is dependent on its ability to obtain additional financing. Risks of the Company's business include the following:

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Mineral concessions of the property comprise of three contracts between the Republic of Panama and Minera Cerro Quema S.A., a wholly owned subsidiary of the Company. The original 20-year term for these concessions expired on February 26, 2017 (Contracts 19 and 20) and March 3, 2017 (Contract 21). The Company has applied for the prescribed 10-year extension to these contracts as it is entitled to under Panamanian mineral law. The Company believes it has complied with all legal requirements in relation to the concessions. On March 6, 2017, the Ministry of Commerce and Industry provided written confirmation to the Company that the extension applications were received and that exploration work could continue while the Company waits for the renewal of the concessions. The Company has also received verbal assurances from government officials that the renewal applications are complete with no outstanding legal issues. Furthermore, the Panamanian Ministry of Commerce and Industry approved the most recent annual report for the concessions which includes a work plan for 2017. On April 26, 2017, the Company received authorization from the Ministry of Environment to drill in two areas outside of the existing permitted drill area. As of the date of this MD&A, final concession renewals have not been received.

Foreign Country and Political Risk

The Company's principal mineral properties are located in Mexico and Panama. The Company is subject to certain risks, including currency fluctuations, possible political or economic instability that may result in the impairment or loss of mineral titles or other mineral rights, opposition from environmental or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, royalties on production, expropriation of property, environmental legislation and mine and/or site safety.

As a developing economy, operating in Mexico has certain risks, including changes to or invalidation of government mining regulations; expropriation or revocation of land or property rights; changes in foreign ownership rights; changes in foreign taxation rates; security issues; corruption; uncertain political climate; narco-terrorist actions or activities; and lack of a stable economic climate.

Panama remains a developing country. Despite being one of the fastest growing economies worldwide over the last decade, the present administration, or any successor government, may not be able to sustain progress achieved. If the economy of Panama fails to continue growth or suffer recession, it may have an adverse effect on the Company's operations in that country. The Company does not carry political risk insurance.

Dependence on Exploration-Stage Properties

The Company's current efforts are focused primarily on exploration stage properties. The Camino Rojo and the Cerro Quema Project may not develop into a commercially viable ore body, which would have a material adverse effect on the Company's potential mineral resource production, profitability, financial performance and results of operations.

Estimates of Mineral Resources & Reserves and Production Risks

The mineral resource and reserve estimates included in this MD&A are estimates based on a number of assumptions, including those stated herein, and any adverse change to those assumptions could require the Company to lower its mineral resource estimate. Until a deposit is actually mined and processed, the quantity and grades of mineral resources must be considered as estimates only. Valid estimates made at a given time may significantly change when new information becomes available. In addition, the quantity and/or economic viability of mineral resources may vary depending on, among other things, metal prices, grades, production costs, stripping ratios, recovery rates, permit regulations and other legal requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Any material change in the quantity of mineral resources, grade or stripping ratio may affect the economic viability of the Company's properties. No assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited. There can also be no assurance that any discoveries of new reserves will be made. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition.

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on many factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration and development of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to life or property, environmental damage and possible legal liability. The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, taxes, labour standards, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations governing operations and exploration activities, no assurance can be given that new rules and regulations, amendments to current laws and regulations or more stringent implementation thereof could have a substantial adverse impact on the Company's activities.

Title Matters

The acquisition of title to mineral concessions in Panama is a detailed and time-consuming process. Although the Company has diligently investigated title to all mineral concessions (either granted or under re-application) and, to the best of its knowledge (except as other disclosed herein), title to all its properties is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or governmental actions.

Land Title

The Company has investigated ownership of all surface rights in which it has an interest, and, to the best of its knowledge, its ownership rights are in good standing. However, all surface rights may be subject to prior claims or agreement transfers, and rights of ownership may be affected by undetected defects. While to the best of the Company's knowledge, title to all surface rights is in good standing; however, this should not be construed as a guarantee of title. Other parties may dispute title to the surface rights in which the Company has an interest. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, laws and permits, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause commercial production to be impracticable.

Uninsured Risks

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Compliance with Anti-Corruption Laws

Orla is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian *Corruption of Foreign Public Officials Act* (1999). In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Panama, a country which is perceived as having fairly high levels of corruption (Panama ranks 87th out of 176 countries in terms of corruption with a score of 38 (0 - highly corrupt to 100 -very clean), according to a 2016 index published by Transparency International). Orla cannot predict the nature, scope or effect of future anti- corruption regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations.
As a consequence of these legal and regulatory requirements, the Company has instituted policies with regard to business ethics, which have been designed to ensure that Orla and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring the Company's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws and regulations.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's exploration and evaluation assets and costs is provided in the Company's audited consolidated financial statements for the year ended December 31, 2016 (note 7), which are available on SEDAR at ww.sedar.com.

Forward Looking Statements

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

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

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