



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

**ORLA MINING LTD.  
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**Background**

This Management's Discussion and Analysis ("MD&A") of Orla Mining Ltd. (the "Company" or "Orla") provides an analysis of Orla's results of operations and financial condition for the nine months ended September 30, 2016. This MD&A supplements the unaudited consolidated interim financial statements of the Company and the notes thereto for the nine months ended September 30, 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's audited financial statements and corresponding notes for the fiscal year ended December 31, 2015 and related MD&A. This MD&A is prepared as of November 28, 2016.

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](http://www.sedar.com).

**Company Overview**

Orla Mining is a closely held mineral exploration company led by a group of seasoned mining executives. Orla's focus is to acquire mineral exploration opportunities where Orla's exploration and development expertise and corporate share structure could substantially enhance shareholder value. The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "OLA".

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

**Corporate Developments**

***Merger with Pershimco Resources Inc. ("Pershimco")***

On September 14, 2016, Orla and Pershimco, a company listed on the TSX Venture Exchange under the symbol "PRO", entered into a definitive arrangement agreement (the "Arrangement Agreement"). Under the terms of the Arrangement Agreement and the accompanying plan of arrangement (the "Plan of Arrangement"), among other things, Orla and Pershimco will amalgamate and continue as an amalgamated corporation to be named Orla Mining Ltd. ("Amalco"). Amalco will focus on continued exploration and development of Pershimco's Cerro Quema project located in Panama, and will seek further growth opportunities in the Americas.

Pursuant to the Plan of Arrangement, each Orla shareholder will receive one common share of Amalco (an "Amalco Share") for each Orla common share (an "Orla Share") held. Each Pershimco shareholder will receive 0.19 of an Amalco Share for each Pershimco common share (a "Pershimco Share") held. In addition, each Pershimco shareholder will receive 0.04 of a class A share of Amalco for each Pershimco Share held. Each whole class A share of Amalco (a "Class A Share") will entitle its holder to receive, without payment of additional consideration, one Amalco Share conditional upon the issuance of a ministerial resolution by the Ministry of Environment of Panama, accepting the Environmental and Social Impact Study for Pershimco's Cerro Quema project (the "Conversion Event") on or prior to January 31, 2017 (the "Conversion Deadline). If the Conversion Event does not occur prior to the Conversion Deadline, the right to receive Amalco Shares will terminate.

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The Arrangement Agreement includes customary deal protection provisions, including fiduciary-outs in specified circumstances, a mutual right to match and mutual non-solicitation provisions. A reciprocal termination fee in the amount of \$3 million will be paid, should the Arrangement Agreement not be completed in certain circumstances. The transaction is subject to shareholders and court approvals as well as applicable regulatory approvals and the satisfaction of other customary closing conditions, including the approval of the TSX Venture Exchange. The Company expects to close the transaction in December 2016.

Concurrent with entering into the Arrangement Agreement, Orla subscribed for 12,121,212 Pershimco Shares at a price of \$0.33 per Pershimco Share in a private placement for total gross proceeds to Pershimco of \$4 million, representing approximately 4% of the Pershimco Shares on a pro forma basis (the "Pershimco Financing"). Pershimco will use the proceeds of the Pershimco Financing to continue exploration activities at its Cerro Quema project and for working capital purposes.

In connection with the Plan of Arrangement, Orla entered into an agency agreement with GMP Securities L.P. on behalf of a syndicate of agents (the "Agents") to complete a private placement of subscription receipts (the "Subscription Receipts") at a price per Subscription Receipt of \$1.75 (the "Subscription Price") for total gross proceeds of approximately \$50 million (the "Private Placement").

Subsequent to September 30, 2016, Orla closed its Private Placement pursuant to which Orla issued 28,571,428 Subscription Receipts at a price of C\$1.75 per Subscription Receipt for aggregate gross proceeds of approximately C\$50 million. Following completion of the business combination between Orla and Pershimco (the "Transaction"), each Subscription Receipt will ultimately entitle the holder thereof to receive one common share of the combined company upon completion of the Transaction.

In connection with the Private Placement, the Agents will receive a cash commission equal to approximately C\$1.5 million upon satisfaction of the Release Conditions (as defined below). As additional consideration, immediately prior to the effective time on the effective date of the Transaction, Orla will issue to the Agents 865,669 broker warrants (the "Broker Warrants"). Provided that the Release Conditions are satisfied, each Broker Warrant will entitle the holder thereof to subscribe for one common share of Orla at an exercise price of C\$1.75 per common share of Orla until October 13, 2018. Pursuant to the Transaction, each Broker Warrant will be exchanged for a Broker Warrant of Amalco, with each Broker Warrant of Amalco entitling the holder thereof to subscribe for one Common Share at a price per Common Share of C\$1.75 until October 13, 2018.

The gross proceeds from the Private Placement have been deposited and will be held in escrow and shall be released immediately prior to the completion of the Transaction upon the satisfaction of certain conditions (the "Release Conditions") on or before January 31, 2017. Assuming the satisfaction of the Release Conditions, the net proceeds of the Private Placement will be used to repay any amounts owed to RK Mine Finance, for exploration growth at Cerro Quema and for general corporate purposes.

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**Property Descriptions**

Marc Prefontaine, P.Geol., the Company's Chief Executive 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.

***Blue Quartz, Ontario***

The Blue Quartz Property is located approximately 12 kilometres north-northeast of Matheson, 73 kilometres east-northeast of Timmins and 56 kilometres northwest of Kirkland Lake, all located in the Province of Ontario. The property consists of 25 patented mining claims, all with surveyed boundaries, located in Beatty Township, Ontario. As of April 2004, the patented mining claims have been consolidated into 1 parcel – Parcel 23623 covering approximately 400 ha.

The property is subject to net smelter returns royalties totalling 2.5%, up to an aggregate 0.5% of which can be bought for \$500,000.

Patented claims do not have due dates or expiration dates. The claims also do not require any assessment work nor have any minimum work commitments. The only payments in respect to the property are annual tax filings to the Ontario Ministry of Northern Development and Mines and municipal taxes to the township of Black River-Matheson, Ontario.

After the Company listed on the TSX-V, the Company formally planned and approved a 1,500 meters diamond drill program. The program was designed to test the main Blue Quartz auriferous structures (upper Blue Quartz vein structure and the lower No. 2 vein structure) associated with the Pipestone fault at depth below the historical underground workings and along strike to the north west of the workings as outlined in the NI 43-101 Technical Report by Luc Rioux P.Geol., (Amended July 27<sup>th</sup>, 2009) and filed on Sedar. This 4-hole drill program commenced May 10, 2010 and was completed June, 2010.

Drill hole collar, azimuth, dip, and hole length information are below:

<b>Hole ID</b>	<b>UTM North</b>	<b>UTM East</b>	<b>Azimuth</b>	<b>Dip</b>	<b>Length (m)</b>
RBQ-10-01	5384062	547422	325	-45	351.1
RBQ-10-02	5384062	547422	340	-51	384.0
RBQ-10-03	5384062	547422	340	-45	357.0
RBQ-10-04	5384151	547212	360	-45	409.0

RBQ-10-01 intersected the Blue Quartz vein containing pyrite, arsenopyrite and sphalerite 150 meters along strike and to the west of previous workings, however, assay results did not show any gold values. The main No. 2 vein was intersected 50 meters down dip and directly beneath the western extent of the former mine workings. The vein consisted of pyrite in a quartz chlorite matrix, and assayed 5.3 g/t Au over 2.3 meters. A subsidiary vein system, intersected approximately 40 meters higher up in the hole, assayed 0.6 g/t Au over 4.2 meters, and will be referred to as the No. 2a vein.

RBQ-10-02 intersected the Blue Quartz vein 125 meters along strike from the historic workings. Again no gold values were returned, though the structure was well mineralized. The No. 2 vein assayed 23.8 g/t Au over 1.0 meter included within 11.9 g/t Au over 2.2 meters, and a broader interval of 1.83 g/t Au over 20.8 meters. The vein was intersected

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100 meters down dip from the former mine workings (including BQ-89-12 – 1.06 g/t Au over 25.6 m), and 40 meters below a historic drill intersection (RBQ-90-18) that returned values of 0.86 g/t Au over 75.6 meters.

RBQ-10-03 intersected the Blue Quartz vein 25 meters up dip of RBQ-10-02. As in the first 2 holes, the structure is well mineralized but does not contain gold values. The No. 2 vein was intersected from 319-340 meters down hole and 60 meters up dip of RBQ-10-02. Here, a quartz, chlorite pyrite zone was intersected over 0.2 meters and returned 57.4 g/t Au within a broader zone of 1.6 g/t Au over 9.1 meters.

RBQ-10-04 intersected the No. 2 vein which assayed 1.5 g/t Au over 4.0 meters. The No. 2 vein intersection is 40 meters along-strike to the west of the former mine workings and between levels. This hole did not intersect the Blue Quartz vein as it was collared ahead of the mineralized trend.

A summary of significant gold assay intervals is summarized in Table 1 below.

**Table 1: Significant Assays**

<b>Hole ID</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>	<b>Vein</b>
RBQ-10-01	301.10	305.30	4.20	0.6	No. 2a
RBQ-10-01	339.15	341.95	2.80	5.3	No. 2
RBQ-10-02	355.10	375.90	20.8	1.8	No. 2
RBQ-10-02	373.70	375.90	2.20	11.9	No. 2
RBQ-10-02	373.90	374.90	1.00	23.8	No. 2
RBQ-10-03	327.80	336.85	9.10	1.6	No. 2
RBQ-10-03	327.80	328.00	0.20	57.4	No. 2
RBQ-10-04	185.70	189.70	4.00	1.5	No. 2

During the period ended September 30, 2011, the Company exercised its option to acquire a 100% interest in the Blue Quartz Property from Thundermin Resources Inc. and Wesdome Gold Mines Ltd.

In December 2010, the Company signed an option agreement with McLaren Resources Inc ("McLaren") whereby McLaren could earn 50% of the Company's interest in the Blue Quartz Property. In addition, upon McLaren earning a 50% interest, McLaren would have the right of first refusal for the remaining 50%.

During the period ended September 30, 2011, McLaren exercised the option to acquire 50% of Orla's (formerly Red Mile) interest in the Property by making cash payment of \$10,000 and spending a minimum of \$200,000 in exploration and development expenditures by September 1, 2011. The Company has signed a letter of agreement to form a joint venture on the Property. McLaren issued 100,000 shares to the Company during the period ended September 30, 2011 and will become operator of the property on standard industry terms

On April 21, 2011, McLaren announced the results of a 5 hole, 1690 metres drilling program including 13.95 grams over 2.0 meters on the Property. The deepest hole intercepted 63 meters of gold mineralization starting at a depth of 351 meters down hole.

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***Significant Results Include:***

<b>HOLE #</b>	<b>FROM (m)</b>	<b>TO (m)</b>	<b>WIDTH (m)</b>	<b>GRADE (g/t)</b>
<b>MBQ-11-07</b>	77.26	78.26	1.0	13.3
<b>MBQ-11-09</b>	341.7	343.7	2.0	13.95
<b>and</b>	367.0	374.0	7.0	1.34
<b>MBQ-11-10</b>	155.57	158.67	3.1	5.51
<b>Includes</b>	155.57	156.89	1.3	10.5
<b>and</b>	351.00	414.00	63.0	1.21
<b>Includes</b>	357.00	361.00	4.0	5.56
<b>Includes</b>	358.00	359.50	1.5	12.8

Diamond Drill holes MBQ-11-09 and 10 were among the 2 deepest holes drilled to date on the property and intersected a wide interval of hydrothermal alteration with gold mineralization that include a substantial width of lower grade mineralization, 1.21 grams per tonne gold over 63 meters as well as a higher grade core of 12.8 grams per tonne gold over 1.5 meters. These 2 holes were located at the west end and below the historic underground workings as well as to the west and below the majority of the limited drilling completed on the property to date. The main target was the deeper No.2 vein system. To date the mineralized zone is open to depth and down plunge with indications that the hydrothermal alteration system is increasing in intensity along with both the grade and width of the mineralization.

***Esker Property, Ontario***

In February 2013, the Company purchased the rights to the Esker Property in North West Ontario. The Esker Property hosts the Esker gold prospect discovered by St. Joe Canada Limited in 1988. Gold is hosted by quartz veins and alteration within sheared mafic metavolcanics and banded iron formation comparable to that found along strike at Golden Patricia mine immediately to the northwest. During 2014, the Company recorded an impairment charge, writing the property down to \$Nil.

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**Results of Operations**

***Selected Financial Information***

	For the nine months ended		
	September 30, 2016	September 30, 2015	September 30, 2014
Net loss	\$ (602,258)	\$ (111,197)	\$ (76,563)
Comprehensive loss	(965,894)	(98,197)	(76,563)
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)	\$ (0.02)

<i>As at:</i>	September 30, 2016	December 31, 2015	December 31, 2014
Working capital (deficiency)	\$ 2,884,132	\$ 250,530	\$ (200,891)
Total assets	7,334,461	1,024,213	594,468
Total liabilities	220,289	180,638	203,595
Share capital	6,974,131	2,229,514	1,956,728
Deficit	(2,771,153)	(2,168,895)	(1,885,399)

***Summary of Quarterly Results***

	Three months ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Loss before income taxes	\$ (248,750)	\$ (177,629)	\$ (175,879)	\$ (172,299)
Comprehensive loss	(612,386)	(177,629)	(175,879)	(172,299)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

	Three months ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Loss before income taxes	\$ (94,633)	\$ (11,863)	\$ (4,701)	\$ (13,900)
Comprehensive loss	(81,633)	(11,863)	(4,701)	(14,900)
Loss per share (basic and diluted)	(0.01)	-	-	-

***Three months ended September 30, 2016 compared to September 30, 2015***

During the three months ended September 30, 2016, the Company incurred a net loss of \$248,750, representing an increase of \$154,117, when compared to a net loss of \$94,633 during the three months ended September 30, 2015. The increase in net loss during the three months ended September 30, 2016 is primarily the result of the increase in management fees, property investigation costs, general and administrative expenses, share-based payments, and professional fees.

During the three months ended September 30, 2016, the Company paid \$15,908 in management fees for accounting and administrative services to Quantum Advisory Partners LLP, a professional services firm in which the Company's Chief Financial Officer is a partner. In addition, the Company paid \$10,000 and \$30,000 to corporations controlled by the Company's Chief Executive Officer and Chief Operating Officer, respectively, during the three months ended September 30, 2016, respectively. In addition, the Company accrued \$20,833 salaries which is payable to the Company's Chief Executive Officer during the three months ended September 30, 2016.

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Property investigation costs of \$57,601 incurred during the three months ended September 30, 2016 was mainly related technical services and travel expenses in connection with various mineral project investigation trips during the three months ended September 30, 2016.

The increase of \$47,338 in office, general and administrative expenses is mainly related to the increase in rent, insurance and travel expenses during the three months ended September 30, 2016.

Share-based payments were \$35,689 during the three months ended September 30, 2016 compared to \$nil for the three months ended September 30, 2015. The increase in share-based payments resulted from an increase in the number of options vesting and a corresponding increase in recognition of expense during the period.

The increase of \$10,393 in professional fees is mainly related to the increase in legal fees during the three months ended September 30, 2016.

***Nine months ended September 30, 2016 compared to September 30, 2015***

During the nine months ended September 30, 2016, the Company incurred a net loss of \$602,258 an increase of \$491,061, when compared to a net loss of \$111,197 during the nine months ended September 30, 2015. The increase in net loss during the three months ended September 30, 2016 is primarily the result of the increase in share-based payments, management fees, property investigation costs, and general and administrative expenses.

Share-based payments were \$187,88 during the nine months ended September 30, 2016 compared to \$nil for the nine months ended September 30, 2015. The increase in share-based payments resulted from an increase in the number of options vesting and a corresponding increase in recognition of expense during the period.

During the nine months ended September 30, 2016, the Company paid \$52,846 in management fees for accounting and administrative services to Quantum Advisory Partners LLP, a professional services firm in which the Company's Chief Financial Officer is a partner. In addition, the Company paid \$40,000 and \$60,000 to corporations controlled by the Company's Chief Executive Officer and Chief Operating Officer, respectively, during the nine months ended September 30, 2016, respectively. In addition, the Company accrued \$20,833 salaries which is payable to the Company's Chief Executive Officer during the nine months ended September 30, 2016.

Property investigation costs of \$82,609 incurred during the nine months ended September 30, 2016 was mainly related technical services and travel expenses in connection with various mineral project investigation trips during the nine months ended September 30, 2016.

The increase of \$77,542 in office, general and administrative expenses is mainly related to the increase in rent, insurance and travel expenses during the nine months ended September 30, 2016.

**Liquidity and Capital Resources**

As at September 30, 2016, the Company had working capital of \$2,884,132 (December 31, 2015 – \$250,530) including cash of \$3,058,931 (December 31, 2015 – \$418,703).

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations that generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits, arrange required funding through future equity issuances, asset sales or a combination thereof. The mineral exploration process can take many years and is subject to factors that



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are beyond the Company's control. The Company relies on equity financings and the exercise of options and warrants to fund its exploration activities and its corporate and overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities.

The Company's operations to date have been financed by issuing common shares. The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

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

Management has initiated a strict cost control program to effectively control expenditures. As a result of these cost control measures, it is expected that the current cash position will be sufficient to fund the Company's needs for the next twelve months. Management will review several funding options including equity financing and seeking joint venture partners to further its mineral property interests at the appropriate time. While the Company has been successful in raising funds in the past, there are no assurances that additional funding and/or suitable joint venture agreements will be obtained.

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

On July 8, 2016, the Company closed a non-brokered private placement of 14,000,000 common share units at a price of \$0.50 for gross proceeds of \$7,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional Common Share at an exercise price of \$0.62 until July 8, 2021.

The Company intends to use the net proceeds to further asset reviews and project evaluation opportunities, and for general working capital purposes.

**Outstanding Share Data**

At September 30, 2016, the Company had 32,962,924 common shares issued and outstanding (December 31, 2015 – 17,437,924).

**During the nine months ended September 30, 2016**

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

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- On July 8, 2016, the Company closed a non-brokered private placement of 14,000,000 units at a price of \$0.50 for gross proceeds of \$7,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common Share at an exercise price of \$0.62 for a period of 60 months.
- 1,150,000 warrants were exercised for proceeds of \$69,000.
- 50,000 warrants with an exercise price of \$0.75 expired, unexercised.

Subsequent to September 30, 2016

- 57,200 warrants with an exercise price of \$0.50 expired, unexercised.
- 40,000 options with an exercise price of \$0.50 expired, unexercised.

As at date of this MD&A, the Company had 32,962,924 common shares issued and outstanding. In addition, the Company had the following warrants and options outstanding at the date of this MD&A:

Warrants

<b>Expiry date</b>	<b>Warrants outstanding</b>	<b>Exercise price</b>	<b>Weighted average remaining contractual life (in years)</b>
March 9, 2017	11,150,000	0.06	0.28
March 9, 2017	808,000	0.05	0.28
June 30, 2017	50,000	0.50	0.59
February 15, 2018	375,000	0.10	1.22
July 8, 2021	7,000,000	0.62	4.62
	<b>19,383,000</b>		<b>1.90</b>

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Options

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Weighted average remaining contractual life (in years)</b>
January 14, 2018	25,000	25,000	0.50	1.14
November 27, 2020	1,535,000	1,151,250	0.15	4.01
	<b>1,560,000</b>	<b>1,176,250</b>		<b>3.98</b>

**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 12 of the Company's unaudited interim financial statements for the nine months ended September 30, 2016. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer to note 2 and 12 of the Company's annual audited financial statements for the year ended December 31, 2015.

**Related Party Transactions**

The Company entered into the following transactions with a related party during the nine months ended September 30, 2016:

- The Company paid \$40,000 (September 30, 2015 – \$nil) for management services to Pref-Ex Geological Inc., which is a corporation controlled by the Company's Chief Executive Officer. Fees have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.
- The Company paid \$59,076 (September 30, 2015 – \$10,140), of which \$6,230 was classified as share issuance costs, for accounting and administrative services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer. Fees have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.
- The Company paid \$60,000 (September 30, 2015 – \$nil) for geological services to Hans Smit, P.Geo. Inc., which is a corporation controlled by the Company's Chief Operating Officer. Fees have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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Total compensation of key company personnel for the nine months ended September 30, 2016 and 2015 is as follows:

	For the nine months ended	
	September 30, 2016	September 30, 2015
Management fees	\$ 173,679	\$ -
Share-based payments	143,823	-
	<u>\$ 317,502</u>	<u>\$ -</u>

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 \$80,639, as at September 30, 2016 (December 31, 2015 – \$37,190), which were paid subsequent to September 30, 2016. These amounts are unsecured, non-interest bearing and payable on demand.

### **Critical Estimates**

The preparation of the 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 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 financial statements for the year ended December 31, 2015 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 future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 16: New standard sets out a new model for lease accounting, effective for annual periods beginning on or after January 1, 2019.

### **Risks and Uncertainties**

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

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Risks of the Company's business include the following:

**Mining Industry**

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

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

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

**Government Regulation**

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

**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.

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**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.

**Conflicts of Interest**

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

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**Land Title**

The Company has investigated rights of ownership of all of the mineral properties in which it has an interest and, to the best of its knowledge, its ownership rights are in good standing. However, all properties 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 properties in which it has the right to acquire an interest is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to the mining properties in which the Company has the right to acquire an interest. The properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects or the statutes referred to above.

**Aboriginal Land Claims**

No assurance can be given that aboriginal land claims will not be asserted in the future, in which event, the Company's operations and title to its property may be adversely affected.

**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 unaudited interim financial statements for the nine months ended September 30, 2016 (note 5), which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Company did not have any significant exploration or evaluation expenditures incurred during the nine months ended September 30, 2016.

**Forward Looking Statements**

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

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

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Some of the forward-looking statements may be identified by the use of conditional or future tenses or by the use of such words such as "will", "expects", "may", "should", "estimates", "anticipates", "believes", "projects", "plans", and similar expressions, including variations thereof and negative forms. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Orla or Amalco'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: risks and uncertainties relating to the completion of the transactions as described herein, the ability to successfully integrate operations and realize the anticipated benefits of the Pershimco; acquisition liabilities inherent in mine development and production; geological,

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mining and processing technical problems; Amalco'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; incorrect assessments of the value of acquisitions; 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.