ORLA MINING LTD

(formerly Red Mile Minerals Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(Expressed in Canadian Dollars)

UNAUDITED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of Orla Mining Ltd. for the six months ended June 30, 2015 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Orla Mining Ltd.

STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

(Unaudited)

	June 30, 2015	December 31, 2014
ASSETS		
Current		
Cash	**$ 488,507**	$ 2,427
Taxes recoverable	**1,508**	277
Prepaid expenses	**1,008**	-
	491,023	2,704
EXPLORATION AND EVALUATION ASSETS (Note 6)	**590,764**	590,764
INVESTMENTS (Note 7)	**1,000**	1,000
	$ 1,082,787	$ 594,468
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 10 & 11)	**$ 93,478**	$ 203,595
	93,478	203,595
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**2,332,969**	1,956,728
Reserves	**571,303**	332,544
Accumulated other comprehensive loss	**(13,000)**	(13,000)
Deficit	**(1,901,963)**	(1,885,399)
	989,309	390,873
	$ 1,082,787	$ 594,468

NATURE OF BUSINESS AND GOING CONCERN **(Note 1)**
CONTINGENCY **(Note 11)**

Approved and authorized for issue on behalf of the Board on August 26, 2015:

"Marc Prefontaine" (signed) Director

"Aaron Wolfe" (signed) Director

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

Orla Mining Ltd.

(an exploration stage enterprise)

STATEMENTS OF COMPREHENSIVE LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

(Unaudited)

	Three Months June 30, **2015**	Three Months June 30, 2014	Six Months June 30, **2015**	Six Months June 30, 2014
Expenses				
Management fees and financial consulting	**$ -**	$ 16,052	**$ -**	$ 40,552
Regulatory fees and transfer agent fees	**3,975**	9,753	**23,754**	10,606
Office, general and administrative	**2,639**	2,756	**353**	2,844
Professional fees	**5,248**	1,299	**10,678**	2,895
Rent	**-**	-	**-**	1,400
Interest and penalties	**-**	-	**-**	1,373
Total expenses	**11,862**	29,860	**34,785**	59,670
Gain on settlement of debt	**-**	-	**(18,221)**	-
Net loss and comprehensive loss for the period	**$ 11,862**	**$** 29,860	**$ 16,564**	$ 59,670
Loss per share				
Basic and diluted loss per common share	**$ (0.001)**	$ (0.007)	**$ (0.001)**	$ (0.013)
Weighted average number of common shares outstanding	**17,437,924**	4,489,000	**12,816,930**	4,489,000

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

Orla Mining Ltd.

(an exploration stage enterprise)

STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

(Unaudited)

	Six Months June 30, 2015	2014
Cash flows from operating activities		
Loss for the period	**$ (16,564)**	$ (59,670)
Net changes in non-cash working capital balances:		
Increase in taxes recoverable	**(1,231)**	(3,820)
Increase in prepaid expense	**(1,008)**	(6,580)
(Decrease) Increase in accounts payable and accrued liabilities	**(110,117)**	36,645
Cash flows used in operating activities	**(128,920)**	(33,425)
Cash flows used in investing activities		
Exploration and evaluation expenditures	**-**	(30,119)
Cash flows used in investing activities	**-**	(30,119)
Cash flows from financing activities		
Issue of common shares	**615,000**	-
Cash flows provided from financing activities	**615,000**	-
Net increase (decrease) in cash	**486,080**	(63,544)
Cash, beginning of period	**2,427**	39,687
Cash (overdraft), end of period	**$ 488,507**	$ (23,857)

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

Orla Mining Ltd.

(an exploration stage enterprise)

STATEMENTS OF CHANGES IN EQUITY

Expressed in Canadian Dollars

(Unaudited)

			Reserves				
	Number of	Share Capital	Warrant Reserve	Share-based Payments	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2014	**5,137,924**	**$ 1,956,728**	**$ -**	**$ 332,544**	**$ (1,885,399)**	**$ (13,000)**	**$ 390,873**
Common shares issued	12,300,000	615,000	-	-	-	-	615,000
Warrants issued on Private Placement	-	(238,759)	238,759	-	-	-	-
Net loss for the period	-	-	-	-	(16,564)	-	(16,564)
Balance, June 30, 2015	**17,437,924**	**$ 2,332,969**	**$ 238,759**	**$ 332,544**	**$ (1,901,963)**	**$ (13,000)**	**$ 989,309**

Balance, December 31, 2013	**4,289,000**	**$ 1,894,281**	**$ -**	**$ 213,501**	**$ (1,742,950)**	**$ (12,000)**	**$ 352,832**
Shares issued to acquire property	200,000	30,000	-	-	-		30,000
Share-based payments	-	-	-	26,243	-		26,243
Unrealized loss on investment	-	-	-	-	-	(1,000)	(1,000)
Net loss for the period	-	-	-	-	(59,670)		(59,670)
Balance, June 30, 2014	**4,489,000**	**$ 1,924,281**	**$ -**	**$ 239,744**	**$ (1,802,620)**	**$ (13,000)**	**$ 348,405**

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

1. NATURE OF BUSINESS AND GOING CONCERN

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

The head office, principal address and records office of the Company are located at Suite 1240, 1140 West Pender Street, Vancouver, British Colombia. The Company's registered office is located at Suite 2100, 40 King Street West, Toronto, Ontario.

These condensed interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six month period ended June 30, 2015, the Company incurred a net loss of $16,564 and had an accumulated deficit of $1,901,963 (December 2014 - $1,885,399) as at June 30, 2015 which has been funded primarily by the issuance of equity. The ability of the Company to continue as a going concern is uncertain and is dependent upon the ability of the Company to obtain additional financing. In the event the additional financial support is not received, the carrying value of the Company's assets may be adversely affected. These factors may cast significant doubt on the Company's ability to continue as a going concern. These condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 26, 2015.

Basis of presentation

These condensed interim financial statements of the Company have been prepared on the historical cost basis except for certain non-current assets which are measured at fair value. In addition, these condensed interim financial statements are presented in Canadian dollars which is also the Company's functional currency.

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014. However, this condensed interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These unaudited interim condensed financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended December 31, 2014, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual financial statements commencing January 1, 2015.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. The adoption of the new standard did not have significant impacts to the financial statements

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended June 30, 2015 and have not been applied in preparing these financial statements.

The following standard will be adopted effective January 1, 2018:

<u>IFRS 9 – Financial Instruments: Classification and Measurement</u>
As issued, IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013. However, the IASB tentatively decided to require mandatory adoption of Amendments to IFRS 9: Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, on or after January 1, 2018.

The extent of the impact of the adoption of IFRS 9 has not yet been determined.

4. FINANCIAL INSTRUMENTS AND RISK

<u>Financial Instruments</u>
The following table summarizes information regarding the carrying values of the Company's financial instruments:

		2015 $	2014 $
Cash	FVTPL	488,507	2,427
Investment	Available for sale	1,000	1,000
Accounts payable	Other financial liabilities	3,005	79,309

The estimated fair values of cash, investment and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. The fair value of investments is determined based on the market price at the date of the financial statements.

4. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is $488,507 consisting of cash. The Company limits its exposure to credit loss for cash by placing such instruments with high credit quality financial institutions. In management's opinion, the Company's credit risk related to cash is minimal.

Liquidity Risk

The Company's manages its liquidity risk in order to ensure that it will have sufficient financial resources to meet liabilities when due. As at June 30, 2015, the Company had working capital of $397,545 (December 2014 – working capital deficit of $200,891. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2015, the Company has adequate working capital to discharge its existing financial obligations. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as its administrative operations are all in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure relates to its ability to earn short term interest on cash and term deposit balances at variable rates. The Company has no long-term debt and therefore is not affected by changes in long-term interest rates.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.

Fair Value Measurements

The fair value of the Company's financial assets and liabilities approximates the carrying amount.
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

At June 30, 2015, the Company had cash on its statement of financial position, measured at fair value using Level 1 of the hierarchy, in the amount of $488,507 (December 2014 - $2,427).

5. MANAGEMENT OF CAPITAL

The Company defines capital as all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but, rather, relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. As at June 30, 2015, the Company had capital resources consisting of cash. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts through share issuances as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to invest in instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

6. EXPLORATION AND EVALUATION ASSETS

Blue Quartz Property, Ontario

During the year ended December 31, 2010, the Company completed an agreement to acquire a 100% interest in the Blue Quartz gold property in northern Ontario from Russet Lake Resources Inc. (Russet Lake). Russet Lake holds an option to acquire the 100% interest subject to net smelter return (NSR) royalties of 2.5%.

In order to acquire this interest, the Company issued a total of 731,000 of its common shares (valued at $220,500) and made cash payments of $40,000. The Company was required to make a cash payment of $20,000, issue 20,000 of its common shares, and complete $250,000 in work expenditures on or before September 1, 2011. During the year ended December 31, 2011, the requirements were fulfilled and the Company exercised the option. Up to an aggregate 0.5% of the NSR can be bought back for $500,000.

Also, during the year ended December 31, 2010, the Company entered into an option agreement with McLaren Resources Inc. ("Optionee") whereby the Optionee could earn 50% of the Company's interest in the property by making a cash payment of $10,000 and spending a minimum of $200,000 in exploration and development expenditures on or before September 1, 2011.

During 2011, these requirements were fulfilled and the option was exercised. The Optionee has right of first refusal on the remaining 50%. The Company has also signed a letter of agreement to operate on a shared cost basis with the Optionee. The Optionee issued 20,000 shares (originally valued at $14,000 (Note 7)) to the Company and will become operator of the property on standard industry terms.

7. INVESTMENT

The investment consists of shares in a publicly traded company valued at the June 30, 2015 closing market price as published in the Canadian Securities Exchange trading daily market summary. These shares were acquired at an original fair value of $14,000 as part of the Blue Quartz letter of agreement (Note 6).

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares; without par value
Unlimited preferred shares, without par value

b) Issued

At June 30, 2015, there were 17,437,924 issued and fully paid common shares (2014 – 4,489,000).

During the period ended June 30, 2015, the Company closed a brokered private placement of 12,300,000 common share units (the "Units") at a price of $0.05 for gross proceeds of $615,000. Each Unit consists of one common share (a "Common Share") and one common share purchase warrant (each a "Warrant"). Each Warrant entitles its holder to purchase one additional Common Share at an exercise price of $0.06 for a period of 24 months.

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.60%, an expected life of 2 years, an expected volatility of 100% and an expected dividend yield of 0%, which totaled $211,290, and recorded this value in warrant reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $403,710 was recorded as common shares.

In connection with the placement, the Company paid finders' fees of 808,000, non-transferable warrants (the "Finders' Warrants") to certain arm's length finders in connection with the private placement. Each Finders' Warrants will entitle the finder to purchase one Common Share at an exercise price of $0.05 for a period of 24 months.

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.60%, an expected life of 2 years, an expected volatility of 100% and an expected dividend yield of 0%, which totaled $27,469, and recorded this value as share issue cost.

Expressed in Canadian Dollars

8. SHARE CAPITAL (continued)

c) Warrants

	Number of Warrants	Weighted Ave Exercise Price	Expiry Date
Balance, December 31, 2014	**200,000**	**$ 0.70**	
Issued on private placement	12,300,000	0.06	March 9, 2017
Finders' warrants	808,000	0.05	March 9, 2017
Balance, June 30, 2015	**13,308,000**	**$ 0.07**	

As at June 30, 2015 weighted average contractual life of warrants outstanding was 1.6 years (2014 – 1 year).

9. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

The Company has a stock option plan applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is five years from the grant date. Options under this plan vest upon issuance.

The following stock options were outstanding as at June 30, 2015:

Number of Shares	Weighted Average Exercise Price	Expiry Date
170,000	$0.50	September 8, 2015
40,000	$0.50	October 6, 2016
25,000	$0.50	January 14, 2018

As at June 30, 2015 weighted average contractual life of stock options outstanding was 0.6 years.

The Company did not grant any new options during the six month period ended June 30, 2015.

Expressed in Canadian Dollars

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the six month period ended June 30, 2015:

- Paid/accrued management fees of $Nil (2014 - $16,052) to a director and officers of the Company.
- Included in accounts payable as at June 30, 2015 is $Nil (2014 - $36,721) owing to officers and directors of the Company and parties related thereto. These amounts are non-interest bearing, unsecured and are due on demand.

During the six month periods ended June 30, 2015 and 2014, key management personnel compensation (including senior officers and directors of the Company) was as follows:

	2015	2014
	$	$
Management fees	Nil	40,552
Share-based payment	Nil	Nil
	Nil	40,552

11. CONTINGENCY

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 $86,165 related to penalties, interest and indemnification liabilities to date in these financial statements. The Company intends to remediate its non-compliance as soon as possible. The Company may be subject to litigation from various counterparties.