



REVISED INITIAL ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

June 23, 2011

TABLE OF CONTENTS

INTRODUCTORY NOTES	1
Cautionary Note Regarding Forward-Looking Statements	1
Currency and Metric Equivalents	2
CORPORATE STRUCTURE	2
GENERAL DEVELOPMENT OF THE BUSINESS	3
Three-Year History	3
DESCRIPTION OF THE BUSINESS	4
Principal Products	4
Competitive Conditions	4
Operations	4
Environmental	5
Risks of the Business	6
Material Mineral Property	13
Other Exploration Projects	21
DIVIDENDS	25
DESCRIPTION OF CAPITAL STRUCTURE	25
MARKET FOR SECURITIES	26
ESCROWED SECURITIES	26
DIRECTORS AND OFFICERS	27
AUDIT COMMITTEE	31
PROMOTER	33
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	34
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	34
TRANSFER AGENTS AND REGISTRAR	35
MATERIAL CONTRACTS	35
INTERESTS OF EXPERTS	40
ADDITIONAL INFORMATION	40
GLOSSARY	41
SCHEDULE "A" – CHARTER OF THE AUDIT COMMITTEE	44

INTRODUCTORY NOTES

Cautionary Note Regarding Forward-Looking Statements

This annual information form contains or incorporates by reference “forward-looking statements” within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to the Company (as hereinafter defined), information contained herein constitutes forward-looking statements, including, but not limited to, statements with respect to the potential of the Company’s properties; the future price of gold and other mineral commodities; success of exploration activities; cost and timing of future exploration and development; conclusion of economic evaluations; requirements for additional capital; other statements relating to the financial and business prospects of the Company; and other information as to the Company’s strategy, plans or future financial or operating performance.

Generally, forward-looking statements are characterized by the use of forward-looking terminology such as “plans”, “expects” for “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “is projected”, “anticipates” or “does not anticipate”, “believes”, “targets”, or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management considered reasonable at the date the statements are made in light of management’s experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that it 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, including but not limited to risks related to actual results of exploration activities, the inherent risks involved in the exploration and development of mineral properties, changes in project parameters as plans continue to be refined, delays in obtaining government approvals, the uncertainties of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties inherent to conducting business in Colombia and the rest of Latin America, the availability of skilled labour and supplies, the Company’s status as a corporation incorporated in a jurisdiction outside of Canada, unexpected adverse climate conditions, and the reliance on only a few key members of management, as well as those risk factors discussed or referred to in the Company’s annual Management’s Discussion and Analysis filed with Canadian securities regulatory authorities and available under the Company’s profile on the Canadian Securities Administrator’s System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Although management of the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company’s expected financial and operational performance and the Company’s plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statements contained herein or incorporated by reference herein, except in accordance with applicable securities laws.

Currency and Metric Equivalents

This annual information form contains references to both United States dollars and Canadian dollars. All dollar amounts referenced herein, unless otherwise indicated, are expressed in United States dollars (US\$) and Canadian dollars are referred to as "C\$".

The closing, high, low and average exchange rates for the United States dollar in terms of Canadian dollars for the years ended December 31, 2010, 2009 and 2008 based on the noon spot rate of exchange reported by the Bank of Canada, were as follows:

	Year ended December 31,		
	2010	2009	2008
Closing	\$0.99	\$1.05	\$1.22
High	1.08	1.30	1.30
Low	0.99	1.03	0.97
Average ⁽¹⁾	1.03	1.14	1.07

⁽¹⁾ Calculated as an average of the daily noon rates of each month during the period.

On June 23, 2011, the Bank of Canada noon spot rate of exchange was US\$1.00 =C\$0.9799 or C\$1.00 = US\$1.0205.

For ease of reference, the following conversion factors are provided:

Imperial Measure	= Metric Unit	Metric Measure	= Imperial Unit
2.47 acres	1 hectare	0.4047 hectares	1 acre
3.28 feet	1 metre	0.3048 metres	1 foot
0.62 miles	1 kilometre	1.609 kilometres	1 mile
35.315 cubic feet	1 cubic metre	0.0283 cubic metres	1 cubic foot
0.032 ounces (troy)	1 gram	31.103 grams	1 ounce (troy)
1.102 tons (short)	1 tonne	0.907 tonnes	1 ton
0.029 ounces (troy/ton)	1 gram/tonne	34.28 grams/tonne	1 ounce (troy/ton)

All ounces are troy ounces; 14.58 troy ounces equal one pound (containing 16 imperial ounces).

CORPORATE STRUCTURE

Continental Gold Limited ("Continental Gold" or the "Company") is a Bermuda company which carries on its operations through a branch office in Medellín, Colombia. The Company has no subsidiaries. Pursuant to a pre-amalgamation agreement dated November 9, 2009, Continental Gold Limited, a Bermuda-based, privately-owned company, and Cronus Resources Ltd. ("Cronus"), a TSX Venture Exchange ("TSX-V") listed company completed their proposed amalgamation on March 30, 2010 (the "Amalgamation"). The resulting issuer, a Bermuda-based company, now operates under the Continental Gold Limited name and is governed by the bye-laws of the original Continental Gold Limited. Each shareholder of the original Continental Gold Limited and Cronus received one common share of the Company for 2.6973 common shares of the original Continental Gold Limited and 2.35712 common shares of Cronus, respectively. The Company's common shares (the "Common Shares") began trading on the Toronto Stock Exchange (the "TSX") on April 19, 2010.

The Company's corporate office is located at 155 Wellington Street West, Suite 2920, Toronto, Ontario, Canada M5V 3H1 and its current registered office is Cumberland House, 1 Victoria Street, Hamilton HM 11, Bermuda.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Over the three most recently completed financial years, the following events contributed materially to the development of the Company's business, which are discussed in greater detail below:

- Completed an equity financing consisting of the issue of 19,166,667 subscription receipts at a price of C\$1.50 per subscription receipt for total gross proceeds of approximately C\$28.8 million on January 28, 2010 and February 11, 2010.
- Completed the Amalgamation with Cronus on March 30, 2010. The Company's Common Shares began trading on the TSX on April 19, 2010 under the symbol "CNL".
- Completed an equity financing consisting of the issue of 12,000,000 units at a price of C\$5.70 per unit for gross proceeds of C\$68.4 million on September 16, 2010.
- Advancement of the exploration program at the Buriticá Project (as hereinafter defined):
 - Completed more than 50,000 metres of diamond drilling that confirmed and expanded the Yaragua and Veta Sur zones;
 - Drill results including Busy-79 in the Veta Sur Zone, which intersected 14.3 metres of 446 g/t gold and 166 g/t silver;
 - Confirmed strike lengths and vertical extents of the Yaragua and Veta Sur zone at 500x550 and 400x350 metres, respectively, both of which are open laterally and at depth;
 - Initiated environmental baseline program, metallurgical and geo-mechanical testing; and
 - Identified multiple new high-grade anomalies in the geochemical analysis within a one square-kilometre area around the Yaragua and Veta Sur zones.

As noted above, pursuant to a pre-amalgamation agreement dated November 9, 2009, Continental Gold Limited, a Bermuda-based, privately-owned company, and Cronus, a TSX-V listed company, completed their proposed amalgamation on March 30, 2010. Each shareholder of the original Continental Gold Limited and Cronus received one Common Share of the Company for 2.6973 common shares of the original Continental Gold Limited and 2.35712 common shares of Cronus, respectively. The outstanding share purchase warrants and stock options of the original Continental Gold Limited and Cronus were converted into share purchase warrants and stock options of the Company by applying the same conversion ratios. The Common Shares began trading on the TSX on April 19, 2010.

On November 27, 2009, the predecessor Continental Gold Limited issued a convertible debenture in the principal amount of C\$3,000,000. On March 30, 2010, the principal amount of the debenture plus the accrued and unpaid interest on the debenture were automatically converted, at a price of C\$1.50 per unit, into 2,029,135 units of the Company in accordance with the terms stated in the pre-amalgamation agreement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant has an exercise price of C\$1.75 per common share and an expiry date of March 30, 2012.

On January 28, 2010 and February 11, 2010, pursuant to the terms and conditions of the pre-amalgamation agreement, the Company completed an equity financing consisting of the issue of 19,166,667 subscription receipts at a price of C\$1.50 per subscription receipt for gross proceeds of C\$28,750,000. On March 30, 2010, each subscription receipt was converted into one unit of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each full warrant had an exercise price of C\$2.25 per common share and an expiry date of March 30, 2011.

On September 16, 2010, the Company issued, on a private placement basis, 12,000,000 units of the Company at a price of \$5.70 per unit for total gross proceeds of \$68,400,000. The financing included the initial agreement to acquire 10,000,000 units and the exercise, in full, by the underwriters of an underwriters' option granted to the underwriters to arrange for subscribers of an additional 2,000,000 units. Each unit consists of one common share and one-half of one common share purchase warrant.

Each whole warrant (the "warrants") entitles the holder to acquire an additional common share at a price of \$7.50 until September 16, 2012 pursuant to the terms of a warrant indenture dated September 16, 2010 between the Company and Olympia Transfer Services Inc. (the "Warrant Indenture"). In addition, the underwriters received a cash commission of 5.25% of gross proceeds and 720,000 broker warrants exercisable to acquire one unit (the "additional units") at a price of C\$5.70 until September 16, 2012. Each additional unit consists of one common share and one-half of one common share purchase warrant (the "additional warrants"). Each full additional warrant has an exercise price of C\$7.50 for a period of two years (the warrants and the additional warrants are collectively referred to herein as the "Warrants"). Pursuant to the terms of the financing, the Warrants were listed and began trading on the TSX on January 17, 2011 (see "Market for Securities" and "Material Contracts").

DESCRIPTION OF THE BUSINESS

The Company is an exploration and development-planning stage entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties in Colombia. The Company currently holds the rights to explore and develop nine properties in Colombia totalling approximately 197,716 hectares (135,161 concession contracts and 62,555 pending concession applications). Currently, the Company's primary focus is on its Buriticá Project (the "Buriticá Project").

In addition to the Company's material project, being the Buriticá Project, the Company's portfolio includes the: (i) Anza Project; (ii) Arenosa Project; (iii) Berlin Project, (iv) Dojura Project; (v) Dominical Project; (vi) Lunareja Project; (vii) Santander Project; and (viii) Zaragoza Project (collectively, the "Colombia Projects").

Principal Products

The Company's principal product is gold. There is a global gold market into which the Company can sell its gold and, as a result, the Company is not dependent on a particular purchaser with regard to the sale of the gold that it produces.

Competitive Conditions

The precious metal mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mineral properties. The ability of the Company to acquire precious metal mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for precious metal development or mineral exploration.

Operations

Employees

As of December 31, 2010, the Company had 281 employees, which includes both salaried and hourly staff in both Canada and Colombia, and utilized the services of several professionals on a consulting basis. The Company seeks to employ individuals and utilize the services of consultants who have international mining experience and is able to identify such individuals through its industry contacts and reputable recruitment consultancies specializing in the mining sector.

Foreign Operations

The Company's mine and mineral projects are located in Colombia. Any changes in regulations or shifts in political attitudes in this jurisdiction, or other jurisdictions in which the Company may acquire projects from time to time, are beyond the control of the Company and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors, among others, as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted.

Environmental

All phases of Continental Gold's operations in Colombia are subject to environmental regulation.

Exploration on a mineral tenure which exceeds prospecting, mapping and sampling requires the submittal and approval of an Environmental Management Plan – *Plan de Manejo Ambiental* ("PMA") which must include:

- (a) a description of activities (i.e., the number of drill holes, location, direction, depth, etc.);
- (b) the proposed points of diversion for water so appropriate water permits can be issued;
- (c) the location and number of settling ponds to prevent turbidity in the streams by drilling fluids; and
- (d) the location of fuel and oil storage areas away from streams and creeks.

The preparation and filing of the PMA is carried out by Continental Gold and is typically approved within 120 days. There is no bond requirement for exploration PMA's, and reclamation is required. While PMAs do not require any authorization, any relevant environmental permits required for the activity, such as, among other things, water discharges, water utilization, tree cutting, and emissions do require authorization.

An Environmental Impact Study – *Estudio de Impacto Ambiental* ("EIA") must be submitted in order to obtain an environmental licence. The EIA has to include a detailed description of the project – *Plan de Trabajos y Obras* ("PTO"). Without approval of this study and the issuance of the corresponding environmental licence, mining and exploitation cannot commence.

Mineral property rights are governed by the Colombian Mining Code, which has been subject to various changes and amendments. The oldest version applicable is Law 20 promulgated in 1969. Law 20 was superseded by decree 2655 in 1988, which in turn was amended by Law 685 in 2001 (the "2001 Law") and Law 1382 in 2010,. Chapter 20 of the Mining Code under the 2001 Law deals with the issuance of the required environmental licences for mining titles. Once an EIA has been submitted, the law provides that the issuance of the required environmental licences can only be refused when:

- (a) the EIA does not comply with the requirement in Article 204 of the Code and specifically those foreseen in the terms of reference and/or guides, established by the competent environmental authority;
- (b) the EIA has errors or omissions that cannot be corrected by the applicant and that are required components of such study;
- (c) the level of prevention, mitigation, correction, compensation and substitution for the negative impacts of the mining project prescribed in the EIA, do not comply with the substantial elements established for such effects in the guidelines; or
- (d) the omissions, errors or deficiencies of the EIA, and of the proposed measures referred to in the previous subsections, affect the total mining project.

The 2001 Law also requires a concession contract holder to obtain an Environmental Mining Insurance Policy. During the exploration stage, the insured value under the policy must be 5% of the value of the planned annual exploration expenditures, and during the construction phase the insured value under the policy must be 5% of the planned investment for assembly and construction under the PTO. During the exploitation phase, the insured value under the policy must be 10% of the product of the estimated annual production multiplied by the mine mouth price of the minerals being produced, as fixed annually by the Colombian government. Continental Gold has obtained the prescribed Environmental Mining Insurance Policy.

For licences or agreements to be maintained under decree 2655 (the "1988 Decree"), the holder has to obtain an insurance policy and the insured value must be 10% of the estimated production for the

first two years as established by a Works and Investment Program – *Programa de Trabajos e Inversiones* (“PTI”). Further, the policy must be maintained during the entire term of the licence or agreement.

Continental Gold maintains, and will continue to maintain, a policy of operating its business in compliance with all environmental regulations.

Risks of the Business

The business of the Company is subject to a variety of risks and uncertainties, including those described below. The Common Shares should be considered highly speculative due to the nature of its business and the present stage of its development and the location of its properties in Colombia. The reader should carefully consider the information below as well as the risks disclosed in the Company’s financial statements, management’s discussion and analysis and in other publicly-filed documentation regarding the Company available under the Company’s profile on SEDAR at www.sedar.com. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company’s operations and any of these risk elements could have a material adverse effect on the business of the Company.

Nature of Mineral Exploration

Resource exploration and development is a speculative business and involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The properties in which the Company holds an interest are without a known mineral resource. Each of the proposed programs on the properties is an exploratory search for resources. There is no assurance that commercial quantities of resources will be discovered. There is also no assurance that even if commercial quantities of resources are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Foreign Country Risk

The Company’s principal mineral properties are located in Colombia. Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems of inflation, unemployment and inequitable income distribution. Colombia is also home to South America’s largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Company to suspend operations on its properties. Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company’s operations, or other matters.

The Company also bears the risk that changes can occur in the government of Colombia and a new government may void or change the laws and regulations that the Company is relying upon. Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is

allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

No Assurance of Titles or Boundaries

The Company is not the registered holder of all of the licences or concessions that comprise its Colombia projects. Some of the licences and concessions that comprise the Colombia projects are registered in the names of certain entities controlled by Bullet Holding Corporation ("Bullet"). The Company's interest in the Colombia projects is derived from the Concession Sale Agreement (as hereinafter defined) (see "Material Contracts – Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia). Under the Concession Sale Agreement, Bullet has agreed to transfer the licences and concessions that comprise such properties to the Company. There can be no assurance, however, that such transfers will be effected. In addition, in the event of a dispute between the parties to the Concession Sale Agreement, the Company's only recourse against Bullet will be to seek enforcement of the terms of the Concession Sale Agreement. If the Company is required to commence legal proceedings to enforce the terms of the Concession Sale Agreement, there is no assurance that the Company will succeed in such proceedings, and, therefore, may never succeed in obtaining title to such properties.

The Company has obtained a title report from Colombian legal counsel with respect to title to the Colombia projects held by the Company and Bullet but 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. The Company does not have surface rights at the Colombia projects and there is no assurance that these surface rights will be granted or they will be on reasonable terms if granted.

The foregoing analysis also applies to any exercise by the Company of the Bullet Option (as hereinafter defined) (see "Material Contracts – Bullet Option Agreement"). Titles to these properties are registered in the names of certain entities controlled by Bullet; however, Bullet's land holdings may increase or decrease without notice to the Company.

Limited Operating History

The Company has no history of generating revenue or profits. There can be no assurance that it will generate profits in the future.

Requirement for Further Financing

The Company has sufficient financial resources to undertake its currently planned exploration programs but will require additional funds to fund further exploration, future acquisitions and any development and mine construction programs. The further exploration and development of the various mineral properties in which the Company holds interests and the acquisition of additional properties depend upon the Company's ability to obtain financing through joint ventures of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations or lose its interest in its properties.

Fluctuation in Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist for the sale of same or that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the ability of the Company to attract investors and receive further funds for exploration. Metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the Canadian dollar and the Colombian peso relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and

increased production due to improved mining and production methods. In particular, the supply of and demand for gold are affected by, among other factors, political events, economic conditions and production costs in major gold producing regions and governmental or central bank policies with respect to gold holdings.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political or environmental risks.

Environmental and Other Regulatory Requirements

All phases of the Company's operations are subject to environmental regulation. 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 regulation will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at the present and which have been caused by previous or existing owners or operators of the properties. In addition, the owner of the Colombia Projects has a limited right to conduct small scale mining operations on such properties which may result in environmental hazards on the properties. Government approvals and permits are current, 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 restricted or prohibited from proceeding with planned exploration 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 or in the exploration or development of mineral properties 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. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation of existing laws, could have a material adverse impact on the Company and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

Differing Interpretations in Tax Regimes in Foreign Jurisdictions

Tax regimes in foreign jurisdictions may be subject to sudden changes. The Company's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of applicable tax authorities. As a result, tax treatment of certain operations, actions or transactions may be challenged and reassessed by applicable tax authorities, which could result in adverse tax consequences for the Company, including additional taxes, penalties or interest. See also "Risk Factors – Bermuda Legal Matters - The Company May Become Subject to Taxes in Bermuda".

Competition

The Company will compete with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

The Company's ability to locate and increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select, acquire and develop

suitable properties or prospects. Further, the gross disparity in size between large and small mining producers in Colombia restricts small producers in that they have limited influence to secure access to Colombia's transportation infrastructure, including rail and port facilities. This access is necessary for producers to access international export markets for its production and to competitively sell Colombian minerals in international markets. The Company may have difficulties successfully accessing transportation infrastructure necessary to export the minerals it may produce in the future.

NGO Intervention

A number of Non-Governmental Organizations are becoming increasingly active in Colombia as the security and safety in Colombia increases. These organizations may create or inflame public unrest and anti-mining sentiment among the inhabitants in areas of mineral development. Such organizations have been involved, with financial assistance from groups mostly in Europe, in mobilizing sufficient local anti-mining sentiment to prevent the issuance of required permits for the development of other mineral projects.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of natural resource exploration and development. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required under the *Companies Act, 1981* (Bermuda) (the "Bermuda Act") to disclose his interest and to abstain from voting on such matter.

Bullet is the controlling shareholder of the Company. Robert W. Allen controls Bullet and Grupo de Bullet S.A. ("Grupo"), is a director of the Company and has interests in certain material contracts with the Company. By virtue of its status as the controlling shareholder of the Company, there exists the possibility for Bullet to be in a position of conflict with the Company. In general, the interests of Bullet and the Company will be aligned to maximize the value of the Colombia Projects, and thereby maximize the value of the Company. Should conflicts arise, the conduct of Bullet will be subject to Canadian securities and applicable legislation concerning related party transactions and shareholder rights and remedies. In addition, the majority of directors of the Company who are independent of Bullet are responsible to act in the best interests of the Company as noted above. Moreover, Bullet is limited in its ability to sell the Common Shares it owns pursuant to the terms of an Escrow Agreement dated March 1, 2010 between Bullet, the Company and the Company's transfer agent, Olympia Transfer Services Inc. (see "Escrowed Securities").

Dependence on Key Management Employees

The Company's development to date has depended, and in the future will continue to depend, on the efforts of key management employees both in Canada and Colombia. The failure to retain certain personnel and to attract suitably qualified and experienced management in the future could adversely affect the Company's ability to manage its operations. The Company does not have key man insurance in place with respect to any of these individuals.

Outside Contractor Risks

It is common for certain aspects of mining operations, such as drilling and blasting, to be conducted by an outside contractor. Exploration drilling at the Buriticá Mine is undertaken by contractors and as a result, the Company is subject to a number of risks, including reduced control over the aspects of the drilling that are the responsibility of the contractor, failure of the contractor to perform under its agreement with the Company, inability to replace the contractor if either party terminates the contract, interruption of drilling in the event that the contractor ceases operations due to insolvency or other unforeseen events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labour unrest or other employment issues.

Labour and Employment Matters

While the Company has good relations with its employees, these relations may be impacted by changes in labour laws which may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition.

Residency of Directors, Officers and Others

A number of the directors and officers of the Company reside outside of Canada. Substantially all of the assets of these persons, and the Company, are located outside of Canada. As a result, it may not be possible for investors to effect services of process within Canada upon these directors or officers. It may also not be possible to enforce against certain of the Company's directors and officers, and certain experts named herein, as judgments obtained in Canadian courts are predicated upon civil liability provisions of applicable securities laws in Canada.

Foreign Currency Fluctuations

The Company's current and proposed exploration operations in Colombia render it subject to foreign currency fluctuations, which may materially affect its financial position and results. The Company sends funds to Colombia in U.S. dollars and converts these funds into Colombian pesos. The important exchange rates for the Company are currently the rate between the U.S. dollar and the Colombian peso. While the Company is funding work in Colombia, the Company's results could be impaired by adverse changes in the U.S. dollar to Colombian peso exchange rate. The Company's shares are listed on the TSX, a Canadian stock exchange. Prior and future equity financings result in the generation of Canadian dollar proceeds to fund the Company's activities which are principally incurred in U.S. dollars or Colombian pesos. To the extent funds from such financings are maintained in Canadian dollars, the Company's results can be significantly impacted by adverse changes in exchange rates between the Canadian dollar and the U.S. dollar and Colombian peso.

Unreliable Historical Data

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

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Management of the Company believes that the potential for infrastructure weaknesses in Colombia is comparable to those in any remote mining location located in other parts of the world.

Government Regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company's mining and processing operations and exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have an adverse impact on the Company.

Market Price of Shares of the Company

Securities of mineral exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious and base metal mineral prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not continue to follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dividend Policy

No dividends on the Shares of the Company have been paid by the Company to date. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs (see "Dividends").

Future Sales of Shares of the Company by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. The Company has previously completed private placements at prices per share which are from time to time lower than the market price of the Common Shares. Accordingly, a significant number of shareholders of the Company have an investment profit in the Common Shares that they may seek to liquidate.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with Canadian generally accepted accounting principles, including international financial reporting standards (IFRS) applicable to publicly accountable enterprises effective January 1, 2011. In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Bermuda Legal Matters

The Company is incorporated and existing under the Bermuda Act and is thereby subject to the laws of Bermuda. The following is a summary of certain laws of Bermuda which are relevant to the operations of the Company.

Bermuda Monetary Authority Consent Required for Free Transferability of Common Shares of the Company

The Bermuda Monetary Authority (the "BMA") must approve all issues and transfers of shares of a Bermuda exempted company under the Exchange Control Act 1972 (Bermuda) and regulations thereunder. The BMA has given a general permission which will permit the issue of the Common Shares of the Company and the subsequent transfer of such shares so long as voting securities of the Company are listed for trading on an appointed stock exchange, and the TSX and TSX-V qualify for this purpose.

Enforcement of Judgments in Bermuda May be Difficult

As the Company is a Bermuda-exempted company, the rights of shareholders will be governed by Bermuda law and the Memorandum and Bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The majority of the directors of the Company are not residents of Canada and the majority of the Company's assets are located outside of Canada. As a result, it may be difficult for investors to effect service of process on those persons in Canada or to enforce in Canada judgments obtained in the Canadian courts against the Company or those persons who may be liable under Canadian law. The current position with regard to enforcement of judgments in Bermuda is set out below but this may be subject to change. A final and conclusive judgment of a foreign court against the Company, under which a sum of money is payable (not being a sum of money payable in respect of multiple damages, or a fine, penalty tax or other charge of a like nature) may be the subject of enforcement proceedings in the Supreme Court of Bermuda (the "Bermuda Court") under the common law doctrine of obligation by action on the debt evidenced by the foreign court's judgment. On general principles, such proceedings would be expected to be successful provided that:

- (a) the court which gave the judgment was competent to hear the action in accordance with private international law principles as applied in Bermuda; and
- (b) the judgment is not contrary to public policy in Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice, and is not based on an error in Bermuda law.

Enforcement of such a judgment against assets in Bermuda may involve the conversion of the judgment debt into Bermuda dollars, but the BMA has indicated that its present policy is to give the consents necessary to enable recovery in the currency of the obligation.

No stamp duty or similar or other tax or duty is payable in Bermuda on the enforcement of a foreign judgment. Court fees will be payable in connection with proceedings for enforcement.

The Company May Become Subject to Taxes in Bermuda

Bermuda currently has no income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in respect of capital gains realized on a disposition of Common Shares of the Company or in respect of distributions by the Company with respect to Common Shares of the Company other than the application of Bermuda taxes to persons ordinarily resident in Bermuda. The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966, as amended (Bermuda), has given the Company assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to the Company or any of the Company's operations, shares or other obligations until March 28, 2016. The Bermuda Government has tabled a bill pursuant to which the assurance will be extended to March 31, 2035. Subject to the approval of the House of Assembly and the Senate and the assent of the Governor of Bermuda, the bill would be expected to become law in April 2011.

Exemption from Exchange Controls

The Company is designated as “non-resident” for exchange control purposes by the BMA. Where a company is so designated, it is free to deal in currencies of any other country outside the Bermuda exchange control area which are freely convertible into currencies of any other country.

Limitations on Carrying on Business

The Company has been incorporated in Bermuda as an “exempted company”. Under Bermuda law, exempted companies are companies formed for the purpose of conducting business outside Bermuda from a principal place in Bermuda. As a result, they are exempt from Bermuda laws restricting the percentage of share capital that may be held by non-Bermudians, but they may not participate in certain business transactions, including:

- (a) the acquisition or holding of land in Bermuda (except that required for their business and held by way of lease or tenancy for terms of not more than 50 years) without the express authorization of the Bermuda legislature;
- (b) the taking of mortgages on land in Bermuda to secure an amount in excess of BD\$50,000 without the consent of the Minister of Finance;
- (c) the acquisition of any bonds or debentures secured by any land in Bermuda, other than certain types of Bermuda government securities; or
- (d) the carrying on of business of any kind in Bermuda, except in furtherance of their business carried on outside Bermuda or under license granted by the Minister of Finance of Bermuda.

Compulsory Acquisition Rules

Pursuant to the Bermuda Act, where a scheme or contract involving the transfer of shares of a Bermuda company has been approved by the holders of 90% of the shares, the offeror can then give notice in the prescribed form to any dissenting shareholder(s) and, unless on an application made by the dissenting shareholder (within one month from the date on which the notice was given), the Bermuda Court thinks fit to order otherwise, the offeror shall be entitled and bound to acquire the holdings of the dissenting shareholder(s).

Pursuant to the Bermuda Act, a holder of 95% of the shares of a Bermuda company can, on giving notice to the minority shareholders, force them to sell their interest to such 95% holder provided that the terms offered are the same for all of the holders of the shares whereupon the acquiring shareholder is bound to acquire the outstanding shares on the terms set out in the notice. The 5% shareholders can apply to the Bermuda Court for an appraisal of their shares. Once notice has been given, the acquiring shareholder is bound to acquire the outstanding shares on the terms set out in the notice.

Material Mineral Property - Buriticá Project

The following disclosure relating to the Buriticá Project has been derived from an independent technical report on the Buriticá Project (the “Snowden Buriticá Report”) entitled “Continental Gold Limited: Buriticá Gold Project – Geological and Exploration Review – November 2009” authored by Mr. C.J. Bargmann, C. Geol., Principal Consultant, and EurGeol Dr. S.C. Dominy, C. Geol. CP, General Manager (London) and Executive Consultant for Snowden Mining Industry Consultants (“Snowden”), which has been completed in accordance with the terms of Canadian National Instrument 43-101 (“NI 43-101”). Mr. Bargmann and Dr. Dominy are “qualified persons” within the meaning of NI 43-101 and are independent of the Company. The Snowden Buriticá Report is available under the Company’s profile on the SEDAR website at www.sedar.com. The disclosure provides an update to the Snowden Buriticá Report to account for work completed after November 2009. The updates pertain principally to changes in the land package, number of drill metres completed and advances in geological understanding.

Project Area and Location

The Buriticá Project comprises 18,164 hectares (concessions and applications with technical study) and 4,293 hectares (applications) in an area located about 75 kilometres northwest of Medellín in the Antioquia Department of north-western Colombia. The Buriticá Project includes the Yaragua Mine which is located approximately two kilometres south of the town of Buriticá. Gold was mined in the Buriticá Project prior to Spanish colonial times. The Spanish conducted extensive mining using surface hydraulic methods to recover gold from alluvium and colluvial soils on hillsides. Numerous small high grade veins have also been worked for gold and silver, and the project area hosts several small artisanal mining operations exploiting narrow high grade veins, alluvial and colluvial deposits. A group of such veins is present at the Yaragua Mine, which has been the primary area of artisanal mining and has been under operation by Continental Gold as a pre-production bulk sample testing operation.

The Buriticá Project does not have known reserves or resources and Continental Gold is conducting an exploratory search for commercial quantities of gold and silver. The operations at the Yaragua Mine have not been the subject of a formal feasibility study prepared by an independent qualified person in accordance with NI 43-101. Until such time as an independent feasibility study is prepared, there is no objective basis to determine whether such operations are economic or have the potential to be profitable. No reliance can be placed on the economic significance or prospective potential for operations at the Yaragua Mine.

Project Tenure

The Company's Buriticá ground holdings comprised 22 registered concessions covering 10,363 hectares, and 13 pending registration concessions totalling 7,801 hectares. A further five concession applications have been lodged covering 4,293 hectares. The process of legally transferring concessions held by Bullet to Continental Gold is in progress pursuant to the Concession Sale Agreement (as hereinafter defined). See "Material Contracts – Agreement for Sale of Concession and Applications for Concession Contracts in Columbia."

Continental Gold's registered exploration concessions attracted annual concession fees of \$1,503,126 during 2010. Conversion of exploration to exploitation concessions replaces the concession fees with a production royalty based on gold and silver sales.

The Snowden Buriticá Report provides a summary of the category and expiry details for each concession, all of which are in good standing and have sufficient time to continue the planned scope of work.

Agreements, Royalties and Other Encumbrances

The Buriticá Project is 100% owned by Continental Gold. There are no other agreements, royalties or other encumbrances with the exception of state concession fees and royalties.

Environmental Liabilities

The Yaragua Mine concession is subject to an environmental permit which contains an approved environmental plan and mine abandonment plan. The location of the Yaragua Mine in a steep sided valley means there is significant potential for contaminated runoff. The valley is dry and joins the La Mina creek below the mine. Dumps for waste rock and gravity (sand) tailings are constructed within the steep confines of the valley. Water for the mine is sourced from the La Mina creek in the valley to the west of the mine offices and fluid is discharged into the Yaragua valley below the waste dump. Environmental testwork and a baseline environmental audit completed in 2008 by an independent consultant confirm that the La Mina creek is polluted below the mine. The consultant's report outlines various concerns within the Buriticá Project area, and highlights that the previous operators of the Yaragua Mine failed to meet environmental requirements resulting in Continental Gold inheriting an environmental liability.

Continental Gold is currently rehabilitating the Yaragua Mine site focusing on tailings management and water discharge.

Permits

Pursuant to the environmental permit required for the Yaragua Mine as discussed above, the necessary industrial fluid discharge permits and forestry clearance permits have been provided. Continental Gold was granted a water usage permit on February 28, 2009 with a validity of ten years which can be extended in line with the validity of the mining licence. This permit also includes domestic and industrial discharges.

There are no other permits required for the Buriticá Project at this time.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility and elevation

The Buriticá Project is accessed via the paved road from Medellín to Pinguro, which forms one of the branches of the Pan-American Highway. A paved road leading to Buriticá village passes through the heart of the project area. The distance by road from Medellín is approximately 125 kilometres, and the regional centre of Santa Fe de Antioquia is located some 23 kilometres to the south east of the Yaragua Mine.

The Yaragua Mine is accessed from the road via a mule trail down slope, the horizontal distance is approximately 620 metres and the elevation decreases from approximately 1,760 metres to 1,484 metres. A cableway is used for the delivery of supplies to the mine site. The upper portion of the mule trail has been upgraded to allow drill rig access to the exploration drilling sites.

Topography, climate and vegetation

The terrain in the Buriticá Project area is very rugged with elevations ranging from around 500 metres in the Cauca river valley to the east, to over 2,000 metres at the tops of the ridges. The climate is tropical with an average temperature of 19°C. The average annual rainfall is 1,500 millimetres, most of which falls in the rainy season from April to November.

On steeper slopes within the project area, the vegetation is predominantly forest with small clearings for the cultivation of coffee, yucca, banana and other crops. On flatter lower lying ground and many of the ridges, the forest has been cleared and replaced by grassland used for pasture.

Infrastructure

The Buriticá Project is reasonably well-developed in terms of infrastructure with good road access and the project is easily accessible from the towns of Buriticá and Santa Fe de Antioquia. There are several other villages and a large number of isolated dwellings within the project area where access is by mule or on foot.

The Yaragua Mine is a typical small scale, labour intensive, operation. Historically, mining has taken place on three levels with most of the development along the Murcielagos vein. Production from the Murcielagos vein has stopped and the process plant is currently being utilized for the pilot plant processing of development mineralization from the San Antonio vein.

The Yaragua Mine site is set in a steep-sided valley in a region of relatively high rainfall and there is potential for local slope instability and erosion, which may affect production. In particular, the gravity tailings and the cyanide tailings at the plant site contain unconsolidated material which could be vulnerable to erosion. As noted above, Continental Gold is taking remedial action to stabilize these slopes.

Power is supplied to the Yaragua Mine from the local grid, via a dedicated transmission line, to a transformer on site. Major equipment, such as the compressors, is all electrically powered. The mine has radio communications and mobile phones work at the mine offices. The mine offices, including the laboratory, are simple timber structures. A total of 174 people work at the mine, an additional 42

are involved in exploration and nine in Community Relations. Due to the varied mining activity in the area, there is a good source of experienced miners and labourers in the district.

Mine water is sourced from the La Mina creek in the valley to the west of the mine and is piped to a holding tank above the mine offices.

History

The high grade gold veins of the Buriticá Project area have been mined since before the arrival of the Spanish colonialists. Extensive areas of superficial weathered material are believed to have been worked by hydraulic methods, and small high grade veins were worked underground for gold and silver. Several old vein mine workings are known in the Buriticá Project area and there are also extensive outcrops of altered rocks at surface.

The exploration history of the Buriticá Project consists of concentrated activity at the Yaragua Mine, and the exploration of other areas in the Buriticá Project. There are no records of previous resource and reserve estimates for the Yaragua Mine or any other deposits within the Buriticá Project area.

Bullet acquired its Buriticá Project concessions over the last 20 years. Continental Gold acquired the Buriticá Project concessions from Bullet pursuant to the Concession Sale Agreement. See "Material Contracts – Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia".

Yaragua Mine Exploration and Development History

The Yaragua Mine is the largest underground vein mine in the Buriticá Project area. It has been producing gold continuously since 1992, principally from the Murcielagos vein which has been worked over a strike length of approximately 470 metres and a vertical extent of 160 metres. Between 2001 and 2009, the mine produced 21,343 ounces of gold. During 2010, Continental Gold produced 5,174 ounces of gold, derived from exploration development at Yaragua. Exploration development on the San Antonio vein commenced in late 2008 and continued during 2010. Material derived from this development currently supplies the pilot plant at a processing rate of 30 tonnes per day. During 2010, the pilot plant processed 11,240 tonnes at an average gold grade of 16.8 g/t Au.

The Yaragua Mine is accessed via three adits on Level 1 (elevation 1,484 metres), Level 2 (elevation 1,430 metres) and Level 3 which is also known as San Felipe (elevation 1,370 metres). Level 1 is developed for 470 metres along the Murcielagos vein structure. The Murcielagos vein on Level 2 is accessed via a 110 metre crosscut and has 310 metres of development on the vein. On Level 3, the Murcielagos vein is accessed via a 200 metre crosscut and has 100 metre of development on the vein. Mining traditionally took place in vertical stopes via a rescue cut and fill method. The high grade material was mined first followed by the waste material which is used as backfill on the floor of the development stope.

Exploration drilling undertaken by Continental Gold in 2008 identified a parallel high grade vein (the San Antonio vein) some 130 metres north of the Murcielagos vein. Continental Gold subsequently developed an underground exploration cross cut on Level 1 which intersected the San Antonio vein in October 2008. Since November 2008, pilot plant production has processed mineral produced from the development of the exploration drive along the San Antonio vein. The Company has mined 523 metres of exploration development along the San Antonio vein on three levels: Level 0 – 173 metres, Level 1 – 280 metres, and Level 2 – 70 metres. This later development indicates that a third vein structure (Veta Centena) on a northwest-southeast trend and may either truncate or merge with the San Antonio vein in the east.

Other Exploration and Development History of the Buriticá Project

In addition to exploration and development at the Yaragua Mine, several surface mapping and sampling campaigns have been carried out in the area by different companies which have identified several zones of interest, as summarized below based on public reports.

- To the west of the Yaragua Mine, work done by Gran Colombia Resources Ltd., in the mid-1990s delineated an area of hydrothermal alteration (quartz-sericite-pyrite) measuring 700

metres by 400 metres. Channel samples in a road cut gave values of up to 7.9 g/t Au. This area was considered to have excellent exploration potential by Gran Colombia Resources Ltd.

- The La Mano prospect is located approximately one kilometre to the south of the Yaragua Mine. La Mano was the focus of colluvial mining during Spanish colonial times. This prospect is centred on an area of massive quartz-limonite alteration in a siliceous breccia of probable hydrothermal origin.
- Surface sampling (sample type unknown) on a regular 50 metre by 50 metre grid at La Mano, undertaken by Gran Colombia Resources Ltd., identified several anomalous zones with >0.1 g/t Au, one of which is centred close to a breccia zone adjacent to the existing adit. Three values with >1 g/t Au were reported, two of which occur on the eastern edge of the grid, to the west of the Tonusco fault, away from the immediate vicinity of the known mineralization.
- The La Estera vein is located approximately two kilometres south of the Yaragua Mine. A 100 metre drift was excavated there in the early 1990s but development was halted when unstable ground conditions were encountered. Average grades are reportedly 1,062 g/t Ag and 12 g/t Au, with an average vein thickness of 80 centimetres. The Sulliman and Pulpito veins, which also occur in the same area, have average grades of around 5 g/t Au and thicknesses around 0.5 metres.
- At the bottom of San Augustin creek, approximately one kilometre north of the Yaragua Mine, a 40 metre wide zone of sulphide mineralization has been encountered in sedimentary rocks. This consists of intergrown quartz crystals and coarse grained to sooty pyrite, plus associated areas of silicified pyritic argillite. It is reported that there were old workings in sediments to the northwest of this occurrence, and the mineralization appears to be associated with a zone of sediments surrounded by igneous rocks. Several samples taken from the contact zone averaged 1.45 g/t Au and 24.3 g/t Ag.
- An additional breccia zone is reported at La Guacamaya, which is situated just north of the Clara creek in the northeast of the project area. This is interpreted as a contact breccia located on the contact between the dioritic intrusive and the sedimentary unit. Results of systematic sampling, gave average grades of 2.7 g/t Au in talus and 3.2 g/t Au for material from the creek. Other samples of surface outcrops gave values averaging 0.7 g/t Au.

Geological setting

Regional Geology

South American geology is dominated by three principal tectonic plates, the Pacific (Nazca) plate in the west, the Caribbean plate to the north and the South American plate which forms the bulk of the continental landmass. The Northern Andean Block forms a distinct geological segment of the Andean Cordillera in Colombia and is subdivided into three mountain chains, the Occidental (western), Central and Oriental (eastern) Cordillera.

Colombia's geological history has been dominated by processes occurring along the accreting plate boundary between the Nazca and South American plates. Changes in the position of the subduction zone have resulted in the progressive accretion of the Cordilleran mountain chains onto the western margin of the Guiana Shield, forming the current complex geological framework. These plate tectonic processes are also strongly associated with ore forming processes and the formation of many of Colombia's mineral deposits.

Colombia comprises the Precambrian metamorphic and igneous basement rocks of the Guiana Shield in the east, Palaeozoic to Cainozoic igneous and sedimentary rocks which make up mountainous Cordillera, and Cainozoic sediments which dominate in the lower lying parts of the country.

There are a variety of igneous rocks of different ages in the country. These igneous rocks form the underlying geology in most of the mountain ranges in the country and generally decrease in age from east to west. Palaeozoic magmatic rocks outcrop in the Oriental Cordillera along the border with Venezuela, whilst Mesozoic intrusive rocks are mainly found in the Central Cordillera. Cainozoic volcanic and intrusive rocks are found in the southern part of the Central Cordillera as well as in the Occidental Cordillera. Younger sedimentary cover, mainly of Cainozoic age, dominates at lower elevations in the Amazon basin, intermontane basins and along the coastal margins of the country.

Three major gold belts are defined in Colombia: the Choco, Middle Cauca and Segovia belts. Buriticá falls in the Middle Cauca belt which is situated between the Occidental and the Central Cordillera. This belt contains porphyry, and epithermal mineralization in addition to the carbonate base metal type gold vein and breccia deposits seen at Buriticá.

Local Geology

On a regional scale, the Buriticá Project area is divided into two distinct geological domains. On the eastern part, the area is dominated by basic to intermediate igneous rocks, which are interpreted as representing mainly intrusive rocks of Cretaceous age. The western part of the area is dominated by marine sedimentary rocks, mostly argillites of Cretaceous to Tertiary age. The main contact between the sedimentary and igneous rocks runs through the centre of the Buriticá Project area, and local outcrops of hornfelsed sediments surrounded by igneous rocks are interpreted as roof pendants. Previous authors have noted that the project area is centred within an annular topographic and satellite anomaly. Major regional structures include the Cauca-Romeral fault located approximately three kilometres to the east, along the Cauca River.

Property Geology

Previous mapping in the central part of the Buriticá Project area has identified the presence of the following rock types:

- Sedimentary rocks: Mostly limonitic argillites with interbedded black chert; generally unaltered. Inferred to belong to the Penderisco Formation of the Cañasgordas Group;
- Igneous rocks: Intrusive and extrusive rocks consisting of quartz-diorite, diorite, porphyritic andesite, porphyritic dacite and volcanoclastics. These are interpreted as ranging in age from Cretaceous to Tertiary. Mineralization and alteration appear to be associated with younger (6 Ma to 8 Ma), less extensive, intrusive to hypabyssal bodies of andesitic composition which together form the Buriticá complex;
- Siliceous hornfels: In the vicinity of La Mano anomaly, a zone of highly siliceous rock is interpreted as representing a contact-metamorphic hornfels;
- Breccias: Different types of breccia have been mapped in the area, several of which are interpreted as tectonic in origin. They are commonly clast supported and the clasts are often altered and pyritic; and
- Quaternary deposits: These are mainly colluvial and landslip deposits that fill the valley bottoms.

Many faults have been noted during mapping at Buriticá, and satellite imagery for the area displays a large number of linear features many of which are likely to represent major faults. Two dominant fault directions striking between 70° and 100° have been noted. These east-west structures are interpreted as being the main control on the distribution of breccias, mineralization and hydrothermal alteration and appear to displace north-south lineaments which represent older structures.

Mineralization - Overview

Four styles of mineralization are developed within the Buriticá Project area. At the Yaragua Mine, both high grade veins and mineralized breccias occur. At La Mano and San Augustin, the mineralization is of a replacement style with low gold grades. On a regional scale, there is potential for placer gold deposits in the main river systems and these may be present on Continental Gold's concession holdings.

Vein Systems

Two main areas of vein (+/- breccia) mineralization have been discovered at Buriticá. Eleven individual veins have been correlated from drill holes and underground workings in the Yaragua Mine

area and several more veins have been identified in drilling to date in the Veta Sur area 500m to the southwest.

The vein system and associated breccia bodies at Buriticá represent part of a classic porphyry-related, carbonate base metal gold vein and breccia system. The veins are noted for their high gold content, moderate levels of silver, and associated base metals - notably zinc and lead.

The vein-breccia system comprises near vertical pyrite-sphalerite-galena sulphide veins, locally with minor amounts of quartz, chalcopyrite and carbonate, which range from 15 centimetres to several metres in width and are associated with east-west and west-northwest fractures. Geometrical complexities such as en-echelon vein networks and pinch and swell structures may occur. The banded pyrite-sphalerite-galena mineralization has been designated Phase 1 type mineralization. Most of the veins show evidence of a Phase 2 event which is dominated by free gold, carbonate and local stibnite. This phase is significantly lower in base metal mineralization than Phase 1.

Mineralized Breccias

Breccia style mineralization appears in a vaguely pipe-like body at the west end of the Yaragua Mine which has been interpreted as a diatreme. Similar breccias occur along several of the Yaragua area veins. Mineralization in the breccias is very similar to that in the veins with regard to mineralogy and metal ratios however Phase 2 mineralization is much less prevalent.

Replacement Mineralization

Replacement mineralization has been identified on the contact between the volcanoclastic sequence and the Buriticá complex. The mineralization is marked by zones of silica and pyrite alteration and generally low gold grades (<0.5 g/t Au). The mineralization at San Augustin and La Mano fall into this type.

Placer and Colluvial Gold Deposits

There is a long history of placer gold production dating from before the Spanish colonization of South America. Mineros S.A.'s alluvial dredging operation at El Bagre on the Rio Nechi has been one of Colombia's most substantial producers of gold in recent years. The Rio Cauca and its tributaries have the potential to host placer gold deposits within Continental Gold's Buriticá licences.

The formation of placer deposits results from the erosion of a hostrock containing a heavy mineral (e.g. gold, platinum, diamonds, ilmenite) and the sorting of the light from the heavy minerals during sedimentation. The placer deposit can be formed in either the marine or the fluvial environment. Water is a powerful erosive force and through its actions the grain size of the sediment load is reduced. This process liberates the heavy mineral which can then be deposited into the alluvial sediments.

The scale of the heavy mineral concentration can vary from small (bedding lamellae or cross bedding) to large scale regional systems (alluvial fans and beaches). In Colombia, most gold placer deposits are located in small to intermediate scale features such as point bars within the river flood plain. Features such as potholes or irregularities in the morphology of the riverbed can also be significant in the deposition of placer gold.

Most placer mining occurs close to the current river channel, although potential should exist for palaeo river channels to host placer gold deposits.

Colluvial deposits derive from eroded material, and are usually located on slopes close to their original outcrop. This material has yet to be extensively reworked by water. Historically colluvial deposits were worked by the Spanish through hydraulic methods, effectively using water to wash the colluvial material into a river valley from where the gold could be recovered.

Exploration

Overview

Continental Gold commenced exploration at the Buriticá Project in late 2007. By March of 2011, a total of 165 surface and 57 underground drill holes have been completed for a total of more than 52,000 metres. The initial focus was on the identification of bulk mineable mineral deposits and to develop these to a feasibility study stage and define new mineral resources. The initial exploration focus was on the Yaragua breccia and La Mano deposits. However low grades were returned from La Mano and the aerial extent of the high grade breccia proved to be limited. The subsequent discovery of the high grade San Antonio vein and the Veta Sur zone during drilling to define the limits of the Yaragua breccia has refocused Continental Gold's exploration efforts.

In addition to surface and underground diamond drilling, Continental has completed detailed channel sampling on several levels on the Murcialagos, San Antonio, and Centena veins. Over 5,200 samples have been taken with summary results reported in the Company's press release dated March 3, 2011 (which is available under the Company's profile on SEDAR at www.sedar.com). A 2.5 x 1.5 kilometre, 1,800 sample surface soil grid has been completed over the central portion of the property and several of the resulting gold and multi-element anomalies have been drill tested. Ground magnetic and induced polarization geophysical studies have been completed and in March 2011 a program of property-wide airborne magnetometry and radiometrics was initiated.

Drilling

In December 2007, Continental Gold commenced drilling at the Buriticá project. There are no records of any historical drilling having taken place.

During the 2008 Snowden site visit, two contract drill rigs were operating at Yaragua and La Mano respectively. A Longyear LF 38 was completing the second of a planned four holes from a drill pad located above the western end of the Yaragua Mine, and a man portable rig was on site at La Mano.

By July 2009, a total of 49 surface drillholes (9,931 metres) and 21 underground drillholes (2,285 metres) had been completed including the redrill of one of the two La Mano holes due to poor core recoveries obtained during drilling with the man portable rig. On completion of drilling, all surface holes are capped with a cement plinth and plastic casing and, where possible, underground drillholes are also capped. Since the Snowden visit, drilling has been continuous and as of December 31, 2010, seven surface and one underground drill are working on the property.

Downhole surveys for the drilling are carried out using a Flexit survey tool. This modern digital survey tools provides multiple survey readings which can be transferred directly to a computer via a special adaptor supplied with the survey tool. All drillhole collars are surveyed by the surveying contractor once drilling of the holes is completed from the surface drill pads or the underground drilling stations.

Sampling and Analysis

Continental Gold utilizes a rigorous, industry-standard QA/QC program. HQ (63mm) and NQ (48mm) diamond drill-core is sawn in half with one half shipped to a sample preparation lab in Medellín run by SGS Colombia. Samples are then shipped for analysis to SGS certified assay laboratory in Lima, Peru. The remainder of the core is stored in a secured storage facility for future assay verification. Blanks, duplicates and certified reference standards are inserted into the sample stream to monitor laboratory performance and a portion of the samples are periodically check assayed at ACME laboratories in Vancouver, Canada and/or Inspectorate Labs in Reno, Nevada.

Database and Data Capture

In 2011, Continental is adopting a digital core logging system which is automating data transfer to the database. The database used for all geological data is Datashed. Laboratory analyses are sent directly from the lab to the database manager and entered into the database after passing through a rigorous QA/QC analysis.

Drill Core Logging and Sampling Procedures

At the drill site, the drill crew measure core runs and mark these with wooden blocks placed in the core trays in keeping with industry norms. Borehole numbers and box numbers are recorded on the outside of the core boxes. Once full, the core boxes are sealed with a lid and strapped to prevent movement or loss of core during transport to the Continental Gold core yard. From the Yaragua drilling sites, the core boxes are carried by hand or by mule up to the Buriticá road and then transported by vehicle to the core yard.

Continental Gold's core yard facility is located 590 metres southwest of the Yaragua Mine. The core yard is simple but effective and is located adjacent to the Buriticá road. A core storage shed has been constructed as a timber frame with wire mesh walls and a tin roof. Core is stored on locally constructed shelving. The core storage shed is locked and guarded at night. Once core is photographed, logged, and sampled, it is moved to a permanent storage facility at the company warehouse in Medellin.

Mineral Resources and Mineral Reserve Estimates

There are no existing resource estimates for any deposits within the Buriticá Project area. Exploration by Continental Gold has successfully identified the San Antonio vein, the Veta Sur zone and the Yaragua Breccia as exploration targets. Snowden considers that the exploration of the Yaragua Mine and its extensions represent an advanced exploration property.

Continental Gold has completed scoping metallurgical testwork on run of mine material from the Murcielagos vein and a composite sample of the Yaragua breccia. Cyanidation testwork has also been completed on a composite sample of gravity and flotation concentrate material derived from the San Antonio vein. This initial testwork indicates that the recovery of gold appears to be viable from both vein deposits and the Yaragua breccia.

Exploration and Development

Continental Gold's exploration priorities for 2011 are the definition of the strike and depth extents of the Yaragua and Veta Sur vein systems and the identification of other high grade veins in the vicinity of the Yaragua Mine.

Continental is also undertaking property-wide reconnaissance prospecting and sampling. This work includes the evaluation of known gold workings and areas where mineralization and alteration have been identified by past workers. Satellite imagery and detailed air photography have been acquired to support a structural, alteration and geological interpretation of the Buriticá Project area.

Continental's expenditures at Buriticá in 2010 and the approved 2011 budget are detailed in the following table. For 2011, the company is planning for 53,000 metres of surface and underground diamond drilling, and 949 metres of underground horizontal development and 350 metres of underground vertical development.

Other Exploration Projects

Berlin Project

Berlin is a 100%-owned project totalling 25,324 hectares (concessions and applications with technical study) and 3,371 hectares (applications) located in Antioquia Department 90 kilometres north of Medellín. Access is through Yarumal on paved road and through Briceno or San Andreas to the property on dirt roads. The area is very sparsely populated, the terrain is steep, and much of the concession area is only accessible by mule or on foot.

The property is underlain by Paleozoic graphite and sericite schists of the Cajamarca complex. It is located in a structural wedge between north and northeast-trending strands of the Romeral fault system which marks the suture zone between Mesozoic continental margin and Cretaceous and younger accreted terranes.

Mineralization is characterized by large-scale quartz veins which are preferentially developed in the graphitic schists. The Berlin vein trend is a minimum 11 kilometres long along a north-south trend and the sub-parallel Troncal trend is a minimum four kilometres in strike length. Ore grade mineralization has been found along the full length of the Berlin trend over a minimum vertical extent of 1,400 metres. Mineralization is hosted in quartz veins and lodes from 0.5 - 25 metres thick with grade being higher in areas that have abundant inclusions of the black schist. Alteration consists of a simple assemblage of sericite +/- carbonate which is developed within 1-25 metres of the veins.

The original Berlin Mine was operated from 1930-1946 by Canadian company Timmins Ochali. It produced 413,000 ounces of gold from a 20-metre thick quartz lens with a production grade of 16 g/t Au. Gold recoveries averaged 94% in a standard gravity, flotation and cyanide circuit. The mine covered about 900 metres of strike in the center of a 12-kilometre mineralized trend that has been defined by Continental Gold during 2008 and 2009 exploration programs. No historical drilling has been done outside of the Berlin mine area anywhere along either of the two vein trends.

Drilling began at Berlin during 2010. Using one drill, 3,028 metres in 12 holes were drilled. The drilling tested the southern one-third of the 11-kilometre long trend of quartz vein hosted gold mineralization on an average 250-metre spacing along strike. Surface mapping and sampling have continued on the adjacent Troncal trend of similar veins that have been traced along a minimum four strike kilometres. Approximately 90% of the combined strike length on the two prospective trends is on concessions which are 100% owned by the Company.

The Company is planning to initiate a diamond drilling campaign in the fourth quarter of 2011.

Anza Project

The Anza project is located 50 kilometres west of Medellín in the Antioquia Department and consists of two registered concessions (4,715 and 4,718) covering 6,309 hectares.

Waymar Option Agreement

The Company and five other parties completed a definitive option agreement dated May 20, 2010 on a contiguous group of properties (the "Properties"), including the above-mentioned Anza concessions, with Waymar Resources Ltd. ("Waymar"). The Company is entitled to receive 25% of all consideration flowing to the Optionors from Waymar pursuant to the option agreement. To date, the Company has received \$85,000 and 75,000 common shares of Waymar pursuant to the option agreement. In addition, the Optionors are entitled to receive \$500,000 and 500,000 common shares of Waymar (Company share - \$125,000 and 125,000 common shares) on June 29, 2011, \$1,000,000 and \$1,000,000 common shares of Waymar (Company share - \$250,000 and 250,000) on June 29, 2012 and \$2,000,000 and 2,000,000 common shares of Waymar (Company share - \$500,000 and 500,000) on June 29, 2013. Waymar is also responsible for incurring a minimum of \$4,000,000 of exploration expenditures on the Properties pursuant to the option agreement. The Optionors will maintain a 2% net smelter royalty in the Properties. Additionally, Waymar will have the option to purchase half of the net smelter royalty from the Optionors at a cost of \$1,000,000.

Waymar Acquisition Agreement

The Company also completed the sale of certain other Anza concessions on May 21, 2010 to Waymar. Pursuant to the sale of its legal and beneficial interest in these concessions to Waymar, the Company received 1,000,000 common shares of Waymar and 500,000 share purchase warrants giving the Company the right to purchase 500,000 Waymar common shares at a price of C\$0.75 per share until June 29, 2012.

Dominical Project

The Dominical project consists of concessions totalling 9,016 hectares and applications for concessions covering 15,311 hectares. The project area is located in southern Colombia in the Cauca Department.

The Dominical project was subject to an option agreement dated October 4, 2006 between AngloGold Ashanti Limited ("AngloGold") and Robert W. Allen, the Chairman of the Company. The option agreement was assigned to the Company by Mr. Allen by way of an assignment agreement dated June 4, 2008. AngloGold began exploration on the Dominical project in April of 2007 and continued exploration on the project up to February 5, 2010 at which time AngloGold notified the Company that they would no longer be carrying out exploration activity on the Dominical project. The property has now reverted 100% back to the Company.

The geology of the concession area is tectonically complex due to its location on the faulted boundary of the upper Mesozoic continental margin and younger accreted terranes. The host rocks to the mineralization consist of Paleozoic crystalline schists on the east and a sequence of Tertiary age continental clastic sedimentary rocks to the west. Both sequences have been intruded by a series of small upper Tertiary stocks of intermediate composition.

Porphyry-style gold mineralization has been found in the central part of the property in small bodies of potassically altered diorite. Additionally there are two areas of epithermal mineralization on the western side. These include veins and some disseminated gold in sandstones. Best results to date come from the northwest trending epithermal systems which are between 400-1,500 metres in strike length.

Work to date includes stream sediment sampling with follow-up rock sampling and first pass geological mapping. No drilling has yet been done. Continental Gold has a geological crew dedicated to the property which is furthering the area of first pass mapping and sampling and doing detailed work in the western vein area in preparation for first pass drilling in the third quarter of 2011.

Dojura Project

The Dojura project consists of concessions totalling 26,825 hectares and applications totalling 18,068 hectares.

The area is underlain by marine sediments which are intruded by a diorite - quartz monzonite complex. A large portion of the intrusive complex is strongly pyritic and part is characterized by porphyry-style alteration. A significant portion of the concession block has evidence of alluvial gold workings of significant size and there is significant potential for Au-Cu porphyry mineralization.

The Dojura project is subject to an option agreement dated October 4, 2006 between AngloGold and Robert W. Allen, the Chairman of the Company. The option agreement was assigned to the Company by Mr. Allen by way of an assignment agreement dated June 4, 2008.

On January 15, 2010, AngloGold made to the Company an initial payment of \$100,000 and a second payment of \$150,000 on January 15, 2011 with regard to the Dojura Project; however, both parties have agreed to defer AngloGold's obligations to incur exploration expenses on the property until such time as security conditions in the area have improved, putting the existing contract under force majeure.

During 2010, the Company received a summary of the results of an airborne geophysical survey performed by AngloGold over a portion of the property and the results of historical surface sampling for copper. The results are consistent with the long-standing recommendation that the property has potential for large-scale gold-(copper) porphyry style mineralization.

Santander Project

The Santander property consists of concessions totalling 7,493 hectares and applications totalling 1,500 hectares. It is located 50 kilometres northeast of Bucaramanga in the California Mining District in northeastern Colombia. It is divided into three non-contiguous blocks, each at relatively high altitude in sparsely populated country with dirt road access only to parts of the concessions.

The project area is underlain by a complex assemblage of Precambrian and Palaeozoic metamorphic rocks and Cretaceous felsic-intermediate intrusions. The three blocks border the California and Vetás mining districts on the west, east, and southeast. Known mineralization in the district includes the gold deposit at Angostura (10.2 Moz measured and indicated resource, Greystar Resources Ltd.), the significant new high-grade gold discoveries recently reported by Ventana Gold Corp. and Galway Resources, and numerous precious metal vein occurrences in the Vetás District.

The Company's land position is well located with respect to the concessions of the other significant mineral exploration companies in the district and known mineralization. The small triangle near the town of California is located directly along the main California-Ventana-Greystar trend, the large block to the south contains the southern extension of the Vetás gold district currently being explored by Galway and CB Gold, and the block on the northwest is along the emerging Surata trend.

Other than initial reconnaissance sampling, Continental Gold has not carried out any significant work in the area and no significant work is planned for 2011 on the property. Given the amount of interest in the area, the Santander project is a possible farm-out candidate. Concession GLU-133 is directly on trend to the southwest from the gold deposits owned by two Canadian companies. Concession BA3-093 is immediately south and adjacent to the historical Vetás gold district, which is currently being explored by two Canadian companies.

Lunareja Project

The Lunareja project is comprised of three registered concessions totalling 616 hectares. Two of the registered concessions are within the boundaries of a national park located approximately 65 kilometres west of Medellín.

On February 9, 2010 the Colombian Ministry of the Environment, Housing and Territorial Development introduced an amendment to the Mining Code referred to as Law 1382. The amendment was designed to broaden the definition of environmentally sensitive areas where mining operations would be prohibited. Amongst other tests, an elevation test of 3,200 metres was introduced in the amendment thereby precluding the construction of a mine above this height restriction. Management of the Company has now determined that development of the Lunareja project is no longer feasible and wrote down the carrying value of the Lunareja project to zero in the first quarter of 2010.

Arenosa Project

The Arenosa project consists of ten concession contracts totalling 9,376 hectares and 12 applications of 10,219 hectares. The property is located 22 kilometres from the town of Remedios in the Antioquia Department.

The topography is characterized by low, rolling hills and access is good via a series of secondary dirt roads. The concession area is underlain by a sequence of Palaeozoic metamorphic rocks that is intruded by a Cretaceous age quartz diorite body. Known mineralization consists of a number of mesothermal gold quartz veins, several of which have been worked by small miners in the past. The principal vein has been located in float and outcrop along more than four kilometres of strike, half of which is on the property. This vein reaches a maximum of four metres in width but averages about one metre.

In July 2009, the Company entered into a five-year mining agreement with Sociedad Bettel S.A., an arm's-length party. The agreement was cancelled in April 2011 as no work was done on the property during the twelve months ended December 31, 2010. No exploration activity has been planned at the property for 2011.

Zaragoza Project

The Zaragoza project consists of 34 concession contracts totalling 32,038 hectares and 11 applications totalling 9,793 hectares. The project is located in the eastern part of Antioquia Department, 160 kilometres north-east of Medellín. It includes the towns of El Bagre, Zaragoza, and Machuca. The project is accessed from the north by paved road and there are scheduled daily flights from Medellín to both the El Bagre and Otú airports.

Elevation varies from 100 to 200 metres and the climate is semi-tropical. The greater El Bagre, Zaragoza, Frontino Mine area is one of Colombia's most significant historical gold producers with over 20 million ounces having been produced from alluvial and hard rock sources. The Company's land package has dozens of known gold occurrences. These are mostly smaller quartz veins and lodes with little documented production. They are generally mesothermal in character, and appear to be controlled by secondary structures related to the Otú strike-slip fault. Larger veins of similar geological character have been mined ten kilometres to the south at Frontino (4-5 million ounces historical production) and at the Limon Mine five kilometres south of Zaragoza, which the Company agreed to sell in February 2009. Large-scale alluvial production has occurred in several areas adjacent to the Company's claims, especially from the Nechi River in the north.

Prior to 2010, the Company had performed first pass reconnaissance scale exploration over approximately 50% of the concession area. This work has documented the presence of several existing artisanal mining operations. A number of these including Oro Verde, La Diamantina, Machuca, and Los Delerios were sampled on multiple levels and the presence of gold-mineralized veins has been documented in all of them. Two diamond drill holes were drilled at the Limon Mine in 2008. These were successful in documenting the down-dip continuation of the vein. The mine was also de-watered and re-sampled on Levels 6 and 7 but results were such that the Company subsequently sold the property. Three additional holes were drilled at the Mangos Mine at Machuca with generally negative results. The access decline at Mangos was also rehabilitated. The Mangos Mine is now subject to a third-party operating agreement and the Company is not conducting any additional exploration in that area. The Company considers that its landholdings in the Zaragoza project area are highly prospective for numerous smaller, high-grade vein mining operations; however, no significant work has been planned for 2011 on this property.

The potential quantity and grade of the Company's properties is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the targets being delivered as a mineral resource.

DIVIDENDS

There are no restrictions on the Company's ability to pay dividends on the Common Shares, other than the Company's financial position from time to time. The Company has not paid any dividends on its Common Shares and it expects to continue to retain future profits to finance further growth and does not expect to pay any dividends in the near future.

Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors including, among other things, its earnings, cash flow and financial requirements, as well as relevant legal and business considerations.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The Company is authorized to issue up to 50,000,000,000 Common Shares with a par value of \$0.0001 per share, and up to 100,000,000 preference shares with a par value of \$0.0001, issuable in one or more series, of which there were 98,548,890 Common Shares and no preference shares issued and outstanding at December 31, 2010. As of June 23, 2011, there were 107,447,796 Common Shares and no preference shares issued and outstanding.

Common Shares

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and will be entitled to one vote in respect of each common share held at such meetings. Upon any liquidation, dissolution or winding-up of the Company, the holders of Common Shares will be entitled, subject to the rights of holders of any class of shares rating senior to the Common Shares in respect of any liquidation, dissolution or winding-up of the Company, to share rateably in the remaining assets of the Company.

Preference Shares

Before the issue of the first shares of any series of preference shares, the board of directors of the Company must fix the number of shares within such series and determine the designation, rights, privileges, restrictions and conditions attaching to each such series, including the rate, amount or method of calculation of dividends, the time and place of payment of dividends, whether cumulative or non-cumulative or partially cumulative and the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any), the voting rights attached thereto (if any), and the terms and conditions of any share purchase plan or sinking fund, and file articles of amendment containing a description of such series. As a class, the preference shares will have priority over the Common Shares and over any other shares of the Company ranking junior to the preference shares with respect to priority in the payment of dividends and the distribution of assets among the Company's shareholders.

MARKET FOR SECURITIES

Price Range and Trading Volume

The Common Shares are listed and posted for trading on the TSX under the symbol "CNL" and began trading on the TSX on April 19, 2010. The Warrants are also posted for trading on the TSX under the symbol "CNL.WT" and began trading after year-end on January 17, 2011.

The following table sets forth information relating to the closing Common Share price trading ranges and volume of Common Shares traded by month in 2010 based on information published by the TSX.

Period	High (C\$)	Low (C\$)	Volume
April 2010	2.50	2.49	45,878
May 2010	2.90	2.76	33,500
June 2010	3.40	3.20	323,172
July 2010	3.33	3.30	224,306
August 2010	6.10	5.50	5,116,586
September 2010	7.18	6.90	403,265
October 2010	6.74	6.50	246,903
November 2010	10.55	10.12	565,106
December 2010	10.00	9.93	189,493

ESCROWED SECURITIES

To the knowledge of the Company, the following table sets forth the number of Common Shares held in escrow, and percentage such number represents of the outstanding Common Shares, as at December 31, 2010.

<u>Designation of Class</u>	<u>Number of Common Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	17,454,695 ⁽¹⁾	17.7%

(1) A total of 35,097,441 Common Shares (the "Escrowed Shares") held by promoters and insiders of Continental Gold and/or the associates or affiliates of such persons, were escrowed pursuant to the terms of an escrow agreement dated March 1, 2010 with Olympia Transfer Services Inc., entered into upon completion of the Amalgamation. Approximately 25% of the Escrowed Shares were released upon the listing of the Common Shares on the TSX on April 19, 2010, and a further 25% were released on each of the six-month and 12-month anniversaries of the TSX listing on October 19, 2010 and April 19, 2011, respectively. The final 25% of the Escrowed Shares will be released on the 18-month anniversary of the TSX listing on October 19, 2011, at which time no Common Shares will remain in escrow. The promoters and insiders of the Continental Gold, and/or associates or affiliates of such persons, also deposited a total of 1,497,115 common share purchase warrants into escrow under the same escrow agreement, which have been and will continue to be released in equal installments of 25% on the same escrow release schedule as outlined above for the Escrowed Shares. As of June 23, 2011, there were 8,786,980 common shares held in escrow.

DIRECTORS AND OFFICERS

The following table sets out the name, province and country of residence, position held with the Company and period(s) during which each director of the Company has served as a director, the principal occupation of each director and executive officer of the Company. Each director holds office until the next annual meeting of shareholders of the Company or until his successor is elected or appointed.

Name and Municipality of Residence	Current Position with the Company	Principal Occupation	Director/Officer Since
Robert W. Allen Medellin, Columbia	Chairman of the Board of Directors	Chairman and director, Grupo de Bullet S.A.	2007
Ari B. Sussman Ontario, Canada	President and Chief Executive Officer and Director	President and Chief Executive Officer of the Company; Chairman and Chief Executive Officer of Colossus Minerals Inc., a gold and platinum exploration and development company	2010
Patrick F.N. Anderson ⁽²⁾ Ontario, Canada	Director	Chairman and Chief Executive Officer, Dalradian Resources Inc.	2010
James S. Felton ⁽¹⁾⁽²⁾ Medellin, Columbia	Director	Vice President of Business Development, Grupo de Bullet S.A.	2008
Jaime I. Gutiérrez ⁽¹⁾⁽²⁾ Medellin, Columbia	Director	General Manager, Gutiérrez Investments (CIIGSA)	2007
Paul J. Murphy ⁽¹⁾ Ontario, Canada	Director	Executive Vice President, Finance and Chief Financial Officer, Guyana Goldfields Inc.	2010
Timothy A. Warman ⁽¹⁾⁽²⁾ Ontario, Canada	Director	President & Chief Executive Officer, Malbex Resources Inc.	2010
Paul P. Begin Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Company;	2011
Gustavo J. Koch Santa Fe, Argentina	Executive Vice President	Executive Vice President of the Company	2007
Mark Moseley-Williams Medellin, Colombia	Senior Vice President, Operations	Senior Vice President, Operations of the Company	2010
Stuart A. Moller Nevada, United States	Vice President, Exploration	Vice President, Exploration of the Company	2007

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance, Nominating & Compensation Committee.

Based on the disclosure available on the System for Electronic Disclosure by Insiders (SEDI), as of June 23, 2011, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 28,497,975 Common Shares, representing approximately 26.5% of the total number of Common Shares outstanding.

The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies set out below.

Robert Allen, Chairman and Director

Mr. Allen has been the Chairman and a director of the Company since completion of the Amalgamation and held the same position in the predecessor Continental since September 2007. Mr. Allen has 40 years of experience in the mining industry. Mr. Allen has been involved in the identification, financing, and development of oil, gas, coal, and metals properties in the United States and South America for over thirty years. Since 1994, Mr. Allen has served as the Chairman and director of Grupo de Bullet S.A., a private Colombian company dedicated to the exploration, development, and mining of metal and industrial mineral deposits in Colombia, South America. For the last twenty years, Grupo and its predecessors have maintained an on-site, working presence in Colombia. Due to its long-term presence in Colombia, Grupo has developed an extensive portfolio of gold, copper, and polymetallic mineral projects totalling over 1,000,000 hectares in the core zones of many of the most important precious metal and base metal camps in Colombia. Grupo selected the Colombia Projects which have been transferred to Continental Gold. Mr. Allen has been dedicated to the development of Grupo's Colombian project portfolio and has been responsible for all of Grupo's key acquisitions including the Colombia Projects. Mr. Allen also controls Bullet, which is the principal shareholder of Continental Gold, and he is a promoter of Continental Gold.

Ari Sussman, President, Chief Executive Officer and Director

Mr. Sussman has been President, Chief Executive Officer and a director of the Company since completion of the Amalgamation. Prior to the Amalgamation, Mr. Sussman was President of Cronus Resources Ltd. from July 2005 until the Amalgamation. Mr. Sussman is also Chairman and Chief Executive Officer of Colossus Minerals Inc. and is on the board of directors of Dalradian Resources Inc. Mr. Sussman has over 15 years of experience in both the resources and investment markets sectors. Having dedicated the majority of his career to the natural resources industry, Mr. Sussman has been instrumental in sourcing, funding and developing high-quality mineral assets.

Patrick Anderson, Director

Patrick Anderson is an exploration geologist, entrepreneur, and business executive with over 16 years of experience working in the resource sector. After graduating with a geology degree from the University of Toronto, he held the role of resident project geologist on a successful kimberlite exploration program in Venezuela. Since then, he has been a consulting geologist on gold, base metals and diamond projects for junior explorers, major producers and mineral industry consulting firms in South America, North America and Europe. From 2003 to 2009, Mr. Anderson was Director, President, Chief Executive Officer and co-founder of Aurelian Resources Inc., which discovered a 13.7 million ounce gold deposit in 2006 and was acquired by Kinross Gold in 2008. Mr. Anderson serves on the boards of Colossus Minerals Inc., Noront Resources Ltd. and Continental Gold. He was named Mining Man of the Year by The Northern Miner in 2009 and received the PDAC's Thayer Lindsley Award for international discovery in 2008. Mr. Anderson is currently the Chief Executive Officer and Chairman of Dalradian Resources Inc.

James Felton, Director

Mr. Felton has been a director of the Company since the Amalgamation and was previously a director of the predecessor Continental Gold Limited since April 2008. Mr. Felton is a business and financial consultant with an emphasis on corporate finance and international capital markets. He is presently the Vice President of Business Development at Grupo since 2008 and has over eight years of Colombian experience. Prior to that, Mr. Felton worked at the University of Arkansas in Little Rock, Arkansas. Mr. Felton has a B.Sc. (Commerce) from Washington and Lee University with a Major in Business Administration and Accounting.

Jaime I. Gutiérrez, Director

Mr. Gutiérrez has been a director of the Company since completion of the Amalgamation and was previously a director of the predecessor Continental Gold Limited since May 2007. Since 2004, Mr. Gutiérrez has been a General Manager of Gutiérrez Investments (CIIGSA), a privately-owned refining company and one of the largest in Colombia. Mr. Gutiérrez was a Manager with C.I Trade S.A., a privately-owned refining company, from 1997 to 2004. Mr. Gutiérrez's career has focused on the establishment of purchase and sale policies of precious metals which includes analysis of pricing,

development of new technologies, liaison with suppliers, customers and union representatives, and government compliance. Mr. Gutiérrez holds bachelor degrees in civil engineering and finance from universities in Medellín, Colombia. He is a member of the National Association of Foreign Trade – Analdex and The Colombian Mining Association (Asomineros).

Paul Murphy, Director

Paul Murphy is a retired partner of PricewaterhouseCoopers LLP (1981-2010), where he served as National Mining Leader and West Cluster Leader in Canada. Throughout his career, Mr. Murphy has worked primarily in the resource sector and his clients have included major international oil and gas, and mining companies. Mr. Murphy's professional experience includes financial reporting controls, operational effectiveness, international financial reporting standards and SEC reporting issues, financing, valuation, and taxation as they pertain to the mining sector. Mr. Murphy has a Bachelor of Commerce degree from Queen's University and has been qualified as a chartered accountant since 1975. More recently, Mr. Murphy joined Guyana Goldfields Inc. as its Executive Vice President of Finance and Chief Financial Officer, and is also a director of Alamos Gold, Inc.

Timothy Warman, Director

Timothy Warman is a professional geologist with over 20 years of experience in all phases of the mining industry, from grass roots exploration through feasibility and development. Mr. Warman is currently the President and Chief Executive Officer of Toronto-based junior exploration company, Malbex Resources since February 2009. Previously, he held the role of Vice President, Corporate Development of Aurelian Resources Inc. from 2006 to 2008, where he liaised with the exploration team in Ecuador, initiated and managed early-stage development studies, marketed Aurelian to international investors and played a significant role in successfully negotiating the \$1.2 billion acquisition of Aurelian by Kinross Gold Corporation. Prior to Aurelian, Mr. Warman held senior positions in a number of mining and exploration companies in North America, Africa and Europe.

Paul Begin, Chief Financial Officer

Mr. Begin served as Chief Financial Officer and Corporate Secretary for Hangfeng Evergreen Inc., a leading developer and producer of value added fertilizers in China and South East Asia, from 2009 until 2011, and Vice President and Chief Financial Officer of Trilliant Incorporated (formerly OZZ Corporation), a network solutions provider from 2004 until 2009. Prior to that, Mr. Begin served as Corporate Controller at MDC Partners Inc., a Canadian-based marketing communications and secure transactions company. Mr. Begin obtained his Chartered Accountants designation with BDO Dunwoody, LLP. Mr. Begin holds a Bachelor of Arts (Honors) degree in Political Science from the University of Western Ontario and a Master's degree in Business Administration from the University of Toronto. Mr. Begin joined the Company as Chief Financial Officer on May 18, 2011.

Gustavo Koch, Executive Vice President

Mr. Koch has been an Executive Vice President of the Company since completion of the Amalgamation and was a director and General Counsel of the predecessor Continental Gold Limited since September 2007. From 1994 to 2007, Mr. Koch held various positions with Grupo as Manager, Colombian Division Officer and Operating Manager. From 1993 to 1994 Mr. Koch was an Associate with the International Law Institute in Washington. Between 1992 and 1993 he was an Associate at the Latin American Mining Institute where he was responsible for editing *The South American Investment and Mining Guide* and *The Mexican and Central American Investment and Mining Guide*. Mr. Koch was a solicitor with Koch & Arroyo from 1988 to 1991 in Santa Fe, Argentina and was also a Staff Attorney for the Argentina Department of Transportation in 1990. Mr. Koch has a L.L.M in International Trade and Banking from the Washington College of Law and also attended the University Nacional Del Litoral, School of Law (J.D. Equivalent) in Argentina. He has been admitted to practise law in Argentina.

Mark Moseley-Williams, Senior Vice President, Operations

Mr. Moseley-Williams, a citizen of Colombia and the United Kingdom, holds a BSc. Mining Engineering degree from the Colorado School of Mines and an MBA from the Cranfield School of Management in

the United Kingdom. Having been raised in Colombia, he is fluent in both Spanish and English. Mr. Moseley-Williams has over 16 years of experience in mine construction, expansion projects and operations in North, Central and South America. His most recent positions were Operations Manager for Agnico-Eagle's Pinos Altos Mine located in Chihuahua, Mexico from 2008-2009 (where he was responsible for all underground and open pit operations as well as the mine's engineering and planning requirements), and Vice-President, Project Development for Fortuna Silver Mines from 2007 to 2008. In his previous roles, he acquired expertise in a variety of fields including corporate development, project development, corporate social responsibility and environmental permitting.

Stuart A. Moller, Vice-President, Exploration

Stuart Moller has over 30 years of world-wide experience in the exploration and mining industry with a focus on precious metals. Mr. Moller has been Vice-President, Exploration of the Company since completion of the Amalgamation and was the Vice-President, Exploration for the predecessor Continental Gold Limited since September 2007, and a consultant to Bullet from January to September 2007. He previously worked for Pan American Silver Corp. from 1997 to 2006 as Vice-President, Exploration and was responsible for exploration planning and direction of exploration programs and evaluations of new projects/acquisitions worldwide. Mr. Moller was with Barrick Gold Corporation from 1994 to 1997 as a Project Manager in Peru and Country Exploration Manager in Bolivia. Mr. Moller began his career with Nerco Minerals Company – Resource Associates of Alaska as a Geologist at various levels which brought him to the level of Regional Geologist and the company's legal representative in Australia. He was with Nerco from 1979 to 1992 and worked on projects in Colorado, Alaska, Nevada, California, Australia and Idaho. Mr. Moller has a M.Sc. (Geology) from the University of North Carolina and a B.Sc. Hons (Geology) from the Colgate University in Hamilton, New York. He is a Professional Geologist with the Province of British Columbia, is a Fellow with the Society of Economic Geologists, and a member of The American Institute of Mining, Metallurgical, and Petroleum Engineers. Mr. Moller is credited with the new discoveries recently made by Continental Gold in the Buriticá district.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer, that was in effect for a period of more than 30 consecutive days.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public or private companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the laws and regulations governing the Company and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. See "Description of the Business – Risks of the Business – Conflicts of Interest".

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors.

The Audit Committee's charter sets out explicitly the roles and responsibilities of the Audit Committee and is reviewed annually by the Board of Directors. A copy of the charter is attached hereto as Schedule "A".

During the year ended December 31, 2010, the Audit Committee was comprised of five directors, four of whom were independent directors. Patrick Anderson, who is a non-independent director, has resigned from the Audit Committee and the four current members of the Audit Committee are: Paul Murphy (Chair), James Felton, Jaime I. Gutiérrez, and Timothy Warman. In addition to being independent directors, all current members of the Company's Audit Committee must meet an additional "independence" test under Canadian Multilateral Instrument 52-110, "Audit Committees" in that their directors' fees are the only compensation they, or their firms, receive from the Company and that they are not affiliated with the Company. Each member of the Audit Committee is financially literate within the meaning of Multilateral Instrument 52-110.

Relevant Educational Experience

Set out below is a description of the education and experience of each of the Company's four current audit committee members, which is relevant to the performance of his responsibilities as an Audit Committee member.

- Paul Murphy is the Executive Vice-President, Finance and Chief Financial Officer of Guyana Goldfields Inc. Mr. Murphy previously served as a partner with PricewaterhouseCoopers LLP from 1981 to 2010. Mr. Murphy is a graduate of Queens University and has been a Chartered Accountant (C.A.) since 1975.
- James Felton is a business and financial consultant with an emphasis on corporate finance and international capital markets. He is presently the Vice President of Business Development at Grupo. Mr. Felton has a B.Sc. (Commerce) from Washington and Lee University with a Major in Business Administration and Accounting.
- Since 2004, Jaime I. Gutiérrez has been a General Manager of Gutiérrez Investments (CIIGSA), a privately-owned refining company and one of the largest in Colombia. Mr. Gutiérrez was a Manager with C.I Trade S.A., a privately-owned refining company, from 1997 to 2004. Mr. Gutiérrez holds bachelor degrees in civil engineering and finance from universities in Medellín, Colombia.
- Timothy Warman is a professional geologist with over 20 years of experience in all phases of the mining industry. He held the role of Vice President, Corporate Development of Aurelian Resources Inc., marketed Aurelian to international investors and played a significant role in successfully negotiating the \$1.2 billion acquisition of Aurelian by Kinross Gold Corporation. Prior to Aurelian, Mr. Warman held senior positions in a number of mining and exploration companies in North America, Africa and Europe. Mr. Warman is currently the President & Chief Executive Officer of Malbex Resources Inc.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

The following table provides information about the fees billed (in Canadian dollars) to the Company for professional services rendered by the Company's current external auditors, PricewaterhouseCoopers LLP, and former external auditors, McGovern Hurley Cunningham LLP, during 2010 and 2009:

	<u>2010</u> ⁽¹⁾	<u>2009</u>
Audit Fees	\$ 45,000	\$50,000
Audit-related Fees	75,916	15,000
Tax Fees	-	-
All Other Fees	<u>118,300</u>	<u>-</u>
Total	<u>\$239,216</u>	<u>\$65,000</u>

(1) The company changed auditors effective December 7, 2010.

Audit Fees

The audit fees relate to the audit of the annual financial statements of the Company and certain statutory audits outside of Canada.

Audited-related Fees

The audit-related fees are the aggregate fees paid to the auditors for assurance and related services that are reasonably related to the performance of the auditor review of the Company's financial statements that are not reported under 'Audit Fees', including statutory audits of the Company's Colombian branch, work done in connection with offerings completed by the Company and analysis relating to the early phases of the Company's conversion to IFRS.

Tax Fees

The tax fees relate to tax compliance, tax advice and tax planning issues.

All Other Fees

All other fees are the aggregate fees paid to the auditors for products and services other than as reported above.

PROMOTER

Other than as set forth below, no person or company has within the two most recently completed financial years, or is during the current financial year, been a promoter of Continental Gold or a subsidiary thereof.

Robert W. Allen, the Chairman of Continental Gold, who is resident in Medellin, Colombia, may be considered to be a Promoter of the Company as he took the initiative in organizing the business of the Company and its predecessors. The number of Common Shares currently beneficially owned, or controlled or directed, directly or indirectly, by Mr. Allen and his affiliates and associates is 26,979,631, representing approximately 27.38% of the issued and outstanding Common Shares as at December 31, 2010. Within the two most recently completed financial years prior to the date hereof, Robert W. Allen has been involved in certain transactions with Continental Gold pursuant to which assets have been disposed of or sold by him to Continental Gold as set forth below. Grupo and Bullet are entities controlled by Mr. Allen.

- (1) During the nine months ended September 30, 2009, Continental Gold purchased drilling services from Terra Colombia S.A., an affiliate of Bullet, at arm's length rates at a cost of \$800,413. Continental Gold also made advances to Terra Colombia S.A. for future drilling services at a cost of \$714,377. These advances were recorded as prepaid drilling costs.
- (2) On January 9, 2009 Continental Gold advanced a loan to an affiliate of Bullet in the amount of \$212,790 for a term of ninety (90) days with interest at a rate of 5% per annum which was repaid in accordance with its terms.
- (3) During the nine months ended September 30, 2009 Continental Gold received non-arm's length loans in the aggregate amount of \$87,500 from Bullet with fixed rates of interest equal to Libor plus 2% fixed on the drawdown date of each loan. The loans matured on July 30, 2009 and were repaid at that time. Of these loans, a loan in the principal amount of \$60,000 matured on July 30, 2009 and was repaid at that time. As at September 30, 2009 there was an outstanding loan balance of \$27,500.
- (4) On May 5, 2011, the Company acquired from Mr. Allen (i) title to mineral concession contracts and rights to mineral applications adjacent to the Buriticá Project; and (ii) title to concession contracts adjacent to the Dominical project for \$6,500,000 paid in \$2,000,000 cash and 495,106 Common Shares valued at \$4,500,000.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company was not during fiscal 2010, and is not currently, a party to, nor was/is any of its properties the subject of, any legal proceedings, or any known to be contemplated, which involve a material claim for damages within the meaning of applicable securities legislation.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during fiscal 2010, or any other time that would likely be considered important to a reasonable investor making an investment decision in the Company, and the Company has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during fiscal 2010.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere herein, none of the directors, executive officers or persons or companies who beneficially own, or control or direct, directly or indirectly, more than 10 percent of any class of outstanding voting securities of the Company, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the past three financial years or during the current financial year, that has materially affected or is reasonably expected to have material effect on the Company.

- (1) Pursuant to the Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia dated December 20, 2007, between Continental Gold and Bullet, Bullet assigned to Continental Gold certain holdings of mineral rights in Colombia (see "Material Contracts – Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia").
- (2) Pursuant to Continental Gold's December 20, 2007 private placement, Bullet provided a guarantee, on a good faith basis only, to provide an additional \$5,120,000 equity investment in Continental Gold if Continental Gold was not listed on a recognized stock exchange by June 20, 2009 (subsequently amended to June 20, 2010). Pursuant to this guarantee, Bullet (through non-arm's length entities Reindeer Capital Limited and Expert Funding Corporation) and Grupo as at December 31, 2008 have invested a total of \$2,666,056 in Continental Gold pursuant to the Grupo Transactions (as hereinafter defined) and the Bullet Transactions as described below. As consideration, Continental Gold issued to Grupo and Bullet an aggregate total of 7,332,400 Common Shares and 3,666,200 common share purchase warrants pursuant to these transactions. There is no time limit associated with the guarantee. Effective November 27, 2009, the subscribers of the December 20, 2007 private placement waived the Bullet guarantee in consideration for the guarantee of Continental Gold convertible debentures by Robert W. Allen.
- (3) Pursuant to the Bullet Option Agreement dated January 16, 2008, between Bullet and Continental Gold, Bullet granted Continental Gold an option to acquire certain mineral rights in Colombia. See "Material Contracts – Bullet Option Agreement".
- (4) Pursuant to the AngloGold Assignment Agreement, Robert W. Allen assigned to Continental Gold his rights, title and interest in the Head of Terms for the Newco Joint Venture Agreement dated October 4, 2006 between Robert W. Allen and AngloGold Ashanti Limited (see "Material Contracts – AngloGold Assignment Agreement").
- (5) On December 31, 2008, Continental Gold completed the Bullet Transactions. First, Continental Gold purchased mining equipment from and reimbursed the cost of tunneling on its Buriticá Project to Centena S.A., a corporation controlled by Bullet, at a cost of \$810,855 of which \$104,852 was advanced in 2007. Second, during the twelve months ended December 31, 2008, Continental Gold received four loans from Bullet for gross cash proceeds of \$1,700,000. On December 31, 2008 the \$1,700,000 principal amount of the loans plus \$20,596 of accrued interest was converted into equity of Continental Gold pursuant to the issuance to Bullet (allocated to non-arm's length entities Reindeer Capital Limited and Expert Funding Corporation) of 4,732,220

Common Shares and 2,366,100 common share purchase warrants with a total deemed value of \$1,720,596 in full and final settlement of the loans payable.

TRANSFER AGENTS AND REGISTRAR

The transfer agent and registrar for the Common Shares and the warrant agent for the listed Warrants of the Company is Olympia Transfer Services Inc., Suite 920, 120 Adelaide Street West, Toronto, Ontario Canada M5H 1T1.

MATERIAL CONTRACTS

The only material contracts entered into by the Company, other than in the ordinary course of business, within the most recently completed financial year, or prior thereto and are still in effect, are described below. Copies of these material contracts are available under the Company's SEDAR profile at www.sedar.com.

- (a) Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia dated December 20, 2007, between Continental Gold and Bullet, whereby Bullet assigned to Continental Gold certain holdings of mineral rights in Colombia (see "Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia" below);
- (b) Bullet Option Agreement dated January 16, 2008, between Bullet and Continental Gold whereby Bullet granted Continental Gold the option to acquire certain mineral rights in Colombia (see "Bullet Option Agreement" below);
- (c) Assignment Agreement dated June 4, 2008, among Continental Gold, Robert W. Allen and AngloGold Ashanti Limited, whereby Robert W. Allen agreed to assign to Continental Gold his rights, title and interest in the Head of Terms for the Newco Joint Venture Agreement dated October 4, 2006, between Allen and AngloGold Ashanti Limited (see "Assignment Agreement" below);
- (d) the Escrow Agreement dated March 1, 2010 among Continental Gold, Olympia Transfer Services Inc. and the escrowed security holders listed therein (see "Escrowed Securities");
- (e) the Underwriting Agreement dated September 16, 2010 between the Company and TD Securities Inc. and Clarus Securities Inc. (as co-lead underwriters), and Dundee Securities Corporation, GMP Securities L.P. and Macquarie Capital Markets Canada Ltd. in connection with the September 16, 2010 equity financing consisting of the issue of 12,000,000 units at a price of C\$5.70 per unit or gross proceeds of C\$68.4 million (see "General Development of the Business – Three-Year History"); and
- (f) the Warrant Indenture dated September 16, 2010 between the Company and Olympia Transfer Services Inc. providing for the issue of up to 6,360,000 Warrants in connection with the September 16, 2010 equity financing consisting of the issue of 12,000,000 units at a price of C\$5.70 per unit or gross proceeds of C\$68.4 million (see "General Development of the Business – Three-Year History").

Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia

Bullet transferred and assigned to Continental Gold certain holdings of the mineral rights in Colombia over which it had direction and control (the "Colombia Projects Rights") pursuant to the Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia between Bullet and Continental Gold dated December 20, 2007 (the "Concession Sale Agreement") with the result that Continental Gold assumed all of the obligations of each of the Colombia Projects Rights as of December 20, 2007. Bullet is controlled by Robert W. Allen, the Chairman and the promoter of Continental Gold (see "Directors and Officers" and "Promoter"). The value of the Colombia Project

Rights was determined to be \$25,995,091, and Continental Gold provided the following to Bullet in consideration of the sale and assignment of the Colombia Projects Rights to Continental Gold:

- (a) issued to Bullet 84,000,000 Common Shares at a deemed value of \$0.2995 per share;
- (b) issued to Bullet 3,000,000 units (the "Units") at a deemed value of \$0.3636 per Unit, each Unit consisting of one Continental Gold Share at a deemed value of \$0.2995 per share and one-half of one Continental Gold Warrant at a deemed value of \$0.0642 per one-half of a warrant or \$0.1284 per whole warrant; and
- (c) reimbursed Bullet in the amount of \$447,652 for certain expenditures Bullet had made on the mineral properties during 2007.

Bullet agreed to hold the Colombia Projects Rights in trust for Continental Gold and acknowledged that neither it nor any third party has any beneficial interest in the Colombia Projects Rights, and agreed to execute such transfers, assignments and other documents required for the purpose of recording title to the Colombia Projects Rights in the name of Continental Gold. Pursuant to the Concession Sale Agreement, the completion of the assignment of legal ownership of the Colombia Projects Rights takes place progressively as the Colombia Projects Rights are assigned or granted and assigned. See "Interests of Management and Others in Material Transactions".

Bullet Option Agreement

Bullet controls or is the beneficiary of mineral rights in Colombia (collectively, the "Mineral Rights") some of which are registered in the mining registry ("Current Mineral Rights"), others for which registration is pending ("Beneficial Mineral Rights") and the remainder which are applications for mineral rights presented before the competent authority which are currently being processed ("After Acquired Mineral Rights"). Continental Gold has an option to acquire the Mineral Rights from Bullet pursuant to the Bullet Option Agreement between Continental Gold and Bullet dated January 16, 2008.

The following is a summary of the Bullet Option Agreement:

- (a) the Option Agreement is in effect until September 7, 2012, and, for this purpose, After Acquired Mineral Rights as defined above include any further applications made for mineral rights by Bullet until September 7, 2012;
- (b) the purchase price for Mineral Rights acquired under the Option Agreement is based on market value as negotiated by the parties, or as determined by an independent mutually acceptable expert whose opinion shall be binding, pursuant to the following formula:
 - (i) 25% of the market value plus all other expenses incurred by Bullet in respect of Current Mineral Rights and Beneficial Mineral Rights; and
 - (ii) 100% of the market value in respect of After Acquired Mineral Rights;
- (c) the purchase price for Mineral Rights acquired under the Bullet Option Agreement may be paid in cash or Common Shares as Continental Gold may elect in its sole discretion, subject to regulatory approval, and such shares shall be valued on the basis of a twenty day weighted average trading price formula;
- (d) if the Mineral Rights acquired under the Bullet Option Agreement are subject to a joint venture with a third party, Bullet is entitled to 25% of the benefits derived by Continental Gold from such joint venture for the duration of the joint venture;
- (e) if Continental Gold elects to acquire Mineral Rights under the Bullet Option Agreement but does not complete such acquisition, such Mineral Rights are no longer subject to the Bullet Option Agreement and may not be acquired by Continental Gold in the future;

- (f) Bullet retains the right to explore, exploit, recover and commercialize non-metallic minerals that may occur in the Mineral Rights, with the result that Continental Gold has no right to non-metallic minerals and should non-metallic minerals be found on any property acquired by Continental Gold pursuant to the Bullet Option Agreement, or in another property owned by Continental Gold within three kilometres from each point on the outermost boundaries of such Mineral Rights, then the rights to non-metallic minerals on all such Mineral Rights and mineral properties shall be re-conveyed to Bullet for no further consideration; and
- (g) if within twelve months of acquisition under the Bullet Option Agreement Continental Gold does not explore or develop, or chooses to relinquish its interest in such Mineral Rights, then such Mineral Rights shall be re-conveyed to Bullet for no further consideration.

AngloGold Assignment Agreement

Pursuant to the AngloGold Assignment Agreement between Continental Gold, Robert W. Allen and AngloGold Ashanti Limited dated June 4, 2008, Robert W. Allen agreed to assign his rights, title and interest in the "Head of Terms for the Newco Joint Venture Agreement" between AngloGold Ashanti Limited and Robert W. Allen dated October 4, 2006 (the "AngloGold Joint Venture") to Continental Gold. The terms of the AngloGold Joint Venture and the AngloGold Assignment Agreement are described below.

AngloGold Joint Venture

AngloGold Ashanti Limited and Robert W. Allen entered into the AngloGold Joint Venture on October 4, 2006 to explore and develop certain mineral rights which were owned by Robert W. Allen as follows: (a) the Dojura Project; (b) the Cerro Negro/Dominical Project (herein known as the, "Dominical Project"); and (c) the Paramo de Frontino Project, together with all areas within two kilometres from the boundaries of these projects (collectively the "Projects").

Pursuant to the AngloGold Joint Venture, AngloGold Ashanti Limited has agreed to pay Robert W. Allen an amount of \$50,000 ("Initial Due Diligence Payment") and amounts of \$20,000 over 30 day periods for a total of \$100,000 (the "Additional Due Diligence Payments") in exchange for which Robert W. Allen has granted AngloGold Ashanti Limited the exclusive right for a period of six months (the "Due Diligence Period"), at AngloGold Ashanti Limited's cost including costs to maintain the mining interests in good standing, to review the Projects and make a determination as to which of the Projects (the "Selected Projects") shall be encompassed by the Business Relationship (as defined below) as between AngloGold and Robert W. Allen. At the end of the Due Diligence Period and after the aforementioned payments have been received by Robert W. Allen, AngloGold Ashanti Limited shall have the right to earn up to a 51% interest in the AngloGold Joint Venture by:

- (i) upon the expiration of the Due Diligence Period, paying Robert W. Allen \$100,000 for each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn a 51% interest;
- (ii) during the 12-month period following the Due Diligence Period, spending \$450,000 in exploration expenses on each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn up to a 51% interest;
- (iii) at the end of the 12-month period from the end of the Due Diligence Period, paying Robert W. Allen the amount of \$150,000 for each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn up to a 51% interest;
- (iv) during the 13 to 24 month period following the end of the Due Diligence Period, spending \$750,000 in exploration expenses on each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn up to a 51% interest;
- (v) at the end of the 24-month period following the end of the Due Diligence Period paying Robert W. Allen the amount of \$250,000 for each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn up to a 51% interest;

- (vi) during the 25 to 36 month period following the end of the Due Diligence Period, spending \$1,000,000 in exploration expenses on each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn up to a 51% interest;
 - (vii) at the end of the 36-month period following the end of the Due Diligence Period, pay Robert W. Allen the amount of \$500,000 for each of the Selected Projects in which AngloGold Ashanti Limited wishes to earn up to a 51% interest; and
 - (viii) fulfill the payment of the exploration expenses through an AngloGold Ashanti Limited nominee, Sociedad Kedahda S.A. ("Kedahda"), and exploration expenses exceeding the amounts required shall carryforward to the next 12-month period,
- (collectively, the "51% Payments").

The Anglo-Gold Joint Venture further provides that after the 36-month period following the Due Diligence Period and during the following 36-month period or until such time as a feasibility study is completed to the satisfaction of AngloGold Ashanti Limited whichever occurs first (the "Post-Three Year Period"), AngloGold Ashanti Limited shall have the right to earn an additional 24% interest in the AngloGold Joint Venture for a total 75% interest by making payments to Robert W. Allen in the amounts of \$200,000 for each of the Selected Projects as follows:

- (a) at the end of the 42-month period following the Due Diligence Period;
- (b) at the end of the 48-month period following the Due Diligence Period;
- (c) at the end of the 54-month period following the Due Diligence Period;
- (d) at the end of the 60-month period following the Due Diligence Period;
- (e) at the end of the 66-month period following the end of the Due Diligence Period; and
- (f) at the end of 72 months following the Due Diligence Period.

(collectively, the "Post-Three Year Period Payments").

At the end of the Post-Three Year Period and after the Post-Three Year Period Payments have been made, AngloGold Ashanti Limited shall make a payment to Robert W. Allen in the amount of \$2,500,000 (the "75% Payment") for each of the Selected Projects.

Prior to or through the end of the Due Diligence Period and after the Initial Due Diligence Payment and the Additional Due Diligence Payments have been made, AngloGold Ashanti Limited has the right to establish a business relationship (the "Business Relationship") with Robert W. Allen. The terms of the Business Relationship will be that AngloGold Ashanti Limited, or a related affiliate entity (the "AngloGold Entity") shall establish an off-shore company in a jurisdiction determined by AngloGold Ashanti Limited (the "Off-Shore Company") in which the AngloGold Entity has the right to ultimately own a 75% ownership interest in the Projects and Robert W. Allen shall have a 25% ownership interest. A shareholders' agreement will be entered into between AngloGold Ashanti Limited and Robert W. Allen.

The AngloGold Entity shall establish in Colombia, a branch of the Off-Shore Company (the "Branch"). The Branch shall be the holder of the mineral interests and the legal representative of the Branch shall be appointed by the AngloGold Entity.

The Branch shall enter into a contract with Kedahda to carry out the development and exploration work for the Projects. Kedahda shall be the operator in charge of the entire program and provide the AngloGold Entity and Robert W. Allen with semi-annual reports.

The shares in the Offshore Company shall be delivered to the AngloGold Entity and Robert W. Allen upon the payments being made by AngloGold Ashanti Limited to earn the 51% interest and subsequently upon the payments being made by AngloGold Ashanti Limited to earn the additional

24% interest, if applicable, resulting in the AngloGold Entity owning up to a 75% interest and Robert W. Allen owning a 25% interest in the Off-Shore Company.

In the event that AngloGold does not elect to exercise its option to earn an additional 24% interest in the Off-Shore Company, the parties agree that Kedahda shall continue to act as the operator.

Upon the AngloGold Entity earning a 75% interest in the Off-Shore Company, both Robert W. Allen and AngloGold Ashanti Limited shall contribute its share of the approved expenditures in proportion to their respective ownership interest.

Upon the AngloGold Entity acquiring its 75% interest, Robert W. Allen may choose to sell his 25% interest in the Off-Shore Company, at the fair market value, to the AngloGold Entity or to a third party.

AngloGold Assignment Agreement

Pursuant to the AngloGold Assignment Agreement, in consideration for the retention by Robert W. Allen of 25% of the cash payments made and to be made in the future by AngloGold Ashanti Limited pursuant to the AngloGold Joint Venture on or after September 7, 2007, Robert W. Allen assigned all of his rights, title and interest in the AngloGold Joint Venture to Continental Gold. Continental Gold agreed to assume all obligations of Robert W. Allen under the AngloGold Joint Venture.

The AngloGold Assignment Agreement confirms that AngloGold has paid the Initial Due Diligence Payment and the Additional Due Diligence Payments to Robert W. Allen and that AngloGold Ashanti Limited has selected the Dominical Project and the Dojura Project as the Selected Projects.

The Assignment further acknowledges that work has been halted on the Dojura Project because of security reasons and both parties have agreed that the obligations of AngloGold Ashanti Limited for the Dojura Project pursuant to the AngloGold Joint Venture are currently suspended on a force majeure basis until the parties agree that it is suitable for work thereon to resume (the "Dojura Project Resumption Date") except that (a) AngloGold Ashanti Limited has paid and shall continue to pay any payments required to keep the Dojura Project in good standing, and (b) in reference to the 51% Payments with respect to the Dojura Project, no payments have been made to date and it has been agreed that the Dojura Project Resumption Date shall be deemed to be the date on which the Due Diligence Period expired for purposes of determining when the 51% Payments are due.

With respect to the Dominical Project, the Due Diligence Period ended on April 4, 2007, and AngloGold Ashanti Limited has made, completed or determined the following:

- (i) all rental, maintenance and other payments required to keep the Dominical Project in good standing have been made;
- (ii) 51% Payments have been made as follows:
 - (a) a cash payment to Robert W. Allen in the amount of \$100,000 on April 4, 2007;
 - (b) exploration expenditures of \$483,700 were incurred during the twelve month period ended April 4, 2008 (the minimum obligation was \$450,000);
 - (c) cash payment to Robert W. Allen of \$150,000 (which amount has been reimbursed to Continental Gold as a result of the assignment) of which 25% or \$37,500 has been paid to Robert W. Allen pursuant to the terms of the Assignment;
 - (d) a cash payment to Robert W. Allen of \$250,000 (which amount has been reimbursed to Continental Gold as a result of the assignment) of which 25% or \$62,500 has been paid to Robert W. Allen pursuant to the terms of the Assignment; and
 - (e) exploration expenditures of \$407,498 were incurred during the twelve month period ended April 4, 2009 (the minimum obligation was \$750,000 representing a shortfall of \$342,502 and Continental Gold, Robert W. Allen and AngloGold Ashanti Limited entered into an agreement to add this amount to the minimum exploration expenditure of \$1,000,000 for the twelve months

ended April 4, 2010 such that the amended minimum exploration expenditure for the twelve months ended April 4, 2010 is \$1,342,502).

- (iii) AngloGold has not determined to establish a Business Relationship with respect to the Dominical Project to date; and
- (iv) title to the Dojura Project and the Dominical Project have been assigned by Robert W. Allen to Continental Gold and AngloGold Ashanti Limited has consented thereto.
- (v) On February 5, 2010 AngloGold notified the Company that they would no longer be carrying out exploration activity on the Dominical project. The property has now reverted 100% back to the Company.

INTERESTS OF EXPERTS

Certain technical disclosure relating to the Buriticá Project have been derived from the Snowden Buriticá Report, an independent technical report on the Buriticá Project entitled "Continental Gold Limited: Buriticá Gold Project – Geological and Exploration Review – November 2009" authored by Mr. C. J. Bargmann, C. Geol., Principal Consultant, and EurGeol Dr. S.C. Dominy, C. Geol. CP, General Manager (London) and Executive Consultant for Snowden, which has been completed in accordance with the terms of NI 43-101. Mr. Bargmann and Dr. Dominy are "qualified persons" within the meaning of NI 43-101 and are independent of Continental. The technical report is available on under the Company's profile on SEDAR at www.sedar.com, and a summary of the technical report is contained in this annual information form under "Description of the Business – Material Mineral Property – Buriticá Project".

The aforementioned firm and persons held either less than one percent or no securities of the Company or of any associate or affiliate of the Company when they prepared the technical report, or following the preparation of such report, and either did not receive any or received less than a one percent direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such technical report.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Company or of any associate or affiliate of the Company.

PricewaterhouseCoopers LLP, Chartered Accountants, is the external auditor of Continental and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

McGovern, Hurley, Cunningham LLP, Chartered Accountants, of Toronto, Ontario was the external auditor of the Company during the financial year of the Company ended December 31, 2009 up until December 7, 2010, and is independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's management information circular filed in connection with its 2011 annual shareholders' meeting. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the fiscal year ended December 31, 2010. Additional financial information relating to the Company may also be found under the Company's SEDAR profile at www.sedar.com.

GLOSSARY

"Assay"	means to test ores or minerals by chemicals or other methods for the purpose of determining the amount of valuable metals contained.
"Ag"	means silver.
"Au"	means gold.
"Base Metal"	means a classification of metals usually considered to be of low value and higher chemical activity when compared with the precious metals (gold, silver, platinum, etc.). This nonspecific term generally refers to the high-volume, low-value metals copper, lead, tin, and zinc.
"Breccia"	means rock consisting of fragments, more or less angular, in a matrix of finer-grained material or of cementing material.
"CIM"	means the Canadian Institute of Mining, Metallurgy and Petroleum.
"CIM Standards"	means the Mineral Resources and Reserves Definitions and Guidelines adopted by the CIM Council on August 20, 2000, as those definitions may be amended from time to time by the CIM.
"Claim"	means a mining interest giving its holder the right to prospect, explore for and exploit minerals within a defined area.
"Concentrates"	means the clean product of ore or metal separated from its containing rock or earth by froth flotation or other methods of mineral separation.
"Concentrator"	means a plane where ore is separated in values (concentrates) and rejects (tails).
"Concession"	means a grant or lease of a tract of land made by a government or other controlling authority in return for stipulated services or a promise that the land will be used for a specific purpose.
"Cu"	means copper.
"Diamond Core"	means a rotary type of rock drill that cuts a core of rock and is recovered in long cylindrical sections, two centimetres or more in diameter.
"Deposit"	means an informal term for an accumulation of mineral ores.
"Exploration Stage"	means a prospect that is not yet in either the development or production stage.
"Feasibility Study"	means an engineering study designed to define the technical, economic, and legal viability of a mining project with a high degree of reliability.
"Formation"	means a distinct layer of sedimentary rock of similar composition.
"Grade"	means the metal content of ore, usually expressed in troy ounces per ton (2,000 pounds) or in grams per ton or metric tons which contains 2,204.6 pounds or 1,000 kilograms.
"g/t"	means grams per tonne.
"kg"	means kilograms.
"km"	means kilometre.

"lb"	means one pound and is equal to 454 grams.
"lode"	means a mineral deposit, consisting of a zone of veins, veinlets or disseminations, in consolidated rock as opposed to a placer deposit.
"m"	means metre.
"Ma"	means millions of years.
"Mineral Reserves"	mean the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining processing, metallurgical, economic and other relevant factors that demonstrate, at the time of the reporting, that economic and extraction can be justified. A Mineral Reserve includes allowances for dilution and losses that may occur when material is mined.
"Mineral Resource"	means mineralization in such a form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Minerals Resource are known, estimated or interpreted from specific geological evidence and knowledge.
"Mineralization"	means the concentration of metals within a body of rock.
"Mining"	means the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product. Exploration continues during the mining process and, in many cases, mineral reserves are expanded during the life of the mine operations as the exploration potential of the deposit is realized.
"Moz"	means millions of ounces.
"Net Smelter Return Royalty"	means a defined percentage of the gross revenue from a resource extraction operation, less a proportionate share of transportation, insurance, and processing costs.
"Open Pit"	means a mine working or excavation open to the surface.
"Outcrop"	means that part of the geologic formation or structure that appears at the surface of the earth.
"Oxide"	means mineralized rock in which some of the original minerals have been oxidized (i.e. combined with oxygen). Oxidation tends to make the ore more porous and permits a more complete permeation of cyanide solution so that minute particles of gold in the interior of the minerals will be more readily dissolved.
"oz"	means ounces.
"Pb"	means lead.
"Placer deposit"	means a deposit of sand or gravel that contains particles of gold, ilmenite, gemstones, or other heavy minerals of value.
"Precious Metal"	means any of several relatively scarce and valuable metals, such as gold, silver and the platinum group metals.
"Production Stage"	means a project that is actively engaged in the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product.

"Reclamation"	means the process of returning land to another use after mining is completed.
"Recovery"	means the portion of the metal contained in the ore that is successfully extracted by processing, expressed as a percentage.
"Reserves"	means that part of the mineral deposit that could be economically and legally extracted or produced at the time of reserve determination.
"Sampling"	means selecting a fractional, but representative, part of a mineral deposit for analysis.
"Sediment"	means solid fragmental material that originates from weathering of rocks and is transported or deposited by air, water, or ice, or that accumulates by other natural agents, such as chemical precipitation from solution or secretion by organisms, and that forms in layers on the Earth's surface at ordinary temperatures in a loose, unconsolidated form.
"Sedimentary"	means formed by the deposition of sediment.
"SFA"	means screen fire assay.
"Sulfide"	means a compound of sulfur and some other element.
"t" or "tonne"	is a measure of weight equal to 1,000 kg or 2,204 lbs.
"tpd"	means tonnes per day.
"Tertiary"	means the first period of the Cenozoic Era (after the Cretaceous of the Mesozoic Era and before the Quaternary), though to have covered the span of time between 65 million years and 3 to 2 million years ago.
"Vein"	means a fissure, fault or crack in a rock filled by minerals that have traveled upwards from some deep source.
"Waste"	means rock lacking sufficient grade and/or other characteristics of ore.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE

1. The audit committee ("Committee") is a committee of the board of directors (the "Board") of Continental Gold Limited ("Continental Gold" or the "Company"). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to:
 - (a) the financial reporting process and the quality, transparency and integrity of the Company's financial statements and other related public disclosures;
 - (b) the Company's internal controls over financial reporting;
 - (c) the Company's compliance with legal and regulatory requirements relevant to the financial statements and financial reporting;
 - (d) ensuring that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics;
 - (e) the external auditors' qualifications and independence; and
 - (f) the performance of the internal audit function and the external auditors.
2. The function of the Committee is oversight. The members of the Committee are not full-time employees of the Company. The Company's management is responsible for the preparation of the Company's financial statements in accordance with applicable accounting standards and applicable laws and regulations. The Company's external auditors are responsible for the audit or review, as applicable, of the Company's financial statements in accordance with applicable auditing standards and laws and regulations.

COMPOSITION

3. The Committee shall be appointed by the Board annually on the recommendation of the Nominating & Governance Committee and shall be comprised of a minimum of three directors. If an appointment of members of the Committee is not made as prescribed, the members shall continue as such until their successors are appointed. The Board of Directors may remove a member of the Committee at any time in its sole discretion by resolution of the Board.
4. All of the members of the Committee shall be directors whom the Board has determined are independent and "financially literate", taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges.
5. The Chair of the Committee will be designated by the Board from among the members of the Board. If for any reason a Chair of the Committee is not appointed by the full Board, members of the Committee may designate a Chair of the Committee by majority vote of the full membership of the Committee.

POWERS OF THE COMMITTEE

6. The Committee shall have the authority, including approval of fees and other retention terms, to obtain advice and assistance from outside legal, accounting or other advisors in its sole discretion, at the expense of the Company, which shall provide adequate funding for such purposes. The Company shall also provide the Committee with adequate funding for the ordinary administrative expenses of the Committee. The Committee shall have unrestricted

access to the books and records of the Company, management, the external auditors and the head of internal audit, including private meetings, as it considers necessary or appropriate to discharge its duties and responsibilities.

MEETINGS

7. The Committee shall have a minimum of four meetings per year, to coincide with the Company's financial reporting cycle. Additional meetings will be scheduled as considered necessary or appropriate, including to consider specific matters at the request of the external auditors or the head of internal audit.
8. The time and place of the meetings of the Committee, the calling of meetings and the procedure in all things at such meetings shall be determined by the Chairman of the Committee. A meeting of the Committee may be called by notice, which may be given by written notice, telephone, facsimile, email or other communication equipment, given at least 48 hours prior to the time of the meeting provided that no notice of a meeting will be necessary if all of the members are present either in person or by means of conference telephone or if those absent waive notice or otherwise signify their consent to the holding of such meeting.
9. The Committee will hold an in camera session without any senior officers present at each meeting.
10. The Committee will keep minutes of its meetings which shall be available for review by the Board.
11. The Committee may appoint any individual, who need not be a member, to act as the secretary at any meeting.
12. The Committee may invite such directors, senior officers and other employees of the Company and such other advisors and persons as is considered appropriate to attend any meeting of the Committee.
13. At least two members of the Committee will constitute a quorum at each meeting.
14. Any matter to be determined by the Committee will be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Any action of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterpart) and any such action will be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose.
15. The Committee will report its determinations and recommendations to the Board.

DUTIES AND RESPONSIBILITIES

The responsibilities of a member of the Committee shall be in addition to such Member's duties as a member of the Board. The duties and responsibilities of the Committee shall be as follows:

Financial Reporting and Disclosure

16. The Committee has the duty to determine whether the Company's financial disclosures are complete, accurate, are in accordance with international financial reporting standards and fairly present the financial position and risks of the organization. The Committee should,

where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company's own policies.

17. Review and discuss with management and the external auditor at the completion of the annual examination:
 - (a) the Company's audited financial statements and related notes;
 - (b) the external auditor's audit of the annual financial statements and their report thereon;
 - (c) any significant changes required in the external auditor's audit plan;
 - (d) any serious difficulties or disputes with management encountered during the course of the audit; and
 - (e) other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
18. Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company's quarterly unaudited financial statements.
19. Review, discuss with management the annual reports, the quarterly reports, the related Management Discussion and Analysis, the annual information form, any prospectus and other disclosures and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
20. Review disclosure respecting the activities of the Committee included in the Company's annual filings.
21. Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of Continental Gold and provide their recommendations on such documents to the Board.
22. Inquire of the auditors the quality and acceptability of Continental Gold's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
23. Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.
24. Ensure that management has the proper systems in place so that the Company's financial statements, financial reports and other financial information satisfy legal and regulatory requirements. Based upon discussions with the external auditor and the financial statement review, if it deems appropriate, provide the Board with such recommendations and reports with respect to the financial disclosures of the Company.

External Auditor

25. Retaining and terminating, and/or making recommendations to the Board of Directors and the shareholders with respect to the retention or termination of, an external auditing firm to conduct review engagements on a quarterly basis and an annual audit of the Company's financial statements.

26. Communicating to the external auditors that they are ultimately accountable to the Board and the Committee as representatives of the shareholders.
27. Obtaining and reviewing an annual report prepared by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
28. Evaluating the independence of the external auditor and any potential conflicts of interest and (to assess the auditors' independence) all relationships between the external auditors and the Company, including obtaining and reviewing an annual report prepared by the external auditors describing all relationships between the external auditors and the Company.
29. Approving, or recommending to the Board of Directors for approval, all audit engagement fees and terms, as well as all non-audit engagements of the external auditors prior to the commencement of the engagement.
30. Reviewing with the external auditors the plan and scope of the quarterly review and annual audit engagements.
31. Setting hiring policies with respect to the employment of current or former employees of the external auditors.

Internal Controls and Audit

32. Reviewing and discussing with management, the external auditors and the head of internal audit the effectiveness of the Company's internal controls over financial reporting, including reviewing and discussing any significant deficiencies in the design or operation of internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.
33. Discussing the Company's process with respect to risk assessment (including fraud risk), risk management and the Company's major financial risks and financial reporting exposures, all as they relate to internal controls over financial reporting, and the steps management has taken to monitor and control such risks.
34. Reviewing and discussing with management the Company's Code of Business Conduct and Ethics and anti-fraud program and the actions taken to monitor and enforce compliance.
35. Establishing procedures for:
 - (a) the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, internal controls or auditing matters.
36. Reviewing and discussing with management, the external auditors and the head of internal audit the responsibilities and effectiveness of the Company's internal audit function, including reviewing the internal audit mandate, independence, organizational structure, internal audit plans and adequacy of resources, receiving periodic internal audit reports and meeting privately with the head of internal audit on a periodic basis.

37. Approving in advance the retention and dismissal of the head of internal audit.

Other

38. Meeting separately, periodically, with each of management, the head of internal audit and the external auditors.

39. Reporting regularly to the Board.

40. Reviewing and assessing its mandate and recommending any proposed changes to the Nominating & Corporate Governance Committee of the Board on an annual basis.

41. Evaluating the functioning of the Committee on an annual basis, including with reference to the discharge of its mandate, with the results to be reported to the Nominating & Corporate Governance Committee, which shall report to the Board.

42. Review annually, together with the Nominating & Corporate Governance Committee of the Board, the directors' and officers' liability insurance and indemnities of the Company and consider the adequacy of such coverage.

DUTIES OF THE COMMITTEE CHAIR

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

- (a) working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of Committee meetings and the agendas for meetings;
- (b) providing leadership to the Committee and presiding over Committee meetings;
- (c) facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
- (d) reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;
- (e) leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
- (f) taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

ADOPTION

This Charter was adopted by the Board on March 17, 2011.