



CONTINENTAL GOLD LIMITED

Annual Information Form

For the year ended December 31, 2012

March 7, 2013

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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 and applicable U.S. securities laws. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements including, but not limited to: statements with respect to the potential of the Company’s properties; the estimation of mineral resources; exploration results; potential mineralization; exploration and mine development plans; timing of the commencement of operations; the future price of gold and other mineral commodities; the realization of mineral resource estimates; 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” or “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: the 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 inherent in conducting operations in a foreign country; title risks related to the ownership of the Company’s projects and the related surface rights and to the boundaries of the Company’s projects; the Company’s limited operating history; uncertainties related to the availability and costs of financing needed in the future; the fluctuation in mineral prices; uninsurable risks related to exploration, development and production; reliance on a pre-feasibility study to determine the potential economic viability of the mineral resources comprising the Buriticá project (the “Buriticá Project”); the risk that the conclusion of pre-production studies may not be accurate; uncertainties of construction and operating cost overruns; unexpected adverse changes that may result in failure to comply with environmental and other regulatory requirements; differing interpretations of tax regimes in foreign jurisdictions; the loss of Canadian tax resident status; uncertainties inherent in competition with other exploration companies; non-governmental organization intervention and the creation of adverse sentiment among the inhabitants of areas of mineral development; uncertainties related to conflicts of interest of directors and officers of the Company; dependence on key management employees; reliance on outside contractors in certain mining operations; labour and employment matters; the presence of artisanal miners; the reliability of mineral resource estimates; the ability to fund operations through foreign subsidiaries; the residency of directors, officers and others; uncertainties related to holding minority interests in other companies; foreign currency fluctuations; unreliable historical data for projects; reliance on adequate infrastructure for mining activities; health and safety risks; compliance with government regulation; the market price of shares of the Company; the payment of future dividends; future sales of shares of the Company; accounting policies and internal controls; and Bermuda legal matters. See “Description of the Business – Risks of the Business” for further discussion regarding risk factors.

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 shareholders 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.

Differences in Reporting of Mineral Resource Estimates

This annual information form was prepared in accordance with Canadian standards for reporting of mineral resource estimates, which differ in some respects from United States standards. In particular, and without limiting the generality of the foregoing, the terms "inferred mineral resources," "indicated mineral resources," "measured mineral resources" and "mineral resources" used or referenced in this annual information form are Canadian mineral disclosure terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves (the "CIM Standards"). The CIM Standards differ significantly from standards in the United States. While the terms "mineral resource," "measured mineral resources," "indicated mineral resources," and "inferred mineral resources" are recognized and required by Canadian regulations, they are not defined terms under standards in the United States. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies, except in limited circumstances. The term "resource" does not equate to the term "reserves." Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Readers are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Readers are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable. Disclosure of "contained ounces" in a mineral resource is permitted disclosure under Canadian regulations; however, United States companies are only permitted to report mineralization that does not constitute "reserves" by standards in the United States as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information regarding mineral resources contained or referenced in this annual information form containing descriptions of our mineral deposits may not be comparable to similar information made public by United States companies.

Financial Statements

All audited and unaudited consolidated financial statements and other financial information included or incorporated by reference in this annual information form have been prepared in accordance with International Financial Reporting Standards ("IFRS") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board, and are subject to Canadian auditing and auditor independence standards, which differ from the generally accepted accounting principles in the United States ("U.S. GAAP") and United States auditing and auditor independence standards in certain material respects. Consequently, such financial statements and other financial information are not comparable in all respects to financial statements and other financial information prepared in accordance with U.S. GAAP and that are subject to United States auditing and auditor independence standards.

Currency and Metric Equivalents

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

The high, low and average exchange rates for the United States dollar in terms of Canadian dollars for the years ended December 31, 2012, 2011 and 2010 based on the noon spot rate of exchange reported by the Bank of Canada, were as follows:

(C\$)	Year ended December 31		
	2012	2011	2010
High	1.0418	1.0604	1.0778
Low	0.9710	0.9449	0.9946
Average ⁽¹⁾	0.9996	0.9891	1.0299

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

On December 31, 2012, the Bank of Canada noon spot rate of exchange was US\$1.00 = C\$0.9949 or C\$1.00 = US\$1.0051. On March 6, 2013, the Bank of Canada noon spot rate of exchange was US\$1.00 = C\$1.0314 or C\$1.00 = US\$ 0.9696.

The high, low and average exchange rates for the United States dollar in terms of Colombian Pesos for the years ended December 31, 2012, 2011 and 2010 based on the noon spot rate of exchange reported by the Bank of Canada, were as follows:

(COP)	Year ended December 31		
	2012	2011	2010
High	1,910.98	1,978.36	2,025.44
Low	1,755.87	1,746.52	1,783.51
Average ⁽¹⁾	1,796.96	1,847.55	1,897.54

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

On December 31, 2012, the Bank of Canada noon spot rate of exchange was US\$1.00 = COP1,767.14 or COP1.00 = US\$0.000566. On March 6, 2013, the Bank of Canada noon spot rate of exchange was US\$1.00 = COP1,806.3047 or COP1.00 = US\$0005544.

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

Imperial Measure	= Metric Unit	Metric Measure	= Imperial Unit
2.471 acres	1 hectare	0.4047 hectares	1 acre
3.281 feet	1 metre	0.3048 metres	1 foot
0.621 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).

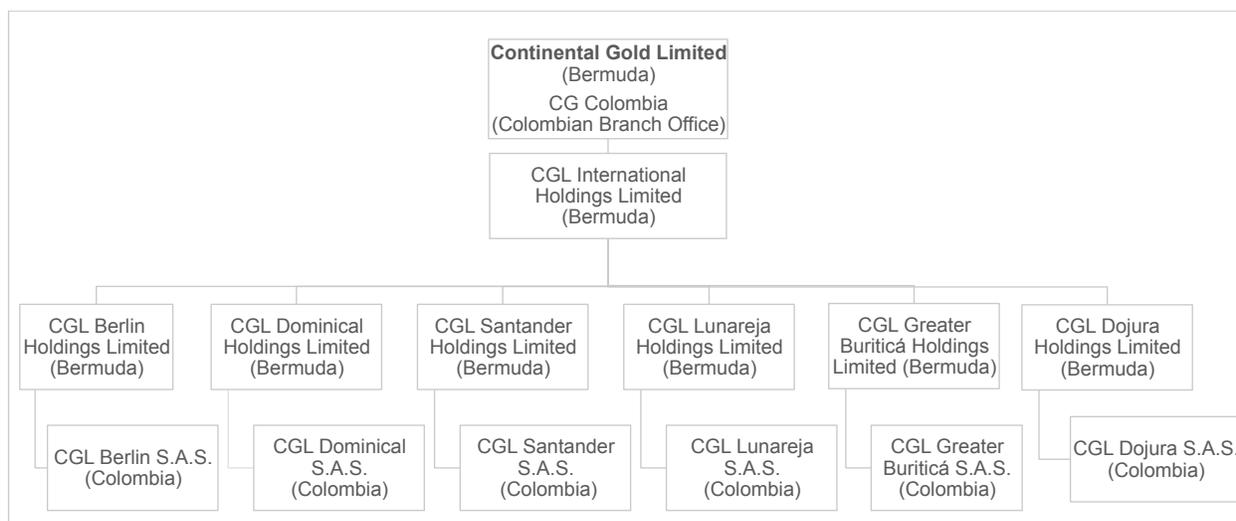
CORPORATE STRUCTURE

Continental Gold Limited is a Bermuda company incorporated under the *Companies Act, 1981* (Bermuda) (the “Bermuda Act”) and carries on its operations through a corporate office in Toronto, Canada and a foreign company branch office in Medellín, Colombia. On March 30, 2010, Continental Gold Limited, a Bermuda-based, privately-owned company, and Cronus Resources Ltd. (“Cronus”), a TSX Venture Exchange (“TSX-V”)–listed company, completed an amalgamation (the “Amalgamation”). The resulting issuer, a Bermuda-based company, operates under the Continental Gold Limited name and is governed by the memorandum of association (the “Memorandum”) and bye-laws (the “Bye-laws”) of the original Continental Gold Limited, and is a reporting issuer in Canada under applicable legislation in Ontario,

Alberta, British Columbia, and New Brunswick. 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 registered office is located at Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda.

The corporate chart that follows illustrates the Company's subsidiaries, together with the jurisdiction of incorporation of each subsidiary; all subsidiaries are 100% beneficially owned, controlled or directed, directly or indirectly, by the Company. Except as otherwise required by the context, references to the "Company" or "Continental Gold" in this annual information form means Continental Gold Limited and its subsidiaries.



The Company holds the core Buriticá Project directly through CG Colombia, a branch office in Medellín, Colombia. A branch is not considered an independent legal entity in Colombia, but an extension or commercial establishment of a company's home office.

Areas of Interest

A map showing the Company's mining operations and projects as at March 7, 2013 is set out under "Description of the Business".

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:

Corporate Events

- 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.
- On July 14, 2011, the Company announced the appointment of Mark Moseley-Williams as President and Chief Operating Officer of the Company, effective July 15, 2011.
- On May 18, 2011, the Company announced the appointment of Paul Begin as Chief Financial Officer.
- On April 19, 2012, the Common Shares commenced trading on the OTCQX® International (the “OTCQX”).
- On June 5, 2012, the Company announced the appointment of Dr. Kenneth Thomas to its board of directors.
- On September 17, 2012, the Company announced that it received a total of C\$46.5 million in the current quarter through the exercise of certain of the Company’s TSX-listed warrants prior to their expiry.
- On November 6, 2012, the Company announced the resignation of Mr. James Felton as a director of the Company.
- Completed an equity financing consisting of the issue of 9,039,000 Common Shares at a price of C\$9.55 per Common Share for aggregate gross proceeds of C\$86.3 million on December 4, 2012.

As noted above, Continental Gold Limited, a Bermuda-based, privately-owned company, and Cronus, a TSX-V listed company, completed the Amalgamation on March 30, 2010. Each shareholder of the original Continental Gold Limited and each shareholder of Cronus received one Common Share for each 2.6973 common shares of the original Continental Gold Limited held and one common share for each of the 2.35712 common shares of Cronus held, 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 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\$28.8 million. On March 30, 2010, each subscription receipt was converted into one unit of the Company. Each unit consisted 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 was exercised on or prior to the 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 C\$5.70 per unit for total gross proceeds of C\$68.4 million. 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 consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitled the holder to acquire an additional common share of the Company at a price of C\$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 consisted of one common share of the Company and one-half of one common share purchase warrant (the “additional warrants”). Each full additional warrant had 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. All unexercised Warrants expired on September 16, 2012 and were delisted on the TSX. The Company received total gross proceeds of C\$47.4 million through the exercise of the Warrants prior to their expiry. A total of 6,325,764 Warrants were exercised for a total of 6,325,764 Common Shares, at an exercise price of C\$7.50 per Warrant, representing 99.5% of the total available Warrants.

On December 4, 2012, the Company issued, on a bought deal basis, 9,039,000 Common Shares at a price of \$9.55 per Common Share for aggregate gross proceeds of C\$86.3 million, including 1,179,000 Common Shares issued pursuant to the full exercise by the underwriters of an over-allotment option. See "Material Contracts".

Events on the Buriticá Project

Mineral Resource Estimate at the Buriticá Project

On September 15, 2011, the Company announced a maiden gold, silver and zinc resource estimate prepared in accordance with NI 43-101 for the Yaraguá and Veta Sur vein systems based on 54,200 metres of drilling and 1,600 metres of underground sampling (as at June 30, 2011).

On October 1, 2012, the Company announced an updated mineral resource estimate prepared in accordance with NI 43-101 for the Yaraguá and Veta Sur vein systems (the "2012 mineral resource estimate") based on 112,600 metres of drilling and 2,332 metres of underground sampling (as at June 30, 2012), with combined measured and indicated mineral resource of 3,740,000 tonnes of mineralized material containing 1,640,000 ounces of gold grading 13.6 g/t gold, 4,600,000 ounces of silver grading 38 g/t silver, and 55,800,000 pounds of zinc grading 0.7% zinc. The combined inferred mineral resource is 13,330,000 tonnes of mineralized material containing 3,760,000 ounces of gold grading 8.8 g/t gold, 14,200,000 ounces of silver grading 33 g/t silver and 156,500,000 pounds of zinc grading 0.5% zinc. On November 15, 2012, the Company filed on SEDAR a technical report in respect of the October 1, 2012 release entitled "2012 Mineral Resource Estimate of the Buriticá Gold Project, Colombia" with an effective date of October 22, 2012.

Environmental Impact Assessment

On August 30, 2012, the Company announced that it received formal approval for the modification of its existing environmental impact assessment. The modification approval was received from Corantioquia, the autonomous regional corporation responsible for issuing and controlling environmental permits in Antioquia, Colombia. The environmental permit amendment allows the Company to build a six-kilometre switchback road originating from the existing paved road at Buriticá down into the Higabra valley. Additionally, the permit amendment allows the Company to begin underground development in the Higabra valley by constructing a one-kilometre access tunnel.

Pre-Feasibility Study and Development Plans

On October 22, 2012, the Company provided an exploration and development update for the Buriticá Project, including the announcement of the commencement of a pre-feasibility study ("PFS") to determine the mining and processing parameters and establish the associated capital expenditures and operating costs for the Buriticá Project. The PFS is anticipated to be completed in 2014.

Construction of an approximately one-kilometre underground access tunnel in the Higabra valley commenced in December 2012. Although this tunnel will eventually serve as the main access for all underground development by connecting with planned ramps at both the Yaraguá and Veta Sur vein deposits, the initial use will be for underground definition and vertical expansion drilling of the Yaraguá and Veta Sur vein deposits and exploration drilling of the La Mano and La Estera vein systems. Diamond drilling is expected to commence from this tunnel in late 2013. Construction of an approximately three-kilometre ramp to access the Veta Sur vein deposit commenced in December 2012. Construction of a six kilometre-long switchback road will commence during the second half of 2013, connecting the existing

main paved Buriticá road that traverses the project at higher elevations with the Higabra valley at approximately 1,000 metres above sea level.

Significant Acquisitions

The Company did not make any significant acquisitions during the financial year ended December 31, 2012 that would require the Company to file a Form 51-102F4 *Business Acquisition Report* under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

The Company is an advanced-stage exploration and development 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 six properties in Colombia, totalling approximately 160,860 hectares, such rights being comprised of 46 registered concession contracts totalling 59,563 hectares, 50 applications with technical study totalling 62,754 hectares and 17 pending concession applications totalling 38,543 hectares. There is no guarantee that the Company will be granted the 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, the Buriticá Project, at March 6, 2012, the Company's portfolio included the: (i) Anzá project; (ii) Berlin project, (iii) Dojura project; (iv) Dominical project; and (v) Santander 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, 2012, the Company had 330 employees, which include both salaried and hourly staff in 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. The Company believes it will have adequate personnel with the specialized skills required to successfully carry out its operations. See “Risks of the Business”.

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. See “Risks of the Business”.

Environmental and Title

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

Exploration activities are not subject to the issuance of an environmental license. Nevertheless, specific environmental permits may be required if exploration includes the use of water, discharges of liquids, discharges of particles to the atmosphere, and any use of non-renewal natural resources.

An Environmental Impact Study – Estudio de Impacto Ambiental (“EIA”) must be submitted in order to obtain an environmental licence. The EIA has to be filed simultaneously with a detailed description of the project – Programa de Trabajos y Obras (“PTO”). Without approval of this study and the issuance of the corresponding environmental licence, assembly, construction and mining and exploitation cannot commence.

Mineral property rights are governed by the Colombian Mining Code (the “Code”), which has been subject to various changes and amendments - Law 685 of 2001 (the “2001 Law”) and Law 1382 of 2010 (“Law 1382”).

Notwithstanding the above, Law 20 of 1969 and Decree 2655 of 1988 rule mining titles granted under the validity of said legislation. Chapter 20 of the Code under the 2001 Law deals with the issuance of the required environmental licences for mining titles.

The 2001 Law also requires a mining 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. 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 mining concession contracts 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 mining concession contract.

Continental Gold seeks to maintain a policy of operating its business in compliance with all environmental regulations. Exploration and mining in Colombia is governed by the 2001 Law, as modified by Law 1382.

Colombia has several authorities that enforce exploration and mining law:

- Ministry of Mines and Energy (Ministerio de Minas y Energia (“MME”));
- Colombian Geological Service (Servicio Geológico Colombiano), in charge of technical knowledge of the subsoil;
- National Mining Agency (Agencia Nacional de Minería), responsible for auditing and contracting;
- Mining Delegations, which administers mining concession contracts in some Departments with significant mining activity, including the Department Antioquia; and
- Mining Energy Planning Unit (Unidad de Planeación Minero Energética), which provides support to the MME and manages the System of Colombian Mining Information (Sistema de Información Minero Colombiano).

By means of a press release dated May 13, 2011, the Constitutional Court of Colombia notified the public of its decision to strike out Law 1382. However, the Court also confirmed that the effects of its decision will be deferred for a two-year period counted as from the date of issuance of the press release (i.e. May 13, 2011). During the aforesaid two-year term, it is anticipated that the Colombian Government may enact a new law, therefore providing the opportunity to overcome the constitutional defects found in Law 1382.

In general terms, all mineral resources are the property of the State and, under the 2001 Law, there is only one type of mining concession which includes exploration, construction and mining, is valid for 30 years, and can be extended for a further 30 years if the mining concession contract was granted under the 2001 Law or 20 years if the mining concession contract was granted under Law 1382. The 2001 Law allows for the continued existence of mining titles acquired under previous legislation. These licenses, permits and mining concession contracts are still governed by the terms and conditions of the previous legislation. The location of a mining concession contract is given by a reference point with distances and bearing, or by map coordinates. There are no limits on the size of a mining concession contract.

A surface fee (canon superficiario) is due annually during the exploration and assembly and construction phases of the mining concession contract and calculated per hectare as multiples of the minimum daily wage (“MDW”) which is adjusted annually. The MDW in 2012 was approximately US\$10. During years one to five, the surface fee is equivalent to one MDW per contracted hectare per year. After the fifth year, the surface fee increases by 0.25% every two-year period; therefore, during the sixth and seventh years of the exploration phase, the payment increases to 1.25% x MDW per contracted hectare per year, and in years eight to eleven it increases to 1.5% x MDW per contracted hectare per year (Law 1382, article 16).

Under Law 2001, the surface fee is also due annually during the exploration and assembly and construction phases of the concession and calculated per hectare as multiples of the MDW. If the mining

concession contract has an area up to 2,000 hectares, the surface fee is equivalent to one MDW per contracted hectare per year; if the mining concession contract has an area from 2,000 hectares up to 5,000 hectares, the surface fee is equivalent to two MDW per contracted hectare per year; and if the concession has an area from 5,000 hectares up to 10,000 hectares, the surface fee is equivalent to three MDW per contracted hectare per year.

The mining concession contract has three phases and commences upon its inscription in the National Mining Registry.

Concessions Contract Phases						
Phase	Valid	Surface Fee	Plan of Work Required	Environmental Requirement	Environmental Mining Insurance Policy	Royalty
Exploration	3 + (4 x 2) years	Yes	Yes	Yes Environmental management plan and permits to use non-renewal resources granted by the Environmental Authority.	Yes 5% of planned annual expenditure.	No
Construction	3 + 1 year	Yes	Yes	Yes Requires environmental license (issued upon approval of environmental impact study).	Yes 5% of planned annual expenditure investment.	No
Exploitation	30 (time for exploration and construction) + 20 years	No Exception made of the areas reserved for exploration as per article 83 of Law 2001.	Yes	Yes Environmental license (issued upon approval of environmental impact study). and permit for springs, forest use permit, certificate of vehicle emissions, emissions permit and river course occupation permit (Environmental licenses include all environmental permits required to undertake the mining project as permits for springs, forest use permit, certificate of vehicle emissions, emissions permit and river course occupation permit).	Yes Estimated annual volume multiplied by the price of the mineral at the mouth mine annually affixed by the Government.	Yes Based on regulations at time of execution of the concession agreement.

The most relevant changes introduced by Law 1382 to Law 2001 are the following:

- The exploration phase can now be up to 11 years (previously limited to 5).
- Contract length reduced to 30 + 20 (previously 30 + 30).
- Surface fee is the same for all sizes of concession but increases 0.25% from year 6 to year 11.

Health and Safety Policy

The Company is committed to (i) promoting and maintaining the highest standard of physical, social and mental well-being for all of its employees and (ii) working with its employees to prevent all accidents whether they involve people, equipment, processes or the environment that could cause any economic loss to the Company.

In order to achieve this goal, all employees must make personal commitments to their health and safety as well as that of their colleagues. The Company does the following to assist employees in achieving these goals:

- Design and implement a health and safety policy – establish clear and actionable safety and occupational health programs built around regulatory compliance and adoption of best practices;

- Develop an emergency attention and prevention program - maintain a high level of emergency preparedness;
- Mine rescue brigade training;
- Measure health indicators (noise, gases, particles in suspension in air);
- Investigate all accidents and implement appropriate remedial actions;
- Statistical analysis of accidents;
- Using risk matrix for decision-making – periodically audit compliance with the Company's safety and occupational health programs;
- Training programs – provide the necessary expertise, resources and training to maintain a safe and healthy work environment;
- Generate operating procedures focused on health and safety – promote employee involvement and accountability in the pursuit of safety and health excellence; and
- Develop a culture of safety and wellness not just for employees, but extending to their families and to the communities in which the Company operates.

Sustainability and Corporate Social Responsibility

Continental Gold is committed to conducting its operations in a safe, environmentally and socially responsible manner, while ensuring respect and transparency in any community in which we operate.

The Company's Corporate Social Responsibility ("CSR") model is aligned with international performance standards, aiming to protect the environment, deliver effective and sustainable community development, and improve the quality of life for its employees and contractors, their families, and the immediate community.

The Company's responsibility to the sustainable development of the Buriticá community is reflected in the implementation of programs aimed at improving health, education, and infrastructure in the Buriticá municipality. During 2012, the Company:

- Awarded scholarships to students, resulting in increased access to higher education for children in the community;
- Improved infrastructure at a local school, resulting in increased attendance;
- Introduced The Child Health Campaign, which focused on visual health for children in the community; in 2013, the campaign will focus on oral health.
- Provided high efficiency stoves to members of the community, aiming to minimize environmental impacts and prevent respiratory illnesses commonly associated with firewood stoves; and
- Established a farming program to maintain health and nutrition throughout the community.

For 2013, the Company plans to advance its CSR program with focus on, among other things, overall health and support of the community's activities, support of local businesses, refining infrastructure and urban planning.

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 exploration, 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 annual audited consolidated 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, with the exception of the Buriticá Project, are without a known mineral resource. Each of the proposed programs on the properties is an exploratory search for resources or additional 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, ground conditions 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 economic 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 including, but not limited to, 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, renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining, changes in taxation policies, 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.

It is not possible for the Company to accurately predict such development or changes in laws or policy or to the extent to which any such developments or changes may have a material adverse effect on the Company's operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the properties, business, operations or financial condition of the Company.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

Foreign Operations

The Company's key asset, the Buriticá Project, and operations are located in Colombia. Colombia's legal and regulatory requirements in connection with companies conducting mineral exploration and mining activities, banking system and controls as well as local business culture and practices are different from those in Canada. The officers and directors of the Company must rely, to a great extent, on the Company's Colombian legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the board who have previous experience working and conducting business in Colombia in order to enhance its understanding of and appreciation for the local business culture and practices in Colombia. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of the Company and may adversely affect its business.

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 Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia, dated December 20, 2007, between Bullet and the Company (the "Concession Sale Agreement"). 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, transfers or claims, and title may be affected by, among other things, undetected encumbrances or defects or governmental actions or errors. A successful challenge to the precise area and location of the Colombia Projects could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties. The Company does not have all of the 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.

Limited Operating History

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

Requirement for Further Financing

The Company has sufficient financial resources to undertake its currently planned exploration and development programs for 2013, but will require additional funds to finance further exploration, future acquisitions and additional 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 existing shareholders. Failure to obtain additional financing on a timely basis may result in delays or an indefinite postponement of exploration, development, or production on any or all of the Company's properties, and 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 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 and United States dollars 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.

Insurance and Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the shipment of precious metal concentrates or doré bars, and political and social instability. Such occurrences could result in damage to mineral properties, damage to underground development, damage to production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability. 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.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not always available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. The Company does not currently maintain insurance against political risks, underground development risks, production facilities risks, business interruption or loss of profits, theft of doré bars, the economic value to re-create

core samples, environmental risks and other risks. Furthermore, insurance limits currently in place may not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Construction and Operating Cost Estimates

Estimated construction and operating costs may differ significantly from those actually incurred which could negatively impact the economic return on the Buriticá Project or render the Buriticá Project uneconomic. It is not unusual for new mining operations to experience unexpected problems and delays during the construction and development of a mine. In addition, the costs, timing and complexities of mine construction and development are increased by the remote location of some of the Company's mining properties. Accordingly, there are no assurances that the Company will successfully develop and expand mining operations or profitably produce precious metals at its properties, including at the Buriticá Project.

Environmental and Other Regulatory Requirements

All phases of the Company's operations are subject to environmental regulation (including environmental impact assessments and permitting). Environmental legislation and international standards are 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 and standards, if any, will not adversely affect the Company's business, condition or operations. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at present and which have been caused by artisanal miners, previous or existing owners or operators of the properties. In addition, the Company has a 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.

The Company cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect the Company.

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 "Risks of the Business – Bermuda Legal Matters - The Company May Become Subject to Taxes in Bermuda".

Canadian Tax Resident Status

Although the Company is a Bermuda company, it is considered resident in Canada for purposes of the *Income Tax Act* (Canada) because, under the common law test of corporate residency, its central management and control are located in Canada. If the Company's central management and control moved outside Canada, the Company could cease to be a resident of Canada for Canadian tax purposes and there could be material adverse tax consequences for the Company.

Competition

The Company may compete with other exploration companies which may 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 increase the number of properties that it holds 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. If the Company is successful in bringing a property into production, the Company may have difficulties successfully accessing transportation infrastructure necessary to export the minerals it may produce in the future.

Non-Governmental Organization Intervention

The Company's relationship with the communities in which it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. 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 various groups, in mobilizing sufficient local anti-mining sentiment to prevent the issuance of required permits for the development of other mineral projects. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

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 Bermuda Act and the Bye-laws to disclose his interest.

Bullet is the largest shareholder of the Company. Robert W. Allen, who controls Bullet and Grupo de Bullet S.A. ("Grupo"), is a director and Chairman of the Company and has interests in certain material contracts with the Company. By virtue of its status as the largest 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.

Dependence on Key Management Employees

The Company's development to date has strongly depended, and in the future will continue to depend, on the business and technical expertise of key executives, including the directors of the Company and a small number of highly-skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of any of these individuals or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. The Company does not have key man insurance in place with respect to any of these individuals.

Special Skill and Knowledge

Various aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning and implementation of exploration programs as well as finance and accounting. The Company has been able to recruit and retain employees and consultants with the necessary skills and knowledge, and believes it will continue to be able to do so; however, no assurance can be made in that regard.

Outside Contractor Risks

It is common for certain aspects of mining operations, such as drilling, blasting and underground development, to be conducted by outside contractors. Exploration drilling and underground development at the Buriticá Project 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 and underground development that are the responsibility of the contractors; failure of the contractors to perform under its agreement with the Company; inability to replace the contractors if their contracts are terminated; interruption of drilling and/or underground development in the event that the contractors cease operations due to insolvency or other unforeseen events; failure of the contractors to comply with applicable legal and regulatory requirements; and failure of the contractors 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 jurisdictions in which 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.

The Company's workforce at the Buriticá Project is governed by a union and a cooperative agreement. Although labour relations with its employees have historically been good, there is no assurance that this will continue in the future. Any significant disruption in labour arrangements with either the union or cooperative could have a material adverse effect on the Company's ability to continue to operate.

Artisanal Miners/Mineral Extraction by Third Parties without Title

The Company's mining concessions are held in remote areas of Colombia that have historically been mined by artisanal miners. As the Company further explores and advances mining projects towards production, it must evict or negotiate with artisanal miners operating on the Company's mining concessions illegally. There is a risk that such artisanal miners may oppose the Company's operations, which may result in a disruption to the planned development and/or to mining and processing operations. In addition, artisanal miners have historically used chemicals that are harmful to the environment to separate the precious metals from the ore. While the Company has implemented a course of action to minimize its exposure for environmental liabilities caused by artisanal miners, there is no assurance that the Company will not be subject to these environmental liabilities in the future. This could have a material adverse effect on the Company's business, operating results and financial position.

Reliability of Mineral Resource Estimates

There is no certainty that any of the mineral resources on the Buriticá Project or any other project with mineral resources will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in a large scale test under on-site conditions or during production.

Fluctuations in gold and base or other precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition. In addition, the grade of minerals ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to uncertainty that may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured and indicated resources or proven and probable reserves as a result of continued exploration.

Foreign Subsidiaries

The Company conducts certain of its operations through foreign subsidiaries and some of its assets are held in such entities. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Reliance on a Single Property

The only material property interest of the Company is the Buriticá Project. Unless the Company acquires additional property interests or advances its other exploration properties, any adverse developments affecting the Buriticá Project could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company. While the Company may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Company will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Company or at all. See "Material Mineral Property".

Joint Ventures

The Dojura project is the subject of joint venture arrangements with another mining company and will be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the viability of the Company's interests held through joint ventures, which could have a material adverse impact on the Company's results of operations and financial conditions:

- inability to exert influence over certain strategic decisions made in respect of joint venture properties;
- disagreement with joint venture participants on how to develop and operate mines efficiently;

- inability of participants to meet their obligations to the joint venture or third parties; and
- litigation between participants regarding joint venture matters.

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.

Minority Interests

The Company holds interests in Sabre Metals Inc. ("Sabre") and Thunderbolt Resources Inc. ("Thunderbolt") with related and third parties. The Company accounts for these investments as an investment in associates. The Company's interest in Sabre and Thunderbolt are subject to the risks normally associated with the control of minority interests. The existence or occurrence of one or more of the following circumstances and events - disagreement with controlling shareholder on how to explore, develop and operate mines efficiently; inability of shareholders to meet their obligations; inability to sell a minority interest to third parties; or litigation arising between shareholders regarding matters - could have a material adverse impact on the Company's profitability or the viability of its interests held through minority interests, which could have a material adverse impact on future cash flows, earnings, results of operations and financial condition.

Property Interests

The ability of the Company to carry out successful mineral exploration and development activities and mining operations will depend on a number of factors. The section of this annual information form entitled "Description of the Business" identifies the Company's obligations with respect to acquiring and maintaining the Company's interest in certain of its current properties. No guarantee can be given that the Company will be in a position to comply with all such conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed. A number of the Company's interests are the subject of pending applications to register assignments, extend the term, and increase the area or to convert licenses to concession contracts and there is no assurance that such applications will be approved as submitted.

There is no assurance that the Company's rights and foreign interests will not be revoked or significantly altered to the detriment of the Company.

Environmentally-Protected Areas/Forest Reserves

Colombia has a number of environmentally-protected areas or forest reserves ("Protected Areas") that can, in certain circumstances, restrict mining activities. There are varying levels of Protected Areas within the country with different levels of restrictions. Some of the Company's exploration properties are within local forest reserves and while the Company does not expect any difficulties in obtaining the necessary permits to conduct mining activities in these areas, there can be no assurances that the laws or boundaries will not change or that permits are not granted which could have a material impact on the Company's operations.

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's reporting currency is the United States dollar, which is exposed to fluctuations against other currencies. In addition, the Company maintains its principal office in Canada, maintains cash accounts in Canadian dollars, United States dollars and Colombian pesos and has monetary assets and liabilities in United States and Canadian dollars, and Colombian pesos; the Company holds Canadian and U.S. dollars and 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, Canadian dollar and the Colombian peso. While the Company is funding work in Colombia, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company's Common Shares trade on the TSX and OTCQX International, a Canadian stock exchange and U.S. Over-the-Counter market, respectively. 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. The Company has not undertaken to mitigate transactional volatility in the United States dollars, Colombian pesos, or the Canadian dollar at this time. The Company may, however, enter into foreign currency instruments in order to match or partially offset existing currency exposures.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known precisely when the Company will require external financing in future periods.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Current Economic Conditions

There are significant uncertainties regarding the price of gold, other precious and base metals and other minerals and the availability of equity financing for the purposes of mineral exploration and development. Currently, prices of certain commodities such as gold have shown volatility, which has had an impact on the Company and the mining industry in general. The Company's future performance is largely tied to the development of the Colombia Projects and the commodity and financial markets. There can be no certainty that commodity prices will increase or maintain the same levels. Current financial markets are likely to continue to be volatile in Canada potentially through 2013 and beyond, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in financing activities. As a result, the Company may have difficulty raising debt or equity financing for the purposes of mineral exploration and development and, if obtained, on terms favourable to the Company and/or without excessively diluting existing shareholders of the Company. These economic trends may limit the Company's ability to develop and/or further explore its mineral property interests.

Unreliable Historical Data

The Company has compiled technical data in respect of the Colombia Projects, some 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 and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, waste disposal, land claims of local people, mine development, 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.

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.

The Company's mineral exploration and mining activities in Colombia may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties or the costs related to the Company's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Company's exploration and development activities are currently carried out in material compliance 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 production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Company and could have a substantial adverse impact on the Company.

Health and Safety Risk

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. The Company has procedures in place to manage health and safety protocols in order to reduce the risk of occurrence and the severity of any accident and is continually investing time and resources to enhance health and safety at all operations.

The Company has limited insurance policies in place to cover some accidents and regularly monitors the adequacy of such policies; however, not all risks are covered with insurance policies due to either coverage not being available or not being available at commercially reasonable prices.

Market Price of Common Shares

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"). At this time, the Company has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

Future Sales of Common Shares 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 IFRS applicable to publicly accountable enterprises. In preparing 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 consolidated 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 consolidated

financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Passive Foreign Investment Corporation (“PFIC”)

It is likely that, for United States federal income tax purposes, the Company was a “passive foreign investment company (“PFIC”) as defined in Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, for its 2012 tax year. A U.S. shareholder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to special U.S. federal income taxation rules, which may have adverse tax consequences to such shareholder. However, a U.S. shareholder may be eligible to make certain elections under two alternative tax regimes to potentially mitigate such adverse tax consequences. A U.S. shareholder should consult its own tax advisor with respect to an investment in the Common Shares and to ascertain which elections, if any, might be beneficial to the U.S shareholder’s own facts and circumstances.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company’s financial position, results of operations or the Company’s property development.

Unknown Liabilities in Connection with Acquisitions

As part of the Company’s acquisitions, the Company has assumed liabilities and risks. While the Company conducted due diligence, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Company was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company’s financial position and results of operations.

Acquisitions and Integration

From time to time, it can be expected that the Company will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company’s business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company’s success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. If the Company chooses to raise debt capital to finance any such acquisitions, the Company’s leverage will be increased. If the Company chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Company may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Compliance with Anti-Corruption Laws

The Company is subject to various anti-corruption laws and regulations including, but not limited to, the *Canadian Corruption of Foreign Public Officials Act 1999*. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company’s primary operations are located in Colombia, and the Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted. Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and its senior management to civil and/or criminal

penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially or adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial conditions and results of operations, as well as on the market price of the Common Shares. As a consequence of these legal and regulatory requirements, the Company instituted policies with regard to its Code of Business Conduct and Ethics. There can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring the Company's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws.

Indigenous Peoples

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. The Company holds exploration rights located in some areas presently or previously inhabited or used by indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. The Company's current or future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development on those projects or operations on which the Company holds an exploration right. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the Company or the owner/operator's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous people may disrupt or delay activities of the owners/operators of the Company's exploration assets.

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 non-exhaustive 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. Although the majority of the directors of the Company are residents of Canada, the majority of the Company's assets are located outside of Canada, which could make it difficult for investors to effect service of process on directors outside of 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 31, 2035.

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.

Technical Information

The classification of mineral resources and mineral reserves used in this annual information form conforms to the definitions provided in NI 43-101, which came into effect on June 30, 2011. The guidelines adopted by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM Standards”) were followed in arriving at the classifications in this annual information form. The relevant definitions for the CIM Standards/NI 43-101 are as follows:

A “*mineral resource*” is a concentration or occurrence of diamonds, natural solid inorganic material or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

An “*inferred mineral resource*” is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An “*indicated mineral resource*” is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A “*measured mineral resource*” is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

A “*mineral reserve*” is 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 reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A “*probable mineral reserve*” is the economically mineable part of an indicated mineral resource and in some circumstances a measured 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 reporting, that economic extraction can be justified.

A “*proven mineral reserve*” is the economically mineable part of a measured 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 reporting, that economic extraction is justified.

Mineral resource classification is based on certainty and continuity of geology and grades. In most deposits, there are areas where the uncertainty is greater than in others. The majority of the time, this is directly related to the drilling density. Areas more densely drilled are usually better known and understood than areas with sparser drilling.

Material Mineral Property - Buriticá Project

Unless otherwise stated, the following disclosure relating to the Buriticá Project has been derived from an independent technical report on the Buriticá Project (the “MA Buriticá Report”) entitled “2012 Mineral Resource Estimate of the Buriticá Gold Project, Colombia” dated November 15, 2012 with an effective date of October 22, 2012, authored by Andrew Vigar and Martin Recklies for Mining Associates Pty Limited of Brisbane, Australia (“Mining Associates”), which has been prepared in accordance with the terms of NI 43-101. Mr. Vigar, an employee of Mining Associates and a Principal of Mining Associates Limited of Hong Kong, is a Fellow of the Australasian Institute of Mining and Metallurgy (Melbourne) (“FAusIMM”) and a member of the Society of Economic Geologists (Denver) (“MSEG”). Mr. Recklies is a member of the Australian Institute of Geoscientists (“MAIG”) and is employed by Mining Associates. Mr. Vigar and Mr. Recklies, who prepared or supervised the preparation of the information that forms the basis for the technical disclosure relating to the Buriticá Project, are “qualified persons” within the meaning of NI 43-101 and are independent of the Company. See “Interests of Experts”.

Portions of the following disclosure are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the MA Buriticá Report, which is available under the Company’s profile on the SEDAR website at www.sedar.com.

Project Description and Location

The Buriticá Project is located approximately 60 km northwest of the major city of Medellín in the Antioquia Department of north-western Colombia, approximately 2 km south of the town of Buriticá. The area is accessible by paved road from Medellín.

Obligations, 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 (described below) and royalties. Royalties are payable to the state once a concession has entered the exploitation phase at 4% of the gross value at the mine mouth for gold and silver, and 5% for copper. Gold and silver royalties are based on 80% of the London Metal Exchange afternoon fixed price for the previous month.

A surface tax is due annually during exploration and construction phases of concessions, calculated per hectare as multiples of the annually adjusted minimum daily wage (“MDW”). The MDW in 2010 was approximately US\$9. During years six and seven of the exploration phase, the payment increases to 1.25

x MDW per contracted hectare per year, and in years eight to eleven it increases to 1.5 x MDW per contracted ha per year.

Environmental Liabilities

A concession holder is liable for environmental remediation and other liabilities based on concession holders actions and/or omissions occurring after the date of the concession. The owner is not liable for environmental liabilities which occurred before the concession contract, from historical activity, or from those which result from illegal mining activity, but the concession holder is obliged to undertake the mitigation measures.

The Yaraguá mine concession is subject to an environmental permit which contains an approved environmental plan and mine abandonment plan. The location of the Yaraguá 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 Yaraguá valley below the waste dump. Environmental test work and a baseline environmental audit completed in 2008 by an independent consultant confirm that the La Mina creek is polluted below the mine. According to the study, the two zones that have been affected by historical mining are located: 1) next to the processing plant facility and the three mine portals, where tailings and waste have been stacked, and 2) where alluvial material has been accumulated close to Mogotes, further down-stream on the La Mina creek. The consultant's report outlines various concerns within the Buriticá Project area, and highlights that the previous operators of the Yaraguá mine failed to meet environmental requirements resulting in Continental Gold inheriting an environmental liability related to mercury leaching from historical amalgamation tails (from gold extraction using mercury). The Company does not use mercury to process minerals but current tails from cyanidation also have the potential to leach lead and other metals, and there is a potential for acid drainage. Continental Gold is currently upgrading the tailings and rehabilitating the Yaraguá mine site focusing on tailings management and water discharge.

Permits

Additional permits required to work a property might include permits for water usage and fluid discharge, atmospheric emissions, forestry clearance and land access. Pursuant to the environmental permit required for the Yaraguá 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 in February, 2009 with a validity of ten years. In August 2012, water permits were validated by the Antioquia Environmental Authority for the entire term of the Buriticá Project's environmental license. The environmental base line study will be kept current with new weather data and continuous surface and underground water monitoring. This will be used to present the appropriate modifications to existing environmental and operating licenses for the Buriticá Project.

In August 2012, the Environmental Authority granted a modification to the environmental license for tunnel and road construction in the Buriticá Project, facilitating the commencement of construction in the fourth quarter, 2012, and in September 2012, the Company initiated an environmental impact study for the remaining phases of the entire Buriticá Project.

There are no other known permits required for the Company's planned activities at the Buriticá Project at this time.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Topography, Elevation, Vegetation and Climate

The Buriticá Project is situated in mountainous terrain of the Cordillera Central to the west of the north-draining Cauca River. Characterised by steep-sided valleys and subdued peaks, the project area ranges from approximately 2200 to 600 metres above sea level. The Yaraguá mine is located on a steep slope in

thickly vegetated terrain at an approximate elevation of 1,500 metres. Steeper slopes are forested with small clearings for the cultivation of coffee, yucca, banana and other crops. The Higabra valley, east of the Yaraguá mine, is the site for the main infrastructure proposed by the Company, with a mean elevation of 1,050 metres.

Mean average temperatures range from 17°C to 26°C, depending on elevation, with a mean annual rainfall of 169 cm (as measured at Medellín). The climate permits year round exploration and mining operations.

Project Access

The Buriticá Project may be accessed via the international airport at the major city of Medellín and then north-westerly by sealed Highway 62 driving for 2 hours, crossing the Cauca River at the regional centre of Santa Fe de Antioquia (23 km south east of the mine site) before turning northward towards the village of Buriticá on a minor paved road. Drill pads are accessed from the road and a network of tracks. Access to the Yaraguá mine is currently by foot or mule. A cableway is used for delivery of supplies to the mine site.

Population & Transport

The population of Buriticá township is about 2,400. Two villages, Pinguro and Higabra are located in the south and east, respectively, of the Buriticá Project, each with populations of a few hundred people.

The township is situated in Santa Fe de Antioquia, a municipality in the Antioquia Department, Colombia. The municipality is centred approximately 45 km north of Medellín, the Department capital and has a population of approximately 23,000 inhabitants.

Infrastructure & Surface Rights

The Buriticá Project is well developed in terms of infrastructure, with good road access from the towns of Buriticá and other parts of the municipality of Santa Fe de Antioquia. Colombian grid electrical power is available to the Buriticá township area. Project power is supplied from the local grid via a dedicated transmission line to a transformer on site, and major equipment such as the compressors are all electrically powered. The Company has recently connected the Higabra valley to the local grid. The mine has radio and mobile phones communications.

The historical Yaraguá process plant is being used as a pilot plant to process development material. Mine water is sourced from La Mina Creek in the valley to the west of the mine and is piped into a holding tank above the mine offices, which include a laboratory.

The Company has all required surface rights for its current exploration program and proposed developments.

History

Bullet held the main concessions on the Buriticá Project prior to the Company's purchase of the concessions beginning in 2007. Bullet acquired its Buriticá concessions over the last 20 years and undertook some development in the Yaraguá prospect. Several surface mapping and sampling surveys have been conducted in the area by different companies during the 1990's, including Gran Colombia Resources Ltd ("GCR"). Only the following prospects, which are considered to be within the Buriticá Project area, had material in the public domain or within the Company's files available for reporting:

GCR delineated an area of hydrothermal alteration to the west of the Yaraguá mine measuring 700 metres by 400 metres. Channel samples were collected from road cuts, with reported grades up to 7.9 g/t gold.

Le Mano prospect, a massive quartz-limonite alteration zone in siliceous breccia, located one kilometer south of the Yaraguá mine, was excavated with an adit. Sampling at the time reported grade of up to 5 g/t Au, 150 g/t Ag and 4.6% Zn. GCR conducted grid surface sampling in the immediate area and identified several anomalous areas near the adit. Mineralization was noted on the west side of the Tonusco fault.

La Estera prospect, a vein prospect located two kilometres south of the Yaraguá mine, was excavated in a 100 metre drift which was suspended due to poor ground conditions. Average grades were reported of up to 12 g/t Au and over 1,000 g/t Ag. Other veins located in the same area, the Sulliman and Pulpito veins, had reported grade of 5 g/t Au over 0.5 metre vein width.

San Agustin Creek, located one kilometre north of the Yaraguá mine, has a 40 metre wide zone of sulphide mineralization in sedimentary rocks. Old workings were reported to the northwest of this occurrence. The mineralization was reported as being associated with a zone of sediments within igneous rocks. Samples from the contact zone were reported to contain an average 1.45 g/t Au and 24.3 g/t Ag.

La Guacamaya prospect, located just north of the Clara Creek in the northeast of the Buriticá Project area, was identified as a contact breccia between sediments and a diorite intrusive. Sampling reportedly returned an average grade of 2.7 g/t Au in talus.

In the Buriticá area, gold has been mined even prior to the arrival of Spanish colonialists in the seventeenth century. Some areas of alluvium and colluvium are believed to have been worked by hydraulic methods. In several areas of the Buriticá Project, high grade veins were worked in shallow underground artisanal operations for gold and silver and such operations continue to the present day.

The Yaraguá mine has been producing gold semi-continuously since 1992, mainly from the Murcielagos vein family which has been partially worked over a strike length of about 470 m and a vertical extent of 160 m. Between 2001 and 2007, the Yaraguá mine produced 11,694 oz of gold (no tonnage or grade data available). During 2008, the Company sold 1,826 oz derived from exploration development and trial mining activities. Exploration development on the San Antonio vein commenced in late 2008 and continued in 2009. The Company produced 4,698 oz (pilot plant processing at a rate of 30 tpd) between January and July 2009 from this development.

Geological setting

Regional Geology

The geology of western to central Colombia is essentially of Andean character and its involved the interaction of several oceanic plates with the South American craton from Mesozoic to recent times.

Oblique subduction beneath the continental margin, with northern influence of the Caribbean Plate and consequent magmatic arc development, resulted in the formation of the Miocene-aged central magmatic arc that hosts the Buriticá Project. The 80 to 120 km-wide belt of volcanoes extending from south-central Ecuador to central Colombia is due to the subduction of Miocene-aged Nazca oceanic crust beneath north-western South America along the Ecuador-Colombia trench. Volcanism is dominated by lavas and pyroclastic rocks of andesitic, dacitic, and lesser basaltic composition. This belt is roughly coincident with the central magmatic arc.

Local Geology

The basement geology of the Buriticá region is dominated by Cretaceous basalts and gabbroic to ultramafic bodies, and stratigraphically overlying Cretaceous turbiditic meta-sediments. The sedimentary assemblage includes carbonaceous- and variably calcareous pelitic and psammo-pelitic units. In the east and west of the project area, late Cretaceous tonalitic plutonic suites, approximately 2.5 km (E-W) by 10 km (N-S) intrude the Cretaceous basement. Basement lithologies are commonly moderately to steeply dipping and north-northwest striking, deformed into shallowly plunging broad open folds, locally with a weak axial surface cleavage and are mainly of lower greenschist facies metamorphic grade.

The basement assemblages are intruded by hypabyssal Miocene bodies of broadly intermediate compositions ranging from basaltic andesites to relatively mafic dacites. To the west of Buriticá these dioritic intrusions form relatively large bodies. In the project area there are several clusters of Miocene intrusions comprising steep walled stocks and dyke-like bodies exhibiting fine- to medium grain sizes and variably porphyritic textures and commonly with intrusive breccia margins. Andesitic dykes occur throughout the project area and these plus the exposed intrusion complexes are thought by the Company to represent offshoots of larger Miocene plutons at depth. Recent radiometric dating has placed the age of the Buriticá intrusive complexes in a range consistent with the ages of other intrusive complexes with which porphyry copper-gold and epithermal mineralisation is associated in the Middle Cauca Belt.

Property Geology

The Buriticá Project is transected (and geologically partitioned) by a set of regionally extensive north-south to north-northwest trending faults, broadly geometrically similar to the major Cauca and Romeral faults further to the east. To the east of the Yaraguá and Veta Sur mineralised systems, the steeply-dipping Tonusco Fault system cuts off the intrusion complex and related hydrothermal alteration envelopes, consistent with the significant dip- and strike slip movements on this fault as postdating intrusion and alteration. A set of east-dipping faults to the west of and possibly related to the Tonusco Fault cut across the Yaraguá and Veta Sur mineralisation but appear to exhibit relatively small (and dominantly dip-slip) displacements.

Exploration

Exploration activities consisted of topographic and geological mapping, aerial magnetic and radiometric surveys, geochemical soil surveys and other surface sampling, underground mapping and channel sampling in Yaraguá, underground drilling at Yaraguá and drilling from surface in both Yaraguá and Veta Sur.

Geophysical Surveys

A helicopter-borne magnetic/radiometric survey was flown by MPX Geophysics Ltd ("MPX"), a Toronto-based airborne geophysical contractor, consisting of a total of 1,026 line km of survey flying. Production was affected by weather conditions which included both rain and strong winds. Production averaged around 200 km per day. Results of the survey are illustrated in the MA Buriticá Report. The radiometric data was found by a consultant to be seriously affected by the extremes in terrain clearance which can occur in rugged terrain, such as at Buriticá. In any quantitative interpretation of data, it was strongly recommended that the original profile data be used and height corrections applied in the modelling process, and quantitative modelling should not be conducted on the processed grids.

Soil Surveys

To clarify the distribution of near-surface mineralisation, the Company undertook a detailed soil geochemical program at 100 m line x 20-25 m sample spacing and assayed for gold, silver, lead and zinc plus a broad suite of additional elements as pathfinders. Additional samples were taken as in-fill and ridge-line sampling. The survey covers an approximately 2.5 x 2.0 km area of the Buriticá Project.

Results showed anomalous values for all elements in the areas of known mineralisation. They also indicated a strong response in the La Mano and La Estera areas, plus lesser anomalous responses to the north along the Tonusco Fault (San Agustin area) and to the west. Gold, silver, lead and zinc are generally strongly correlated, as in the Yaraguá mineralisation, with the base metals exhibiting broader more continuous patterns than the precious metals. The main multi-element geochemical anomaly area is about 1,500 x 700 m and trends north-easterly. Within this area, high-level gold and base metal anomalies indicate subcropping mineralisation in three largely undrilled subareas.

Overall, the soil geochemical anomalies indicates potentially larger footprints of gold mineralised systems within the Buriticá area, suggesting potential for the discovery of new vein, breccia-hosted and disseminated gold mineralisation in the anomalous areas, requiring follow-up investigation with more

closely spaced soil sampling and trenching followed by drilling of priority targets if warranted. The strongly anomalous response in the southeast quarter of the Buriticá grid (La Mano) is partly due to downslope creep, but also exhibits extensive historical colluvial workings and underground developments.

Underground Channel Sampling

The upper levels of the Yaraguá system have some 4,000 m of historical and more recent development comprising drifts (largely along veins), cross cuts, raises and other underground access, including historical stopes on the Murcielagos veins. These underground openings provide platforms for exploration and delineation drilling and for detailed geological and structural mapping as well as channel sampling. The Company conducted a program of systematic sampling of the underground openings. The channel samples were collected along an average three metres spacing and 1.5 metres across the drifts and raises. The (strike) length of sampled segments used in the 2012 mineral resource estimate totalled 1,899 metres.

The underground sampling indicates that the high gold grades are continuous along strike and within the vertical range sampled for several of the Yaraguá vein sets. It is noted that these mineralized sections are across potentially mineable widths. The continuity of the channel sampling data allowed a higher confidence level in resource modelling. The channel samples are considered representative and were incorporated into the data set for mineral resource estimation.

During late 2011 and also 2012, exploration activities other than diamond drilling included extensions and in-fill of geochemical soil surveys as well as underground mapping and channel sampling of new developments in Yaraguá. A significant boost to surface mapping has resulted from the long-awaited capture of 1 metre resolution satellite imagery over the entire Buriticá Project and also an 0.5 m to 1 m resolution LIDAR topographic survey over the central part of the project area. The detailed analysis of these products (an also ultra-high resolution aerial photography accompanying the LIDAR capture) has resulted in the mapping of the significant fault-fracture systems in the district, the surface expressions of various vein systems and also the location of numerous artisanal workings on these vein systems in heavily vegetated and hard-to-access areas.

Mineralization

Buriticá is the northernmost significant precious metal deposit known to date in the upper Miocene Middle Cauca belt. The belt contains porphyry- and epithermal- to mesothermal vein styles as well as carbonate base metal gold systems broadly similar to Buriticá. Numerous copper-gold and precious metal-rich systems are developed along the 300 km belt and all appear to be spatially related to relatively small, high level Miocene intrusions of intermediate composition.

Mineralisation at Buriticá is a porphyry-related, carbonate base metal (“CBM”) gold vein/breccia system. High grade precious metal mineralisation in CBM systems may occur over substantial vertical intervals, to well in excess of a kilometre, from the porphyry level to below the shallow epithermal range. Compared to low-sulfidation epithermal styles CBM mineralisation is sulphide-rich, with abundant pyrite +/- pyrrhotite plus sphalerite and galena along with minor sulfosalts and chalcopyrite and with quartz-carbonate gangue mineralogy. Gold in CBM systems may be free-milling or refractory. Mineralisation in CBM systems typically comprises sheeted veins, stockworks and mineralogically similar breccias with some fracture-related disseminations in wall-rocks.

Precious metal mineralisation in Yaraguá and Veta Sur appears to be related to two main depositional stages: “Stage I”, is represented by banded base-metal (iron, zinc and lead) sulphide-rich mineralisation with variable amounts of quartz-carbonate gangue and bands. Stage I mineralisation occurs in sub-parallel narrow vein arrays as well as veined (dilatational) breccias in places occupying substantial areas of both Yaraguá and Veta Sur, but typically at lower grades. The Company’s experience is that Stage I mineralisation is non-refractory and recoverable by simple gravity and flotation circuits, flotation concentrates being cyanided, gold and silver then recovered by the Merrill-Crowe process.

“Stage II” mineralisation, is texturally and chemically distinctive high-grade gold mineralization that locally cross-cuts and overprints Stage I mineralisation as veins and breccia veins. Stage II mineralisation is characterised by abundant free (and commonly visible) gold in siliceous and carbonate gangue, associated with arsenical pyrite and with low zinc and lead contents, relatively high arsenic and antimony but low bismuth contents. To date, Stage II mineralisation is largely known from the Veta Sur system, but has also been encountered in the Yaraguá system.

The Yaraguá system has been drill-outlined along 900 metres of strike and 1,300 vertical metres and partially sampled in underground developments. The Veta Sur system has been drill intersected along 570 metres of strike and 1,180 vertical metres. Both systems are characterized by multiple, steeply-dipping veins and broader, more disseminated (breccia-style) mineralization. The Yaraguá and Veta Sur systems both remain open laterally and at depth at high grades.

Precious metal-bearing vein and breccia mineralisation has been located elsewhere in the Buriticá Project, principally in the Guarco, Parjarito, San Agustín, La Estera, La Mano and Pinguro areas. Porphyry copper-gold mineralisation has been observed in the Guarco area. These areas are subject to ongoing exploration.

Drilling

In December 2007, the Company commenced diamond drilling at the Buriticá Project. All surface and underground drilling was conducted by diamond core equipment, with mostly HQ size core, reduced to BQ in some holes. All drill hole collars were located by surveying and downhole surveys utilised Reflex EZ Trac instruments.

Since June 2011, drilling continued with ten drills at the project at a pace of 5,000 metres per month. The table below lists the drilling and sampling statistics used in the 2012 mineral resource estimate (and which includes drilling by the Company since commencing drilling in 2007).

Database as of June 30, 2012				
Drilling Type	Area	Drill holes/ Channels	Samples	Metres
Surface DH (BUSY-, BUSM)	Yaraguá and Veta Sur	276	81,105.04	92,366.01
Underground DH (BUUY-)	Yaraguá	87	16,943.12	17,900.80
Channel samples (CH)	Yaraguá	995	2,331.56	2,334.92
Total		1,358	100,296.14	112,601.73

Two holes (BUSY-210 and BUSY-221) were drilled deep into the Veta Sur system. Busy-258 was drilled into the Yaraguá System. The results from these drill holes demonstrated high grade gold-silver mineralization over vertical extents of up to 1,180 metres, and to more than 600 metres below the 2011 mineral resource estimate. Results from these three deep holes are partly included in the current mineral resource estimate.

The cumulative core recovery for the Buriticá diamond drilling to date is 45.8% of the samples logged as 100% core recovery, 83% with 80 to 100% recovery and only 17% recording less than 80% core recovery. Mining Associates concluded that core recovery results had no material impact on the reliability of mineral resource estimation.

Sampling and Analysis

Drill Core Sampling

Core in trays is photographed and washed, with lengths marked in core trays and wooden spacers inserted with downhole lengths added by a technician. The core trays are laid out in order of depth and the core loss is calculated while correct depths are marked in tray; logging is then entered into the LOGCHIEF system directly for lithological, alteration, mineralogy and geotechnical data. Sample intervals

are then chosen based on lithology, alteration and mineralogy, with lithology changes, veins, alteration changes or anything else of note used to choose boundaries of sampling. Generally the smallest interval chosen is 40 cm while unmineralised country rock will be sampled at 1.5 m intervals.

After selection, core trays are photographed with stickers indicating sample boundaries, downhole lengths, and drillhole names. Drill core is then marked for cutting by a geologist, which is carried out on site at the logging shed. After logging, trays go to the sample prep area, where half- or quarter-cut samples are put into a bag with a barcode sticker recording the sample number, and then these are placed into a second bag, with another sticker marking the sample number. Samples are then wrapped and sealed with packing tape and the geologist or technician signs off the sample sheet. A geologist will handle sampling if mineralisation is present; technicians may prepare apparently unmineralised samples.

Wrapped samples are placed into a polyweave bag ("costal"), which is sealed with cable ties with the corresponding batch number and costal number written on it. The batch and costal numbers are also written on each costal. The batch numbers must match the numbers on the sample sheet, and in addition a barcode sticker matching each sample that is in the bag must also be placed on the sample sheet. Each sample sheet records the hole depths, costal number, batch number, sample number, and the type of sample (standard, duplicate, half core, etc.). The samples are then transported for analysis.

Channel Sampling

Channel sampling is performed by technicians under a geologist's supervision. The samples are collected in a bucket covered in a plastic sheet that is cleaned between every sample. Sample positions are chosen by the geologist and surveyed, typically every three metres along strike in underground drifts or every three vertical metres in raises. Three samples are generally taken across the full width of the underground opening. All relevant data such as dip, structure, lithology mineralogy, size of sample etc. is logged into a book similar to the drillhole logging forms. Each sample is double wrapped with barcodes inserted into the bags for recording purposes. Once the sample is taken, it is sent to the sample preparation shed to await transport and the logging data is entered into the LOGCHIEF system. Underground sampling data are stored in the database as pseudo drill-holes to facilitate 3D modelling.

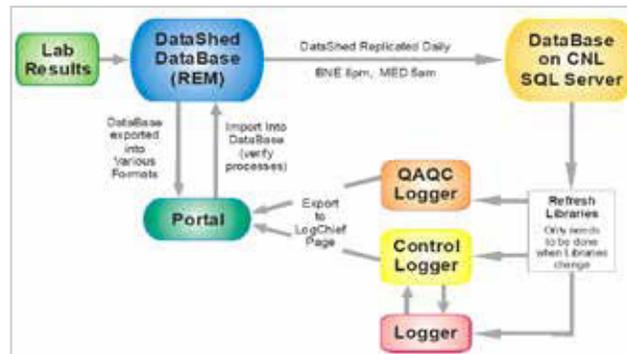
QA/QC Procedures

The Company utilizes a rigorous, industry-standard quality assurance/quality control ("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 Laboratory in Colombia ("SGS"), which is independent from the Company and is ISO 9001:2000 certified by ABS Quality EVALUTIONS international body; NTC-ISO 17025 accredited by the Superintendencia de Industria y Comercio as Testing Laboratory; and NTC-ISO 17025 accredited by the Institute of Hydrology, Metrology and Environmental Studies as a competent laboratory for physicochemical analysis of water samples. Samples are then shipped for analysis to the SGS certified assay laboratory in Lima, Peru which is independent from the Company and has ISO 17025 accreditation. 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 Analytical Laboratories (Vancouver) Ltd. in Vancouver, B.C., Canada and/or Inspectorate America Corp. in Reno, Nevada, U.S.A. Both AcmeLabs and Inspectorate are independent from the Company and have ISO 9001 accreditation.

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. The Company arranged with the assay labs to send all data directly to Resource & Exploration Mapping Pty Ltd ("REM") based in Brisbane, Queensland for database capture, processing and storage. REM used Datashed (a digital core logging system which automates data transfer to the database) and related programs to ensure the data integrity. Buritica data is validated on entry using a program called LogChief. This ensures that information captured in the field is consistent with the Company's database which is managed using Datashed.

The figure below illustrates assay data handling procedure and the flow of the Company's assay data.



According to the Company's QA/QC procedures, the following samples are taken or inserted into the sample stream.

- Certified Reference Materials ("CRM"): low, medium and high grade Au and certified blanks are added at a planned rate of one every 20 samples or 5% to assess accuracy.
- Field Duplicate Samples ("FD"): Every 20th sample (core and channel) is cut twice into $\frac{1}{4}$ core. Both samples are inserted into the sampling stream and prepared and assayed like any other sample. The results can be examined as a duplicate sample. The results are combined and averaged to give the value that goes into the resource database. This sample is used to monitor sample batches for poor sample management, contamination and tampering and laboratory precision.
- Re-assay and Crush/Pulp splits: Re-assays and crush and pulp split assays were also conducted by SGS on the Company's instruction in addition to the internal laboratory repeats conducted by SGS. This is an additional duplicate test for precision.
- Field Blank ("FB"): Samples of a "blank", known to contain low level of economically interesting metals are inserted into the sample stream. The Company used CRM blanks (OREAS 22b, 22P, also referred to as BKF) as blanks as well as field blanks (referenced as BKG) at a planned rate of one every 10 samples or 10% to assess contamination.

In addition, the independent laboratory SGS also conducts CRM testing, duplicate assaying and repeats:

- Laboratory CRM: The assay lab also inserted CRM samples including 2 base metal Standards as well as Au standards at planned rate of one every 5 samples to test for accuracy.
- Laboratory Repeats: The assay lab also runs duplicate assays on every 10th pulverised sample as an internal check. Lab repeats assess precision and bias.

Upon reviewing the results of the QA/QC program, Mining Associates recommended investigation of CRM labelling procedures as there was a relatively large number of apparent mis-labeling of CRM insertions. In addition, the possible negative bias indicated from the results of the high grade gold CRM should be investigated by the re-assaying (at a referee laboratory) of selected high grade results from the same sample batches which contained CRM G901_8. Failed gold samples for field blanks and related sample batches (i.e. sample batch within which the blank was inserted) should be re-assayed by SGS or a referee laboratory to confirm this interpretation. Due to the nuggety nature of the gold mineralisation, which causes an inherent lowering of precision, it was also recommended that inter-laboratory checks be conducted with sample pulps to be sent for duplicate assay to another independent laboratory to check for anomalous results, contamination or equipment failure or calibration trends.

In the estimation of Mining Associates, sample protocols, including sample methodology, preparation, security, analysis and data verification were conducted in accordance with industry standards using appropriate QA/QC procedures since the inception of the Company's work in 2010. Mining Associates noted a high level of professionalism with which the field programs were organised and executed, being to international standards. In MA's opinion, the sample preparation (collection), security, and analytical (including lab prep & assay) procedures are adequate, although some initiatives were required as noted above.

Data Verification

The Buriticá Project was visited by independent geologist Mr. Martin Recklies of Mining Associates during the 2011 drilling program. The site visit was undertaken from 16th to the 19th of August 2011. The diamond drill core logging procedure was observed and recorded. Mineralised drill core was examined and two samples were collected from the core trays on site. Two underground channel samples were collected under the geologist's observation and sent to ALS Minerals, Brisbane for assays. ALS Minerals maintains ISO 9001:2008 and ISO/IEC 17025:2005 certifications.

The underground operations at the Yaraguá mine site were also examined. Mr. Recklies was taken to level 3 where parts of the Murcielagos and San Antonio veins were observed, and a sample was taken of the San Antonio vein. The Murcielagos vein was also examined along level 3. Mr. Recklies re-entered the mine at level 2 where two technicians took a channel sample under geologist supervision using a hammer and chisel. All relevant data was measured and recorded by the geologist.

Three independent samples were collected from drill core and underground exposures during the site visit and sent to ALS Laboratory in Brisbane, Queensland for analysis. All three returned significant gold and silver grade values and verified the existence of significant mineralisation.

The database validation is handled by REM in a Datashed database. All data is then provided to Mining Associates as requested. Entries to the database were closed as of June 30, 2012. The database state was good. Some hole surveys were incorrect resulting in minor adjustments, but no cleaning up of the database was required.

The field programme at the Buriticá Project is being carried out at the highest professional standard and security, with a specific set of protocols and procedures that were demonstrated to be followed rigorously for the duration of Mr. Recklies' visit. The layout and maintenance of the camp facility, the layout and conduct of the drill site, the attention to health and safety protocols, and the sample collection, logging and preparation at the site match industry standards. The QA/QC procedures adopted for the submission of drill samples are industry standard.

In the opinion of Mining Associates, the data was sufficiently verified within the scope of the resource modelling and site visit.

Security of Samples

Mining Associates observed that the core storage area was monitored with a security system featuring alarms and cameras. A private security company monitors the exploration office after hours. Only managers, administration and maintenance staff have access to the exploration office. Access to the mine site is controlled by armed security guards and all employees are required to sign in and out when coming and going. There is a gate to the mine site with a security guard present. Packaged samples are transported via company vehicle to the SGS laboratory in Bogotá for sample preparation before the samples are sent to assay in Lima, Peru. The core sheds at the mine site are locked each night and have armed security guard protection.

Mineral Resource Estimates

The updated mineral resource estimate for the Buriticá Gold Project has been prepared in accordance with the CIM Standards, and in accordance with NI 43-101.

The mineral resources in the following tables are reported separately for Yaraguá and Veta Sur. They are capped Krigé estimates at 3 g/t and 4 g/t gold cut-off grades and for one-metre minimum horizontal vein thicknesses. These gold cut-off grades reflect the range of conceptual costs for underground development, mining and treatment which meet the test of reasonable prospect of economic extraction. The preferred cut-off grade is 3g/t Au.

Yaraguá

Yaraguá resources classified above a 3g/t Au cut-off, June 30, 2012							
Resource		Grades			Contained Metal		
Category	Tonnes	Au g/t	Ag g/t	Zn %	Au oz	Ag oz	Zn lb
Measured	310,000	28.2	70	1.4	280,000	700,000	9,500,000
Indicated	2,430,000	12.7	31	0.8	990,000	2,400,000	41,500,000
Total M&I	2,740,000	14.5	35	0.8	1,270,000	3,100,000	51,100,000
Inferred	8,100,000	8.9	31	0.7	2,320,000	8,000,000	131,600,000

Note – Reported tonnage and grade figures have been rounded off from raw estimates to the appropriate number of significant figures to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.

Yaraguá resources classified above a 4g/t Au cut-off, June 30, 2012							
Resource		Grades			Contained Metal		
Category	Tonnes	Au g/t	Ag g/t	Zn %	Au oz	Ag oz	Zn lb
Measured	280,000	30.7	76	1.4	280,000	700,000	9,000,000
Indicated	2,090,000	14.2	33	0.8	950,000	2,200,000	37,400,000
Total M&I	2,380,000	16.2	38	0.9	1,230,000	2,900,000	46,400,000
Inferred	6,080,000	10.8	30	0.8	2,100,000	5,900,000	103,600,000

Note – Reported tonnage and grade figures have been rounded off from raw estimates to the appropriate number of significant figures to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.

Veta Sur

Veta Sur resources classified above a 3g/t Au cut-off, June 30, 2012							
Resource		Grades			Contained Metal		
Category	Tonnes	Au g/t	Ag g/t	Zn %	Au oz	Ag oz	Zn lb
Measured	10,000	16.1	25	0.3	5,000	8,000	100,000
Indicated	990,000	11.3	47	0.2	360,000	1,500,000	4,700,000
Total M&I	1,000,000	11.4	47	0.2	370,000	1,500,000	4,800,000
Inferred	5,230,000	8.5	37	0.2	1,430,000	6,200,000	24,900,000

Note – Reported tonnage and grade figures have been rounded off from raw estimates to the appropriate number of significant figures to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.

Veta Sur resources classified above a 4g/t Au cut-off, June 30, 2012							
Resource		Grades			Contained Metal		
Category	Tonnes	Au g/t	Ag g/t	Zn %	Au oz	Ag oz	Zn lb
Measured	7,000	20.7	27	0.3	5,000	6,000	40,000
Indicated	790,000	13.3	53	0.2	340,000	1,300,000	4,100,000
Total M&I	800,000	13.4	52	0.2	350,000	1,300,000	4,100,000
Inferred	3,920,000	10.2	40	0.2	1,290,000	5,000,000	18,400,000

Note – Reported tonnage and grade figures have been rounded off from raw estimates to the appropriate number of significant figures to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.

Combined Yaruquá and Veta Sur Resources

Combined Yaruquá and Veta Sur Mineral Resources above a 3 g/t Au cut-off, June 30, 2012							
Resource		Grades			Contained Metal		
Category	Tonnes	Au g/t	Ag g/t	Zn %	Au oz	Ag oz	Zn lb
Measured	320,000	27.8	69	1.4	290,000	700,000	9,500,000
Indicated	3,420,000	12.3	35	0.6	1,350,000	3,900,000	46,300,000
Total M&I	3,740,000	13.6	38	0.7	1,640,000	4,600,000	55,800,000
Inferred	13,330,000	8.8	33	0.5	3,760,000	14,200,000	156,500,000

Note – Reported tonnage and grade figures have been rounded off from raw estimates to the appropriate number of significant figures to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.

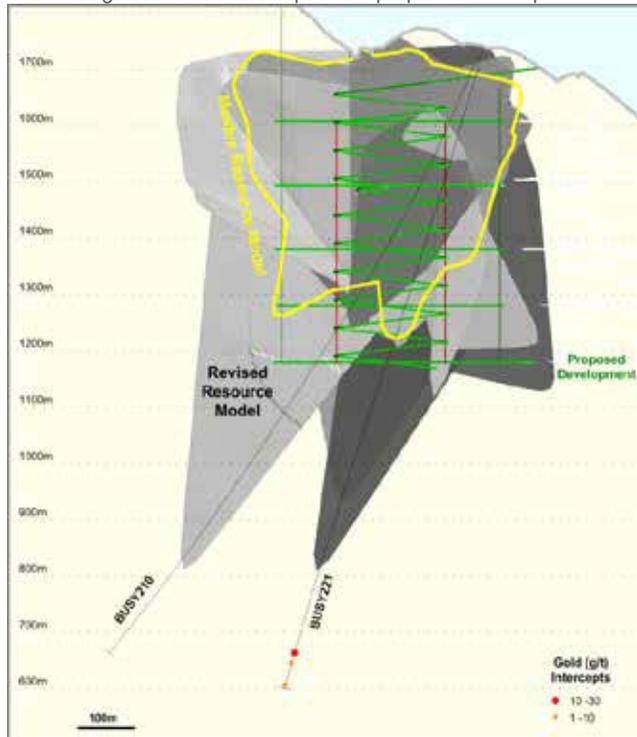
Combined Yaruquá and Veta Sur Mineral Resources above a 4 g/t Au cut-off, June 30, 2012							
Resource		Grades			Contained Metal		
Category	Tonnes	Au g/t	Ag g/t	Zn %	Au oz	Ag oz	Zn lb
Measured	290,000	30.5	75	1.4	280,000	700,000	9,100,000
Indicated	2,890,000	14.0	39	0.7	1,300,000	3,600,000	41,500,000
Total M&I	3,180,000	15.5	42	0.7	1,580,000	4,300,000	50,600,000
Inferred	10,000,000	10.5	34	0.6	3,390,000	10,900,000	122,000,000

Note – Reported tonnage and grade figures have been rounded off from raw estimates to the appropriate number of significant figures to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers.

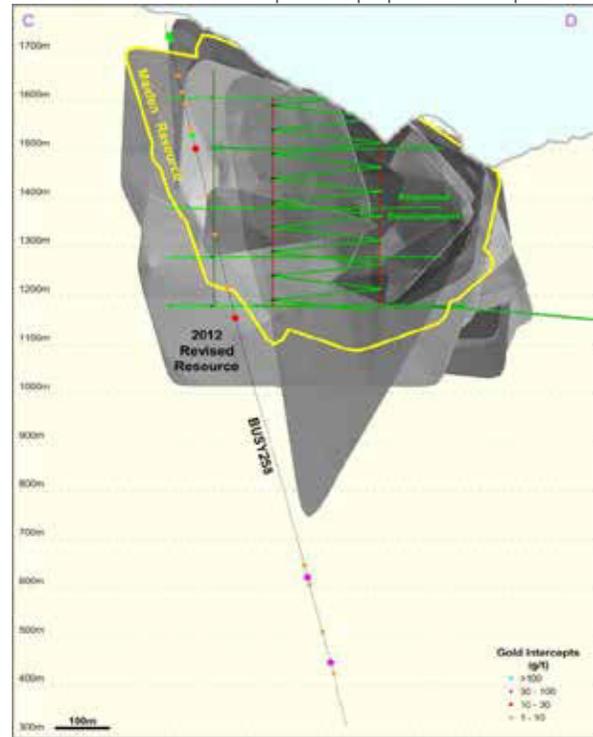
Notes to Accompany the Mineral Resource Estimate:

- The Buriticá Gold Project is owned by the Company.
- This mineral resource estimate is based on 112,602 metres of drilling from 1,358 holes, totalling 100,296 metres of assays.
- Mined out portions were removed from the final model.
- Mining Associates conducted a review of the June 2011 data and sample collection of the historic drilling. No material change is foreseen with the current data.
- Mining Associates reviewed the company procedures and visited the site on one occasion during the course of the 2011 drill program.
- The geological resource is constrained by domains consisting of 3D models. The drill hole data was displayed in section and elevation slices showing assays and geology. Intercepts were selected and coded for each vein domain based on the following selection criteria, in decreasing hierarchy:
 - Gold grade greater than 2 g/t Au;
 - Minimum mining width of 1.0 m; and
 - Sub-grade areas where the interpreted vein domain passed through the drill hole but was not already coded (i.e. "brought through").
- Subdomains were created to separate >3gram metre and <3gram metre volumes inside some veins. These volumes and associated informing composites were treated independently.
- Drill intercepts within each lode are flagged in a database table and composited for each assay element separately to give informing sample downhole composites, one for each vein intercept.
- Mining Associates applied top caps to the composites for each vein. Grade caps were selected to restrict the influence of outliers, and varied by vein.
- A minimum of 1 sample and maximum of 8 samples was used for each block.
- Variograms for thickness and grade from checked for this update.
- The estimation block size was 5 m in X and 5 m in Z with width estimated in unfolded space as a variable. Grade was interpolated by domain using OK estimation with parameters based on directional variography by domain. Estimates were validated against informing samples and with nearest neighbour, inverse distance squared, and krig uncapped estimates. Thickness of the vein was also estimated by OK estimation.
- Every 5*5 m (X*Z) block with a vein width (in the north direction) less than 1.0 m is set to a width of 1.0 m. The grades for each block are then diluted according to the original width and average grade of the dilution tags, using the following formula: Diluted grade= (grade*[true thickness/minimum thickness]) + (dilution factor grade*[dilution thickness/minimum thickness])
- Blocks with a width greater than 1.0 m had no change. This dilution will raise the tonnes and reduce the grade of the model, however the total ounces of gold will remain the same.

Yaraguá resource envelopes and proposed development.



Veta Sur resource envelopes and proposed development



Busy-210 and Busy-221 were drilled deep into the Veta Sur system. Busy-258 was drilled into the Yaraguá System. The results from these drill holes demonstrated high grade gold-silver mineralization over vertical extents of up to 1,180 metres, and to more than 600 metres below the maiden 2011 resource model. Results from these three deep holes are partly included in the current mineral resource estimate.

Metallurgical Testing

The following disclosure regarding metallurgical testing has been reviewed and approved by Mark Moseley-Williams, President and Chief Operating Officer of the Company and a “qualified person” within the meaning of NI 43-101. See “Interest of Experts”.

During 2011, metallurgical testing was conducted on eight samples weighing 60 kilograms each from the Buriticá Project. The sample names and head grades are as follows:

Head Assay on Composite Sample Summary of Results		
Sample ID	Assays (g/t)	
	Au	Ag
San Antonio Vein East	39.18	121.1
Murcielagos Vein	35.74	265.3
San Antonio Vein West	152.44	331.0
Breccia BX1	13.39	16.0
Veta Sur Main Vein	44.77	252.6
Composite 1*	76.53	240.0
Breccia BX1 and BX2	0.72	4.3
Composite 2*	72.21	164.3

* Composite 1 and Composite 2 are blended composite samples consisting of Veta Sur Main Vein 40%, San Antonio Vein 30%, Murcielagos Vein 10% and Breccia 20%.

The metallurgical work performed on the samples included:

- Gravity concentration
- Gravity concentration followed by cyanidation on the gravity tails
- Gravity concentration followed by flotation on the gravity tails

- Cleaner Flotation
- Selective rougher flotation.

Gravity Concentration:

Gravity Concentration was conducted on each sample at three grind sizes of approximately 80% passing 150 microns, 105 microns and 74 microns using a laboratory Falcon concentrator.

Grind Size	Distribution (%)					
	Max Au	Min Au	Avg Au	Max Ag	Min Ag	Avg Ag
P80 150 micron	84.25	72.42	79.33	48.13	12.22	31.93
P80 105 micron	71.28	79.05	75.61	41.76	11.21	30.58
P80 74 micron	82.83	71.64	79.23	44.61	10.38	28.05

Gravity Concentration followed by Cyanidation on Combined Gravity Tails:

Gravity concentration was conducted on each sample at approximately 80% passing 74 microns using a laboratory Falcon concentrator. The combined tails (gravity rougher tails and gravity cleaner tails) were subjected to agitated cyanidation leach.

Grind Size	Distribution (%)					
	Max Au	Min Au	Avg Au	Max Ag	Min Ag	Avg Ag
Total Recovery	98.80	95.81	97.81	78.36	29.93	57.04

Gravity Concentration followed by Flotation on Gravity Tails and Cyanidation on Flotation Tails:

Gravity concentration was conducted on each sample at approximately 80% passing 74 microns using a laboratory Falcon concentrator. The combined tails (gravity rougher tails and gravity cleaner tails) were subjected to rougher flotation. The rougher flotation tails were subjected to agitated cyanidation leach.

Grind Size	Distribution (%)					
	Max Au	Min Au	Avg Au	Max Ag	Min Ag	Avg Ag
Total Recovery	99.85	97.21	99.44	99.87	97.16	99.36

Cleaner Flotation:

Three stages of cleaner flotation were conducted at two pulp pH levels to evaluate the effect on pyrite depression. This test was performed on the Composite 1 sample and the results at a pH level of 7.5 are:

	Recovery (%)	
	Au	Ag
Au-Ag 3rd Cleaner	94.13	92.31
Au-Ag 2nd Cleaner	97.87	97.02
Au-Ag 1st Cleaner	98.79	98.40
Au-Ag Rougher	99.48	99.79

Selective Rougher Flotation:

A selective rougher flotation of Lead-Gold-Silver and Zinc was conducted to depress pyrite in the flotation tails. Metallurgical results contained in this release are preliminary in nature and more sample material and test work is required to further refine and optimize a commercial flow sheet for Buriticá.

	Recovery (%)			
	Pb	Zn	Au	Ag
Pb-Au-Ag Rougher Concentrate	94.20	16.49	94.64	90.59
Zn Rougher Concentrate	1.52	82.37	2.41	5.06
Total Recovery (Pb/Ag Con + Zn Con)	95.72	98.87	97.04	95.65

Metallurgical results contained in this release are preliminary in nature and more sample material and test work is required to further refine and optimize a commercial flow sheet for the Buriticá Project.

Exploration and Development

The following disclosure provides an update (the “Exploration Update”) to the MA Buriticá Report to account for work completed after the effective date of the report. The updates pertain principally to changes in the number of drill metres completed and advances in geological understanding. Mark Moseley-Williams, President and Chief Operating Officer of the Company and a “qualified person” within the meaning of NI 43-101, reviewed and approved the Exploration Update. See “Interest of Experts”.

The mineral resource models detailed in the MA Buriticá Report will be used to launch a PFS. The Company expects to have the PFS completed in 2014.

Preliminary metallurgical test work indicates that the Buriticá Project deposit is amenable to gold and silver recoveries using various processing methods. Test work thus far indicates that the most reasonable flow sheet will include a gravity circuit and bulk or selective flotation to produce a precious metals concentrate that will either be shipped or leached. Additional test work will be required to test mineral samples from both the Yaraguá and Veta Sur systems. This simplified flow sheet will be evaluated on various composite samples. Additional test work will be performed to define the abrasiveness of the samples as well as solid-liquid separation tests for tails and concentrates.

In December 2012, two production-scale working fronts were advanced simultaneously, with an initial goal of providing underground drilling access in order to grow the measured and indicated portion of the mineral resource estimate for both the Yaraguá and Veta Sur vein systems. In January and February 2013, the Company announced results for 23 diamond drill-holes from the Yaraguá and Veta Sur vein systems, and an additional ten diamond drill-holes in the Yaraguá vein system (including two holes which confirmed the discovery of a new vein system called San Agustín). Seven drills are currently on site as part of the Company’s Phase IV, minimum 100,000-metre diamond drill program.

Definition drilling will continue at Buriticá and will focus on expansion and infill drilling at the Veta Sur and Yaraguá vein systems and first pass drilling on new exploration targets. For 2013, the company is planning for 95,000 metres of surface and underground diamond drilling.

A revised mineral resource estimation of the Buriticá Project is expected to be completed in the second half of 2013.

An environmental base line study for the Buriticá Project will be kept current with new weather data and continuous surface and underground water monitoring. This environmental base line study will be used to present the appropriate modifications to the Buriticá Project’s existing environmental and operating licenses.

Two exploration drifts are being built, one at the bottom of the Higabra valley and the other near the top of the Veta Sur vein system. The Higabra valley exploration drift will be used to access the Veta Sur and Yaraguá systems at the 1,150 metre elevation. An access road is also planned to be built from the main paved road to Buriticá down into the Higabra valley. This road will be approximately six kilometres long and is expected to commence during the second half of 2013.

Tenure

As of March 6, 2013, the Buriticá Project comprised 54 tenements and applications covering approximately 57,588 hectares. The Company has 100% ownership over 52 of the tenements and applications. The other two applications total 6,040 hectares. There is no guarantee the applications will be granted.

Twelve tenements are currently being integrated into one large license to simplify the administration and planning of the mine development. The licenses being integrated are 164, 165, 535, 752, 2224, 4792, 5830, 6518, 6573, 7495, 14228 and 14278. Both Yaraguá and Veta Sur prospects are within the proposed integrated license, which will have commodity rights to precious metals, copper minerals, lead minerals, zinc minerals and concentrates.

The tables below list the details of the Company's tenements and their status.

Summary of Continental Gold Tenements Details and Status									
#	License No.	Status	Date Granted	Date Expiry	Annual Fees (COP)	Company	Area (Ha)	% Owned by the Company	Minerals Covered
1	6573	Exploration, Exploitation	09/12/1986	Note 1	Note 2	CG De Colombia Ltd	149.9603	100%	Au
2	7495	Exploration, Exploitation	18/08/1988	Note 1	Note 2	CG De Colombia Ltd	150	100%	Au
3	14228	Exploitation	30/09/1991	Note 1	Note 2	CG De Colombia Ltd	33.5491	100%	Au, Ag, Zn & Pb
4	14278	Exploitation	28/02/1991	Note 1	Note 2	CG De Colombia Ltd	16.3558	100%	Au, Ag, Pb, Zn & other Minerals
5	164	Exploitation	19/07/1991	Note 1	Note 2	CG De Colombia Ltd	99.75	100%	Au, Ag and other Minerals
6	165	Exploitation	19/07/1991	Note 1	Note 2	CG De Colombia Ltd	50.81	100%	Au and other Minerals
7	535	Exploitation	09/07/1992	Note 1	Note 2	CG De Colombia Ltd	100	100%	Au, Ag, Galena, Sphalerite & other Minerals
8	752	Exploitation	15/03/1993	Note 1	Note 2	CG De Colombia Ltd	72.5	100%	Au, Ag & Galena,
9	2224	Exploitation	07/11/1995	Note 1	Note 2	CG De Colombia Ltd	51.83	100%	Au, Ag and other Minerals
10	4792	Exploitation	27/05/2002	Note 1	Note 2	CG De Colombia Ltd	1067.186	100%	Au, Ag and other Minerals
11	5830	Concession Contract	29/05/2007	Note 1	Note 2	CG De Colombia Ltd	36.11	100%	Precious Metals
12	6518	Concession Contract	06/09/2006	Note 1	Note 2	CG De Colombia Ltd	65.2397	100%	Precious Metals, Cu, Pb, Zn
13	6230	Concession Contract	12/31/2008	17/02/2039	21,737,003	Negocios Mineros SA	1150.715	100%	Au and other concessions
14	14228 AH5-15431X (former 4467)	Exploration	08/02/1999	Note 1	7,834,816	Encenillos SOM	414.76	100%	Au, Ag & other Minerals

Summary of Continental Gold Tenements Details and Status									
#	License No.	Status	Date Granted	Date Expiry	Annual Fees (COP)	Company	Area (Ha)	% Owned by the Company	Minerals Covered
15	6367	Concession Contract	25/05/2006	13/06/2036	339,076	CG De Colombia Ltd	17.95	100%	Precious Metals & Cu
16	8133	Concession Contract	07/06/2005	Note 1	2,833,500	CG De Colombia Ltd	150	100%	Precious Metals
17	6977	Concession Contract	14/12/2007	14/02/2038	6,558,6481	CG De Colombia Ltd	347.2021	100%	Au, Ag & other Minerals
18	6748	Concession Contract	22/05/2008	14/07/2038	35,160,380	CG De Colombia Ltd	1861.322	100%	Au, Ag, Cu, Pb, Zn & other Minerals
19	6747	Concession Contract	05/06/2008	29/10/2038	4,593,128	CG De Colombia Ltd	243.1513	100%	Au, Ag, Cu, Pb, Zn & other Minerals
20	6366	Concession Contract	25/05/2006	14/07/2039	1,144,167	CG De Colombia Ltd	60.57	100%	Precious Metals & Cu
21	5486	Exploration	06/12/2011	Note 1	61,407,629	Majayura SOM	3250.801	100%	Au, Ag, Cu & other Minerals
22	5486B	Exploration	01/06/2012	Note 1	512,236	Majayura SOM	27.1168	100%	Au, Ag, Cu & other Minerals
23	12713	Exploitation	29/12/1995	11/08/2015 Note 3	1,700,100	CG De Colombia Ltd	90	100%	Precious Metals
24	6992	Concession Contract	28/12/2007	22/09/2041	297,489	CG De Colombia Ltd	15.74848	100%	Au, Ag & other Minerals
25	IJN-14281	Concession Contract	10/12/2009	10/05/2041	15,872,561	Negocios Mineros SA	840.2626	100%	Au, Ag, Cu, Zn, Pt, Mo & Pb
26	IHD-11081	Concession Contract	19/12/2011	21/03/2042	868,492	AngloGold Ashanti Colombia SA	45.9763	100%	Au, Ag, Cu, Zn, Pt, Mo & Pb
27	IJN-14011	Concession Contract	09/12/2009	Note 1	23,960,679	AngloGold Ashanti Colombia SA	1214.7645	100%	Au, Ag, Cu, Zn, Pt, Mo & Pb
28	IJN-14321	Concession Contract	09/12/2009	Note 1	2,599,612	AngloGold Ashanti Colombia SA	137.6184	100%	Au, Ag, Cu, Zn, Pt, Mo & Pb
29	3638	Exploration	21/12/2007	07/04/2013 Note 3	75,560,000	La Peña SOM	4000	100%	Au, Ag & other 30 permisibles 31 en filón y aluvión
30	KAQ-10431	Concession Contract	19/12/2011	Note 1	185,526,112	Encenillos SOM	9821.39	100%	Au, Pt & concentrates & other Minerals concessions
31	JDO-08592X	Concession Contract	30/08/2011	Note 1	2,030,675	Antioquia SOM	107.5	100%	Precious metals & concentrates, natural & siliceous sand & gravel, Ti minerals

Summary of Continental Gold Tenements Details and Status									
#	License No.	Status	Date Granted	Date Expiry	Annual Fees (COP)	Company	Area (Ha)	% Owned by the Company	Minerals Covered
32	KJG-14581	Concession Contract	19/12/2011	Note 1	21,620,123	Frontera SOM	1144.53	100%	Au, Pt minerals & concentrates & other Minerals concessions
33	J18-08231	Concession Contract	06/08/2012	19/10/2042	30,641,554	Costa SOM	1622.1045	100%	Au, Pt & concentrates
<p>Titles highlighted in green belong to integrated area contract as per resolutions #011497 and #011498, both dated April 07, 2011. Thirteen tenements were integrated into one large license. Both Yaraguá and Veta Sur prospects are within the integrated license. The license integration simplifies the administration and planning of the mine development. The resolutions have not been registered with the National Mining Registry yet. The term is 30 years from the date of registration with the National Mining Registry (Registro Minero Nacional). The PTO has been approved for the whole integrated area by resolution #011497.</p>									

Note 1. Licenses are signed but not registered in the National Mining Registry (Registro Minero Nacional).

Note 2. On April 27, 2011 a unified canon was paid for the integrated area in the amount of COP35,737,022.

Note 3. Exploration and Exploitation licenses may be turned into concession contracts with a 30 year term.

Summary of Continental Gold Free Area Technical Study Completed Tenements and Applications						
	License No	Status	Company	Area (Ha)	% Owned By CNL	Minerals Covered
1	4246	Free Area Technical Study Completed	Árbol Solo SA	1164.924	100%	Au, Ag, Cu & other Minerals
2	JHM-11221	Free Area Technical Study Completed	CG de Colombia Ltd	6.38895	100%	Au, Pt & concentrates & other Minerals concessions
3	JHR-08071	Free Area Technical Study Completed	Costa SOM	31.302	100%	Au, Pt & concentrates
4	JHR-08073X	Free Area Technical Study Completed	Costa SOM	203.24507	100%	Au, Pt & concentrates
5	JHR-08074X	Free Area Technical Study Completed	Costa SOM	269.0432	100%	Au, Pt & concentrates
6	JHR-08075X	Free Area Technical Study Completed	Costa SOM	23.993	100%	Au, Pt & concentrates
7	JHR-08076X	Free Area Technical Study Completed	Costa SOM	143.4795	100%	Au, Pt & concentrates
8	JHR-08077X	Free Area Technical Study Completed	Costa SOM	137.1679	100%	Au, Pt & concentrates
9	JJO-08041	Free Area Technical Study Completed	CG de Colombia Ltd	32.126	100%	Au, Pt & concentrates & other Minerals concessions
10	KAQ-10271	Free Area Technical Study Completed	Encenillos SOM	9891.3527	100%	Au, Pt & concentrates & other Minerals concessions
11	KCK-15021	Free Area Technical Study Completed	CG de Colombia Ltd	52.4998	100%	Au, Pt & concentrates & other Minerals concessions
12	LC9-11001	Free Area Technical Study Completed	CG de Colombia Ltd	38.8287	100%	Au, Pt & concentrates & other Minerals concessions
13	LC9-10481	Application without Free Area Study	CG de Colombia Ltd	3.5722	100%	Au, Pt & concentrates & other Minerals concessions
14	LCP-08025	Application without Free Area Study	CG de Colombia Ltd	54.81	100%	Au, Pt & concentrates & other Minerals concessions
16	IJN-14301	Free Area Technical Study Completed	Anglogold Ashanti Colombia SA	134.1907	100%	Au, Ag, Cu, Zn, Pt, Mo & Pb
17	KFC-08031	Free Area Technical Study Completed	Escorpion SOM	681.9571	100%	Au, Pt & concentrates & other Minerals concessions

Summary of Continental Gold Free Area Technical Study Completed Tenements and Applications						
	License No	Status	Company	Area (Ha)	% Owned By CNL	Minerals Covered
18	KFC-08035X	Free Area Technical Study Completed	Escorpion SOM	819.9547	100%	Au, Pt & concentrates & other Minerals concessions
19	KAQ-10331	Application without Free Area Study	Encenillos SOM	9999.37	100%	Au, Pt minerals & concentrates & other Minerals concessions
20	KJ2-08061	Free Area Technical Study Completed	Frontera SOM	5172.3700	100%	Au, Pt minerals & concentrates
21	JDO-08591X	Free Area Technical Study Completed	Antioquia SOM	828.62	100%	Precious metal minerals & concentrates, sand, limestone rock or rough
22	JDO-08593X	Free Area Technical Study Completed	Antioquia SOM	3456.36	100%	Precious metal minerals & concentrates, sand, limestone rock or rough
Free Area Technical Study: No fees apply for initial reconnaissance exploration prior to formal exploration. There is no certainty the area will be granted						

Other Exploration Projects

Berlin Project

The Berlin project is a 100%-owned project totalling 25,059 hectares, comprised of eight registered concessions totalling 18,869 hectares and 11 pending registration concessions totalling 6,190 hectares, located in the 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 graphitic- and sericite-chlorite schists of the Paleozoic Cajamarca complex, and located in a structural wedge between north and northeast-trending extensions of the Romeral fault system, which is a prominent suture zone between Mesozoic continental margin and Cretaceous and younger accreted terranes.

Gold mineralization is characterized by large-scale quartz veins which are preferentially developed in the graphitic schists, and are both strike and vertically extensive. The Berlin vein trend is a minimum 11 kilometres of strike length north-south and the newly discovered sub-parallel Troncal trend is a minimum four kilometres in strike length. Ore-grade mineralization has been discovered along the entire 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 thickness, with gold grades being higher in areas that have abundant inclusions of the graphitic schist. Alteration consists of a simple assemblage of sericite +/- carbonate which is developed within 1 - 25 metres of the vein margins.

According to the *Engineering and Mining Journal* (Vol. 143, No. 4, 1942), the original Berlin Mine was operated from 1930-1946 by Canadian company Timmins Ochali. It produced 413,000 ounces of gold from a number of quartz veins and quartz lenses, up to 20 metres thickness, with a life-of-mine production grade of 16 g/t Au. Gold recoveries averaged 94% in a standard gravity, flotation and cyanidation circuit. The mine covered approximately 900 metres of strike in the centre 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 known vein trends.

Field work programs carried out by Continental Gold to date have consisted of detailed geologic mapping and more than 1,100 stream sediment, rock chip and channel samples. Surface mapping and sampling have also confirmed on the adjacent Troncal trend similar veins that have been traced along a minimum 4 kilometres of strike. Approximately 90% of the combined strike length on the two prospective trends is on concessions which are 100% owned by the Company.

The Berlin project displays high potential for the discovery of multiple mineralized quartz veins and lodes, similar to the original Berlin deposit, along the entire strike length of the Romeral and Troncal trends within the Continental Gold tenure package. No work was performed at the Berlin project during 2012 but the Company hopes to be able to initiate a diamond drilling campaign in the near future.

Anzá Project

The Anzá 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.

Anzá Option Agreement

The Company and five other parties (the “Optioners”) completed a definitive option agreement dated May 20, 2010 on a contiguous group of properties (the “Optioned Properties”), including part of the Anzá 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 \$0.4 million and 450,000 common shares of Waymar pursuant to the option agreement. In addition, the Optionors are entitled to receive \$2.0 million and 2,000,000 common shares of Waymar (Company share - \$0.5 million and 500,000 common shares) on June 29, 2013. Waymar is also responsible for incurring a minimum of \$4.0 million of exploration expenditures on the Optioned Properties pursuant to the option agreement. The Optionors will maintain a 2% net smelter royalty in the Optioned Properties. Additionally, Waymar will have the option to purchase half of the net smelter royalty from the Optionors at a cost of \$1.0 million.

Waymar Acquisition Agreement

The Company also completed the sale of certain other Anzá 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 common 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. The share purchase warrants expired unexercised in fiscal 2012.

Dominical Project

The Dominical project encompasses an aggregate area of 24,327 hectares and is located in southern Colombia in the Cauca Department. The project area is comprised of four registered concessions totalling 5,590 hectares, five pending registration concessions totalling 3,426 hectares and 10 concession applications covering 15,311 hectares.

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.

Exploration activities include stream sediment sampling with follow-up rock-chip sampling and detailed geological mapping of prospective areas. Exploration focused on the La Playa vein zone where a 100 to 300-metre wide structural corridor, containing multiple intermediate sulfidation quartz and quartz-carbonate veins, has been outlined along a 1.8 kilometre trend. The polymetallic veins are characterized by an Au-Ag-Zn-Pb-Cu metal association. Surface exploration to define additional vein and porphyry-style targets was carried out in 2012. A project-wide helicopter supported geophysical (magnetic and radiometrics) program is planned and is expected to be completed in the first half of 2013. 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 2013.

In addition to exploration expenditures, the Company also completed a land acquisition transaction during the second quarter of 2011 including concession contracts adjacent to the Dominical project from the Chairman, of which \$1.5 million of the purchase cost was attributed and allocated to the Dominical project.

Dojura Project

The Dojura project covers an aggregate area of 44,105 hectares, and is comprised of three registered concessions totalling 12,726 hectares, six pending registration concessions totalling 14,187 hectares and five concession applications totalling 17,192 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.

The Company received payments totalling \$0.5 million in 2010 to 2012 from AngloGold with regard to the Dojura project. Work was halted on the Dojura project on a partial force majeure basis until such time as security conditions in the area improve. The Company agreed to temporarily postpone the January 15, 2013 payment of \$0.5 million while the two parties discuss alternatives to the current agreement. If a mutually acceptable agreement cannot be reached within an agreed timeframe, the Company expects AngloGold to make the January 15, 2013 payment forthwith and any other future payments contemplated in the original option agreement to keep the option agreement in good standing. Exploration expenses, as defined in the assignment agreement, will be paid when the exploration is resumed. See "Material Contracts: AngloGold Assignment Agreement".

During 2012, the Company received a summary of the results of an airborne geophysical survey performed by AngloGold over a portion of the property. The results are consistent with the long-standing recommendation that the property has potential for large-scale copper-gold porphyry style mineralization.

Santander Project

The Santander property consisted of concessions totalling 4,465 hectares and one pending applications totalling six hectares. It is located 35 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 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, and the block on the northwest is along the emerging Surata trend.

On February 6, 2013, the Company announced that it voluntarily initiated the process of relinquishing to the National Mining Agency 1,001 hectares of its mineral exploration rights located in the Santander region within the newly-declared 11,700 hectare-area Parque Natural Regional Páramo de Santurbán (the “Páramo Park”). The Company intends to retain its remaining 3,474 hectares of mineral exploration rights in the Santander region not impacted by the Páramo Park boundaries as it considers the ground prospective for precious metals. The declaration was approved in early 2013 by the Corporación Autónoma Regional para la Defensa de la Meseta de Bucaramanga (“CDMB”) (Regional Autonomous Corporation for the Bucaramanga Plateau) to protect the environmentally-sensitive region essential for water, climate regulation and carbon sequestration.

Other than initial reconnaissance sampling, Continental Gold has not carried out any significant work in the area and no significant work is planned for 2013 on the property. Given the amount of interest in the area by other companies, 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 prominent mining companies. Concession BA3-093 is immediately south and adjacent to the historical Vetas gold district, which is currently being explored by other mining 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 Colombian Mining Code, Law 1382. Law 1382 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 determined that development of the Lunareja project was no longer feasible and wrote down the carrying value of the Lunareja project to zero in the first quarter of 2010.

As a result of clarifications from the Colombian mining authorities which prohibit mining in protected zone areas, the Company determined in early 2013 that it no longer desired to retain the Lunareja project as the vast majority of its registered concessions were within the boundaries of a national park; therefore, the Company is in the process of disposing of the project.

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 has an authorized capital of \$60,000 and may issue up to 50,000,000,000 Common Shares with a par value of \$0.000001 per share, and up to 100,000,000 preferred shares with a par value of \$0.0001, issuable in one or more series. 126,191,155 Common Shares and no preferred shares were issued and outstanding at December 31, 2012 and, as of March 6, 2013, there were 126,444,280 Common Shares and no preferred shares issued and outstanding.

Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of shareholders, to attend and to cast one vote per Common Share at all such meetings, except meetings at which only holders of another class or series of shares are entitled to vote separately as such class or series. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company, holders of Common Shares are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to, or on a pro rata basis with, the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Preferred Shares

Before the issue of the first shares of any series of preferred 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. As a class, the preferred shares will have priority over the Common Shares and over any other shares of the Company ranking junior to the preferred 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 Common Shares also trade on the OTCQX under the symbol "CGOOF".

The following table sets forth information relating to the closing Common Share price trading ranges and volume of Common Shares traded by month in 2012 based on information published by the TSX.

Period	High (C\$)	Low (C\$)	Volume
January 2012	9.06	7.60	7,400,932
February 2012	9.13	7.56	6,172,089
March 2012	8.06	7.01	7,048,777
April 2012	7.84	6.13	10,354,967
May 2012	7.57	5.35	7,866,267
June 2012	8.09	5.96	11,585,560
July 2012	7.27	6.14	5,348,493
August 2012	7.85	6.95	10,074,662
September 2012	9.26	7.39	17,219,568
October 2012	10.02	8.64	19,709,247
November 2012	10.03	9.25	11,071,757
December 2012	9.45	8.10	9,250,055

ESCROWED SECURITIES

To the knowledge of the Company, there were no Common Shares held in escrow as at December 31, 2012.

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. The term of office of the officers expires at the discretion of the Company's directors.

Name and Municipality of Residence	Current Position with the Company	Principal Occupation	Director/ Officer Since
Robert W. Allen Medellín, Colombia	Chairman of the Board of Directors	Chairman and director, Grupo de Bullet S.A.	2007
Ari B. Sussman Ontario, Canada	Chief Executive Officer and Director	Chief Executive Officer of the Company	2010
Patrick F.N. Anderson ⁽²⁾ Ontario, Canada	Director	Chief Executive Officer, Dalradian Resources Inc.	2010
Gary Barke ⁽⁴⁾ Little Rock, Arkansas	Director	Lawyer, private practice	2013
Jaime I. Gutiérrez ⁽¹⁾⁽²⁾⁽³⁾ Medellín, Colombia	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.; Chief Financial Officer, Guyana Precious Metals	2010
Kenneth G. Thomas ⁽³⁾ Ontario, Canada	Director	President, Ken Thomas & Associates	2012
Timothy A. Warman ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Director	President, Dalradian Resources Inc.	2010
Mark Moseley-Williams Medellín, Colombia	President and Chief Operating Officer	President and Chief Operating Officer of the Company	2010
Paul P. Begin Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Company	2011
Gustavo J. Koch Medellín, Colombia	Executive Vice President	Executive Vice President of the Company	2007
Mauricio Castañeda Medellín, Colombia	Vice President, Exploration	Vice President, Exploration of the Company	2011
Eduardo Otoyá Medellín, Colombia	Vice President, Corporate Affairs	Vice President, Corporate Affairs of the Company	2012

(1) Member of the Audit Committee.

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

(3) Member of the Health, Safety, Environmental and Community Relations Committee.

(4) Appointed to the Board of Directors on March 6, 2013.

Based on the disclosure available on the System for Electronic Disclosure by Insiders (SEDI), as of March 6, 2013, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 21,733,018 Common Shares, representing approximately 17% 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 Gold Limited since September 2007. Mr. Allen has over 40 years of experience in the mining industry. Mr. Allen has been involved in the identification, financing, and development of oil, gas, coal, and precious 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 4,000,000 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.

Patrick Anderson, Director

Mr. Anderson is an exploration geologist, entrepreneur and business executive with over 18 years of experience working in the resource sector. After graduating with a geology degree from the University of Toronto, he moved to Venezuela to work as the resident project geologist on a successful kimberlite exploration program. 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. Mr. Anderson was a 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. He was named Mining Man of the Year by The Northern Miner in 2009 and received the PDAC's Thayer Lindsley award for an international mineral discovery in 2008. Since 2010, Mr. Anderson has been the Chief Executive Officer of Dalradian Resources Inc., and sits on the board of Braeval Mining Corporation.

Gary Barket, Director

Mr. Barket is an attorney in private practice in Little Rock, Arkansas, and was U.S. counsel to Continental Gold Limited and a member of its Board of Directors from September 2007 to March 2010, where he served on the Stock Option and Compensation Committee, Audit Committee and Corporate Governance Committee. He has practiced law in Little Rock for over 40 years, specializing in securities and business transactions, and litigation. From 1985 to 1990, he worked as a financial consultant with Merrill Lynch Capital Markets and was a Vice President with Shearson Lehman Brothers. He received a Bachelor of Arts degree in Political Science in 1968 from the University of Arkansas and a Juris Doctor in 1971 from the University of Arkansas School of Law. Mr. Barket also sits on the board of directors of Solvista Gold Corporation.

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, IFRS 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 also serves as Chief Financial Officer of Guyana Precious Metals Inc. He also sits on the board of directors of Alamos Gold, Inc. and Century Iron Mines Corporation.

Ari Sussman, Chief Executive Officer and Director

Mr. Sussman has been 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. He was also the former Executive Chairman and Chief Executive Officer of Colossus Minerals Inc., which is developing the high-grade gold, platinum and palladium project, Serra Pelada, in Brazil, and is currently 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.

Kenneth Thomas, Director

Dr. Thomas was Senior Vice-President, Projects at Kinross Gold Corporation. Prior to Kinross, Dr. Thomas was Global Managing Director and a director at Hatch, a multinational engineering company that provides process design, business strategies, technologies, and project and construction management to the metals, infrastructure and energy market sectors. From 2003 to 2005, he was Chief Operating Officer at Crystallex International and, earlier in his career, spent 14 years at Barrick Gold Corporation, including as Senior Vice-President, Technical Services. Dr. Thomas earned his Ph.D. from Delft University of Technology in The Netherlands, with a focus on technical services and project execution. He is a member of the Professional Engineers of Ontario, and a Fellow of The Canadian Institute of Mining, Metallurgy & Petroleum. In 2001, the Institute awarded Dr. Thomas the Selwyn G. Blaylock Medal for advancement in international mine design. Mr. Thomas is also a director of Candente Gold Corporation.

Timothy Warman, Director

Mr. Warman, President of Dalradian Resources Inc., is a professional geologist with over 20 years of experience in all phases of the mining industry, from grassroots exploration through feasibility and development. Previously, he was President and CEO of Malbex Resources Inc., which discovered the Del Carmen oxide gold deposit in Argentina. Prior to that, Mr. Warman was Vice President, Corporate Development of Aurelian Resources Inc., where he supported 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, and has worked extensively in Scandinavia, including projects in Norway and Finland. Mr. Warman is a graduate of the University of Manitoba (MSc) and McMaster University (BSc) and a member of the Association of Professional Geoscientists of Ontario.

Mark Moseley-Williams, President and Chief Operating Officer

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.

Paul Begin, Chief Financial Officer

Mr. Begin served as Chief Financial Officer and Corporate Secretary for Hanfeng 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 practice law in Argentina.

Mauricio Castañeda, Vice-President, Exploration

Mauricio Castañeda has more than 10 years of mineral exploration and production-stage experience. He joined the Company in April 2009, initially as the Company's Exploration Manager. Prior to Continental Gold, Mr. Castañeda held senior positions as a geologist in a number of exploration and mining companies in Colombia, including Anglo American Colombia Exploration, ColGold Inc. Colombia, Consorcio de Inversionistas S.A. and Mineros Nacionales S.A.

Eduardo Otoya, Vice President, Corporate Affairs

Eduardo Otoya is a lawyer specializing in economic legislation, with the latter 9 of his over 18 years of management experience being in the Colombian mining industry. Prior to joining Continental Gold, Mr. Otoya was General Manager and Legal Representative of Frontino Gold Mines where, during receivership, it restructured a US\$120 million debt allowing for the successful sale of the company. Mr. Otoya has also held management and legal positions in Empreserial de Fiduagraria (finance sector), Superintendencia de Sociedades (government sector), and Concasa and Invercrédito (banking sector).

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 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 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 consolidated financial statements, unaudited quarterly consolidated financial statements and management's discussion and analysis of financial results of

operations for both annual and interim consolidated 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 or as it may designate. A copy of the charter is attached hereto as Schedule "A".

During the year ended December 31, 2012, the Audit Committee was comprised of four directors: Paul Murphy (Chair), James Felton, Jaime I. Gutiérrez, and Timothy Warman. Effective November 6, 2012, Mr. James Felton, a former director of the Company, resigned from the Audit Committee. As such, the Audit Committee is currently comprised of three directors until a replacement to Mr. Felton is appointed. In addition to being independent directors, all 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 Education and Experience

Set out below is a description of the education and experience of each of the Company's three 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., and Chief Financial Officer of Guyana Precious Metals Inc. Mr. Murphy previously served as a partner with PricewaterhouseCoopers LLP from 1981 to 2010. He is a graduate of Queens University and has been a Chartered Accountant (C.A.) since 1975.
- 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. He holds bachelor degrees in civil engineering and finance from universities in Medellín, Colombia.
- Timothy Warman, President of Dalradian Resources Inc., is a professional geologist with over 20 years of experience in all phases of the mining industry. Previously, he was President and CEO of Malbex Resources Inc., and Vice President, Corporate Development of Aurelian Resources Inc., where he marketed Aurelian to international investors and played a significant role in successfully negotiating the \$1.2 billion acquisition of Aurelian by Kinross Gold Corporation. Mr. Warman has held senior positions in a number of mining and exploration companies in North America, Africa and Europe.

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, during 2012 and 2011:

(C\$)	2012	2011
Audit Fees	149,086	156,970
Audit-related Fees	265,633	178,308
Tax Fees	81,816	64,789
All Other Fees	-	-
Total	496,535	400,067

Audit Fees

The audit fees relate to the audit of the annual consolidated 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 consolidated 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

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.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company was not during fiscal 2012, 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 2012, 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 2012.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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.

TRANSFER AGENTS AND REGISTRAR

For the period January 1 to February 14, 2012, the transfer agent and registrar for the Common Shares was Olympia Transfer Services Inc. Effective February 15, 2012, the transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario Canada M5J 2Y1.

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) Assignment Agreement dated June 4, 2008, among Continental Gold, Robert W. Allen and AngloGold Ashanti Limited, whereby Mr. 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 Mr. Allen and AngloGold Ashanti Limited (see "Assignment Agreement" below); and
- (c) the Underwriting Agreement dated November 16, 2012 among the Company and Dundee Securities Ltd., Clarus Securities Inc., GMP Securities L.P., TD Securities Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. in connection with the December 4, 2012 equity financing consisting of the issue of 9,039,000 Common Shares at a price of C\$9.55 per share for aggregate gross proceeds of C\$86.3 million (see also "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 Allen, the Chairman (see "Directors and Officers"). The value of the Colombia Project Rights was determined to be \$26.0 million, 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 of the Company at a deemed value of \$0.2995 per share;
- (b) issued to Bullet 3,000,000 units at a deemed value of \$0.3636 per unit, each unit consisting of one common share of the Company at a deemed value of \$0.2995 per share and one-half of one Continental Gold share purchase warrant at a deemed value of \$0.0642 per one-half of a share purchase warrant or \$0.1284 per whole share purchase 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”.

AngloGold Assignment Agreement

Pursuant to the AngloGold Assignment Agreement between Continental Gold, Robert W. Allen and AngloGold Ashanti Limited dated June 4, 2008, Mr. 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 Mr. 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 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 Mr. Allen an amount of \$50,000 (“Initial Due Diligence Payment”) and amounts of \$20,000 over 30 day periods for a total of \$0.1 million (the “Additional Due Diligence Payments”) in exchange for which Mr. 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 Mr. Allen. At the end of the Due Diligence Period and after the aforementioned payments have been received by Mr. 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 Mr. 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 Mr. 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 Mr. 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 \$1.0 million 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 Mr. Allen the amount of \$0.5 million 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 Mr. Allen in the amounts of \$0.2 million 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 Mr. Allen in the amount of \$2.5 million (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 Mr. Allen shall have a 25% ownership interest. A shareholders’ agreement will be entered into between AngloGold Ashanti Limited and Mr. 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 Mr. Allen with semi-annual reports.

The shares in the Off-Shore Company shall be delivered to the AngloGold Entity and Mr. 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 Mr. 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, Mr. 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 Mr. 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 Mr. Allen and that AngloGold Ashanti Limited has selected the Dominical project and the Dojura project as the Selected projects.

Work was halted on the Dojura project on a partial force majeure basis until such time as security conditions in the area improve. The Company agreed to temporarily postpone the January 15, 2013 payment of \$0.5 million while the two parties discuss alternatives to the current agreement. If a mutually acceptable agreement cannot be reached within an agreed timeframe, the Company expects AngloGold to make the January 15, 2013 payment forthwith and any other future payments contemplated in the joint venture agreement to keep the agreement in good standing.

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 Mr. Allen in the amount of \$0.1 million 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 Mr. 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 Mr. Allen pursuant to the terms of the Assignment;
 - (d) a cash payment to Mr. 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 Mr. 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, Mr. Allen and AngloGold Ashanti Limited entered into an agreement to add this amount to the minimum exploration expenditure of \$1.0 million 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 Mr. 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

The following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion during or relating to the financial year ended December 31, 2012, whose profession or business gives authority to such report, valuation, statement or opinion:

1. PricewaterhouseCoopers LLP, Chartered Accountants (regarding the Company's annual consolidated financial statements for the fiscal year ended December 31, 2012, and auditor's report thereon). PricewaterhouseCoopers LLP has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario; and
2. Andrew Vigar, FAusIMM, MSEG, and Martin Recklies, MAIG, each of Mining Associates (regarding the MA Buriticá Report). The MA Buriticá Report is available under the Company's profile on the SEDAR website at www.sedar.com and a summary of such report is contained in this annual information form under "Description of the Business – Material Mineral Property".

Mark Moseley-Williams, President and Chief Operating Officer of the Company (regarding the technical information contained in this annual form, including the Exploration Update and the technical information under the heading "Description of the Business – Material Mineral Property – Metallurgical Testing", other than in respect of the MA Buriticá Report).

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 at or following the time when they prepared the MA Buriticá Report or the technical information contained in this annual form, including the Exploration Update and the technical information under the heading "Description of the Business – Material Mineral Property – Metallurgical Testing", as applicable, 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 the MA Buriticá Report or the technical information relating to the June 2012 Exploration Update, as applicable.

Other than Mark Moseley-Williams, President and Chief Operating Officer of the Company, none of the aforementioned persons, nor any directors, officers or employees of such aforementioned firms, is currently 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.

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 2012 annual shareholders' meeting. Additional financial information is provided in the Company's annual audited consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2012. 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.
"Indicated Mineral Resource"	has the meaning set out under the heading "Description of the Business – Technical Information".
"Inferred Mineral Resource"	has the meaning set out under the heading "Description of the Business – Technical Information".
"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"	has the meaning set out under the heading "Description of the Business – Technical Information".
"Mineral Resource"	has the meaning set out under the heading "Description of the Business – Technical Information".
"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 Corporation, 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 Corporate Governance, Nominating & Compensation 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 Corporate Governance, Nominating & Compensation, which shall report to the Board.
42. Review annually, together with the Corporate Governance, Nominating & Compensation 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 Policy was adopted by the Board on March 17, 2011.

This Policy was reviewed by the Audit Committee on May 4, 2012.