MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2013

November 7, 2013

TABLE OF CONTENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following management’s discussion and analysis (“MD&A”) of the activities, consolidated financial condition and consolidated results of the operations of Continental Gold Limited (the “Company” or “Continental Gold”) constitutes management’s review of the factors that affected the Company’s consolidated financial and operating performance for the three and nine months ended September 30, 2013. This discussion, dated November 7, 2013, should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended September 30, 2013, together with the notes thereto, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts in this MD&A are in United States (“U.S.”) dollars, unless stated otherwise. References to C$ and COP are to Canadian dollars and Colombian pesos, respectively. Information contained herein is presented as of November 7, 2013, unless otherwise indicated.

Further information about the Company and its operations is available on SEDAR at www.sedar.com and on the U.S. Over-the-Counter market, OTCQX® International (“OTCQX”), at www.otcmarkets.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes “forward-looking statements” within the meaning of applicable Canadian securities legislation and applicable U.S. securities laws. Forward-looking information includes, but is 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; results of a pre-feasibility study; 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”, “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; fluctuations 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; uncertainties of construction and operating cost overruns; 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 “Risks and Uncertainties” 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 MD&A 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 MD&A 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 United States 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 United States Securities and Exchange Commission (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 MD&A containing descriptions of our mineral deposits may not be comparable to similar information made public by United States companies.

EXECUTIVE SUMMARY

Continental Gold Limited (TSX:CNL; OTCQX:CGOOF) is an advanced-stage exploration and development company with five gold projects covering over 156,949 hectares in highly-prospective areas with known historical gold production in Colombia.

Formed in April 2007, the Company is committed to increasing its value through the exploration and development of precious metal deposits. The Company's international management team has a successful track record of discovering and developing bulk mining targets and multi-million ounce gold deposits while its technical team boasts more than 40 years of mining and exploration experience in Colombia. Their in-depth knowledge of Colombian mineral properties has guided the Company to acquire properties with substantial exploration and development potential.

The Company plans to continue to advance the exploration and development program at its flagship high-grade gold project, Buriticá, located in Antioquia, Colombia. Major objectives for the remainder of fiscal 2013 include: drilling programs to expand and infill the Veta Sur and Yaraguá zones; exploration drilling of other high-grade vein system targets; the development of multiple tunnels accessing the Yaraguá and Veta Sur vein systems; the commencement of construction of a dirt road connecting the Higabra valley and the current paved road that traverses the Buriticá property; the submission of the final modification required to the existing Environmental Impact Assessment ("EIA"); preparation for the publishing of an updated mineral resource estimate in late 2013 or early 2014; and advancing various engineering studies that will form the foundation of a pre-feasibility study ("PFS") expected to be completed in 2014.

Q3 2013 Highlights

- Advancement of the exploration and development program at the Buriticá project:

  - Completed approximately 16,000 metres of diamond drilling during the three months ended September 30, 2013 for an overall project life total of approximately 205,000 metres to September 30, 2013. Drilling has extended several vein sets and identified new veins outside of the current mineral resource. BUSY343 was drilled to the north from the La Estera area and intersected mineralization at up to 250 metres to the southwest of, and 400 metres below, the current Veta Sur mineral resource envelope, the furthest step-out and vertical extensions of the Veta Sur vein system to date;

  - Drill results in the Veta Sur vein system included: 16.7 metres @ 58.7 g/t gold and 233 g/t silver, including 5.15 metres @ 184 g/t gold and 671 g/t silver; 18.7 metres @ 22.4 g/t gold and 80 g/t silver, including 3.8 metres @ 99.6 g/t and 254 g/t silver; 28.4 metres @ 20.5 g/t gold and 135 g/t silver, including 2.15 metres @ 135.3 g/t gold and 921 g/t silver; and 10.9 metres @ 10.8 g/t gold and 85 g/t silver;

  - Drill results in the La Estera vein system included: 3.5 metres @ 13.3 g/t gold, 181 g/t silver and 5.3% zinc, including 1 metre @ 21.3 g/t gold, 362 g/t silver and 8.2% zinc; and 2.27 metres @ 6.4 g/t gold and 163 g/t silver, including 1.1 metres @ 12 g/t gold and 261 g/t silver;

  - Continued underground development of a tunnel in the Higabra valley at an elevation of 1,150 metres above sea-level and a ramp parallel to the Veta Sur vein system at an elevation of approximately 1,700 metres above sea-level, and commenced construction of a new ramp parallel to the Yaraguá vein system at an elevation of approximately 1,600 metres above sea-level. The Company's initial goal is to provide underground drilling access to grow the measured and indicated portion of the mineral resource estimate for both the Yaraguá and Veta Sur vein systems ahead of the PFS;

- In light of current metal prices, reduced the Phase IV drill program by 33% to 62,000 metres in 2013. The remaining drilling for the fiscal year focuses primarily on infill and extension drilling at the Veta Sur and Yaraguá vein systems; and
- On September 19, 2013, the Company announced that approximately 99% of the hectares required for future infrastructure have been purchased and that it plans to commence construction of a dirt road from the paved road that traverses the property to the Higabra Valley in the fourth quarter of 2013.

▪ On August 1, 2013, Cordoba Minerals Corp. ("Cordoba"), an unrelated public company, announced a binding agreement with respect to the acquisition by Cordoba of Sabre Metals Inc. ("Sabre"), an associate of the Company. Upon completion of the proposed transaction, the Company's ownership of Cordoba is expected to be less than 10%, including shares of Cordoba currently owned by the Company. As a result, upon completion of the proposed transaction, the investment in Sabre is expected to be reclassified and accounted for as an available-for-sale investment. As at November 7, 2013, the transaction has not yet closed.

Subsequent to quarter end:

▪ On October 3, 2013, the Company released additional drill results and underground channel sampling of historical workings for the Yaraguá vein system at the Buriticá project. Drill results included 2.7 metres @ 831 g/t gold and 65 g/t silver and 3.45 metres @ 27.1 g/t gold and 11 g/t silver; underground channel sampling results included 121.4 g/t gold and 775 g/t silver across 0.45 metres along 60 metres.

▪ On October 30, 2013, the Company released additional drill results and surface and underground sampling from the Veta Sur and northern La Estera systems. Drill results included 0.5 metres @ 101.5 g/t gold and 20 g/t silver and 2.5 metres @ 12 g/t gold and 37 g/t silver.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

As at In thousands of U.S. dollars	**September 30 2013**	December 31 2012
	$	$
Consolidated Financial Position		
Cash	**132,414**	169,983
Exploration and development assets	**151,222**	121,154
Total assets	**299,872**	310,596
Shareholders' equity	**283,600**	296,656

	Three months ended September 30		**Nine months ended September 30**	
In thousands of U.S. dollars	**2013**	**2012**	**2013**	2012
	$	$	**$**	$
Consolidated Operating Results				
Net loss income	**(3,968)**	(4,457)	**(19,295)**	(4,589)
Adjusted net loss *	**(3,968)**	(906)	**(19,295)**	(5,240)
Consolidated Cash Flow				
Acquisition of and investment in exploration and evaluation assets, net of gold sales	**11,809**	8,507	**34,129**	25,231
Cash flows from financing activities	**141**	47,167	**640**	50,471
Net cash (out) inflow	**(11,317)**	35,462	**(33,173)**	17,597

* Adjusted net loss for 2012 is a non-generally accepted accounting principle ("GAAP") measure and represents net (loss) income before gain on Canadian dollar-denominated warrants.

The Company's total assets at September 30, 2013 were $299.9 million in comparison to $310.6 million as at December 31, 2012 and $303.9 million as at June 30, 2013. The decrease is due to impairment adjustments for exploration assets, net of deferred tax recoveries, and unrealized foreign exchange.

Cash and cash equivalents at September 30, 2013 was $132.4 million compared to $170.0 million at December 31, 2012 and $141.5 million as at June 30, 2013. The change is a result of expenditures for the continued advancement of the Buriticá project and a decline in Canadian dollar cash balances due to changes in the CAD:USD exchange rate.

Net loss for the three and nine months ended September 30, 2013 was $4.0 million and $19.3 million, respectively, compared to $4.5 million and $4.6 million for the same respective periods in 2012, which included a loss of $3.6 million and a gain of $0.7 million, respectively, related to the revaluation of Canadian dollar-denominated warrants. In 2012, there were Canadian dollar-denominated warrants outstanding that represented warrants listed on the Toronto Stock Exchange ("TSX") for which changes in the fair values are recognized in the consolidated statement of operations and comprehensive income (loss). All such warrants were exercised or expired in 2012.

Adjusted net loss (a non-GAAP measure, representing net loss before gain on Canadian dollar-denominated warrants) for the three and nine months ended September 30, 2013 was $4.0 million and $19.3 million, respectively, compared to $0.9 million and $5.2 million for the three and nine months ended September 30, 2012. The change is due to unrealized foreign exchange gains (losses) on Canadian dollar monetary balances, which were higher in 2013 due to the completion of a bought deal financing in December 2012, impairment charges for exploration assets and an impairment charge and a provision for bad debts relating to its investment in and receivable from ThunderBolt Resources Inc. ("ThunderBolt"), an associate of the Company.

The Company has no long-term financial liabilities, off-balance sheet financing arrangements or material contingent liabilities or contractual obligations, other than the equity tax liability. Excluding the impact of revaluations for financial liabilities and foreign exchange on Canadian-dollar cash balances, the Company expects to continue to incur losses until commercial mining operations from its exploration and evaluation assets have commenced.

DESCRIPTION OF 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 five properties in Colombia totaling approximately 147,434 hectares and has pending concession applications totaling approximately 9,515 hectares. There is no guarantee that the Company will be granted the pending concession applications. See the "Risks and Uncertainties" section in this MD&A. Currently, the Company's primary focus is on its Buriticá project.

The Company is governed by the laws of Bermuda and is a reporting issuer in Canada under applicable securities legislation in Ontario, Alberta, British Columbia and New Brunswick. It carries on its operations through a corporate office in Toronto, Canada and a foreign company branch office in Medellín, Colombia. The Company's issued and outstanding common shares trade on the TSX and OTCQX under the symbols "CNL" and "CGOOF", respectively.

The Company has a need for equity capital and other financing to fund working capital in the exploration and development of its properties. The Company's ability to continue as an active mineral property explorer and developer is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or sufficient, or if the Company will attain profitable levels of operation.

EXPLORATION SUMMARY

Exploration expenditures, net of gold sales and recoveries, are summarized as follows:

	Three months ended September 30		Nine months ended September 30	
In thousands of U.S. dollars	**2013**	2012	**2013**	2012
	$	$	**$**	$
Buriticá	**12,367**	9,800	**36,537**	28,869
Dojura	**85**	38	**271**	(147)
Dominical	**–**	(53)	**122**	222
Berlin	**32**	(189)	**54**	26
Santander	**51**	39	**66**	47
Anza	**–**	–	**–**	(5)
	12,535	9,635	**37,050**	29,012

Buriticá Project

The Buriticá project encompasses an aggregate area of 58,773 hectares and is located approximately 75 kilometres northwest of Medellín in the Antioquia Department of north-western Colombia. The project area is comprised of 14 registered concessions covering 13,404 hectares, 29 pending registration concessions totaling 43,696 hectares and four concession applications covering 1,673 hectares. As in the case of all the Company's properties, concession applications in process give the Company priority on the properties in question during the application process; however, there is no guarantee that the Company will be granted the pending concession applications. See the "Risks and Uncertainties" section in this MD&A. The Buriticá project includes the Yaraguá mine that had previously been under small-scale production by the Company and is now utilized for underground exploration development and a bulk-sample testing operation.

Drilling continues with eight drill rigs at the project, including five underground drill rigs and three surface drill rigs. During the three months ended September 30, 2013, the Company completed approximately 16,000 metres of diamond drilling in 45 holes for an overall project total of over 205,000 metres. Definition drilling on a 25 to 50-metre grid continued in the Yaraguá and Veta Sur vein systems, and step-out drilling continued in both areas. Drilling activities also continued in the La Estera and San Agustin areas which are to the north and south of the Yaraguá and Veta Sur vein systems. Other areas, defined by soil anomalies to the north, south, east and west of currently known mineralization, were also drilled in a reconnaissance fashion.

The drill plan for the remainder of 2013 will focus primarily on infill and step out drilling in the Yaraguá and Veta Sur vein systems, with a small number of metres allocated to new exploration targets.

Pre-development

On October 1, 2012, the Company announced an updated gold, silver and zinc mineral resource estimate for the Yaraguá and Veta Sur vein systems. The mineral resource estimate is based on 112,600 metres of drilling and 2,332 metres of underground sampling (as at June 30, 2012). Drill results from the 2012 drill campaign and the Company's updated mineral resource estimate were disclosed in various Company news releases and the Company's technical report (the "Technical Report") entitled "2012 Mineral Resource Estimate of the Buriticá Gold Project, Colombia" dated November 15, 2012 with an effective date of October 22, 2012, prepared by Andrew J Vigar, BAppSc Geo, FAusIMM, MSEG, and Martin Recklies, BAppSC Geo, MAIG, each of Mining Associates Pty Limited, which are available under the Company's profile on SEDAR at www.sedar.com.

Also in October 2012, the Company announced a revised development plan for the Buriticá project, including the commencement of a PFS. The Company's decision to commence a PFS is based primarily on the larger than anticipated increase in the measured and indicated resources in the updated mineral resource estimate.

On April 11, 2013, the Company announced updated metallurgical results for the Buriticá project. Highlights included: gravity concentration followed by cyanidation of gravity tails has been selected as the preferred recovery process; gravity concentration followed by cyanidation of gravity tails on all four samples yielded overall metallurgical recoveries of 95.4% and 48.6% for gold and silver, respectively; and a large proportion of the gold can be extracted using gravity separation with an average recovery rate of 73.8%.

Many of the pre-development activities at the Buriticá project continued throughout the third quarter of 2013, including advancing the following studies which will form the foundation of the PFS: civil, metallurgical, hydrological, geotechnical, water management and electrical studies.

Approximately 99% of the hectares required for future infrastructure have been purchased, and the Company remains on track and within budget to complete the remaining land purchases ahead of construction.

The Company also remains on track to submit to Corantioquia, during the fourth quarter of 2013, the final modification to its existing EIA. Corantioquia is the Autonomous Regional Corporation responsible for issuing and controlling environmental permits in Antioquia, and is the same agency that approved the Company's first environmental permit modification on August 30, 2012. This final modification is for the entire surface infrastructure required to build a mine in the Higabra valley.

In addition, the Company took possession of its first two pieces of heavy mining equipment. Training and literacy programs continue to be implemented to prepare the Company's current workforce for modern mining methods.

On August 30, 2012, the Company received formal approval for the modification of its existing EIA. The environmental permit amendment allows the Company to build a six-kilometre switchback road into the Higabra valley and to begin underground development in the Higabra valley by constructing an access tunnel. Contractors were selected and underground development commenced late in 2012 for the simultaneous construction of a tunnel in the Higabra valley at 1,150 metres above sea-level and a ramp beside the Veta Sur vein system at an elevation of 1,700 metres above sea-level. During the third quarter of 2013, the Company completed the construction of a dirt road and surface work at the planned box-cut location of the third and final access tunnel. The Company also commenced the development of the third and final access tunnel which will be developed towards the Yaraguá vein system. The ramp and tunnels will initially serve as underground drill platforms.

During the third quarter of 2013, the Company announced that, based on road-building experience gained from constructing the dirt road to the Veta Sur Ramp, it now has the in-house capability to build a similar dirt road to the Higabra Valley. The budget for this road is anticipated to be approximately $6 million, with construction to commence prior to year-end and expected to take six to nine months to complete.

Sustainability and Corporate Social Responsibility

The Company is committed to conducting its operations in a safe, environmentally and socially responsible manner, while ensuring respect and transparency in the local communities in which it operates.

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 and improving productivity. During 2013, the Company is advancing its CSR program by focusing on the following:

- Promoting education by awarding university scholarships, developing programs aimed at preparing students for standardized testing and continuing the community literacy campaign;

- Improving infrastructure at local schools, sports recreation centres and public areas;

- Introducing the second phase of the Company's Child Health Campaign, with a focus on oral health for children in the community and on food safety; in 2012, the first phase of the program focused on visual health;

- Supporting local businesses and farmers through partnerships;

- Implementing environmentally-friendly processes in all mining activities, including reforestation campaigns and solid waste management programs; and

- Encourage productivity through the establishment of kitchen gardens and poultry farms.

2013 Expenditures

During the three and nine months ended September 30, 2013, the Company incurred $14.2 million and $41.9 million, respectively, of deferred exploration and development costs (three and nine months ended September 30, 2012 – $11.7 million and $32.5 million, respectively), including $0.6 million and $2.4 million, respectively (three and nine months ended September 30, 2012 – $1.0 million and $3.2 million, respectively) of capitalized share-based payments. Gold sales resulting from exploration work and drifting in ore at the Buriticá project amounted to $1.8 million and $5.4 million, respectively, for the three and nine months ended September 30, 2013 (three and nine months ended September 30, 2012 – $1.9 million and $3.6 million, respectively) and are treated as a capital credit as they support ongoing exploration of the Buriticá project and, accordingly, are not included as a revenue item in the Company's consolidated statement of operations and comprehensive income (loss). As a result, net project expenditures for the three and nine months ended September 30, 2013 totaled $12.4 million and $36.5 million, respectively (three and nine months ended September 30, 2012 – $9.8 million and $28.9 million, respectively).

Berlin Project

The Berlin project covers an aggregate area of 26,421 hectares. The project is comprised of 11 registered concessions totaling 22,851 hectares, eight pending registration concessions totaling 2,203 hectares and two concession applications covering 1,367 hectares. The project area is located 90 kilometres north of Medellín in the Antioquia Department.

No work was performed at the Berlin project during the three and nine months ended September 30, 2013 but the Company continues to anticipate the initiation of a diamond drilling campaign in the future.

For the three and nine months ended September 30, 2013, activity for the Berlin project amounted to $0.03 million and $0.1 million, respectively, compared to a recovery of $0.2 million and expenditures of $0.03 million, respectively, for the same periods in 2012, the majority of which related to cannon payments.

During the third quarter of 2013, the Company was notified of the particular areas of its property that will be required for the Ituongo hydro-electrical project that is to be constructed by a Colombian public entity and which is adjacent to the Company's Berlin project. The affected areas represent approximately 2.5% of the Company's Berlin project. The Company will enter into negotiations with the public entity in respect of compensation for the relinquishment of such property. However, as there is no certainty in respect of the outcome of the negotiations, the Company has recorded a write-down for the three and nine months ended September 30, 2013 of $0.4 million in the consolidated statement of operations and comprehensive income (loss) for the property that is expected to be relinquished. Any resulting compensation will be recognized in income at the time of receipt.

Dominical Project

The Dominical project encompasses an aggregate area of 24,066 hectares and is located in southern Colombia in the Cauca Department. The project area is comprised of four registered concessions totaling 5,590 hectares, 12 pending registration concessions totaling 17,057 hectares and three concession applications covering 1,419 hectares.

No exploration activities were undertaken on the property during the three and nine months ended September 30, 2013.

For the three and nine months ended September 30, 2013, activity for the Dominical project amounted to $nil and $0.1 million, respectively, compared to a recovery of $0.1 million and expenditures of $0.2 million, respectively, for the same periods in 2012, the majority of which related to cannon payments.

As a result of worsening security conditions in the Cauca Department (see the "Risks and Uncertainties" section in this MD&A), the Company has re-evaluated its work plan and has concluded that no resources will be allocated to exploration activities to the project in the near future. Accordingly, a write-down of $4.7 million was recorded for the three and nine months ended September 30, 2013 in the consolidated statement of operations and comprehensive income (loss) in respect of the Dominical project.

Santander Project

The Santander project currently covers an aggregate area of 3,471 hectares. The project is comprised of four registered concessions totaling 3,465 hectares and one pending registration concession totaling six hectares. It is located 35 kilometres northeast of Bucaramanga in the California Mining District in northeastern Colombia.

In February, 2013, the Company voluntarily relinquished 1,001 hectares of its mineral exploration rights located in the Santander region within the newly-declared Parque Natural Regional Páramo de Santurbán. The Company retained its remaining 3,471 hectares of mineral exploration rights in the Santander region. As a result, the Company recorded a write-down of $0.1 million in respect of the relinquished mineral rights for the project in 2012.

Geological mapping and rock chip sampling were undertaken in the third quarter of 2013 and as a result, the Company has concluded that it no longer wishes to retain the Santander project. Accordingly, the Company has recorded a write-down of $0.5 million in the third quarter of 2013 in respect of the Santander project.

Anza Project

The Anza project is located 50 kilometres west of Medellín in the Antioquia Department and consisted of two registered concessions covering 6,309 hectares.

This project was subject to an option agreement, along with five other parties (the "Optionors"), with a third party option holder, pursuant to which the option holder was obligated to incur certain exploration expenditures on the properties. The Company was entitled to receive 25% of all consideration flowing to the Optionors from the option holder. During the second quarter, the Optionors received the final option payment of $2.0 million and 2,000,000 common shares of the option holder (of which the Company's share was $0.5 million and 500,000 common shares, valued at $0.1 million, respectively) as the option holder elected to acquire 100% interest in the properties from the Optionors. The Optionors maintain a 2% net smelter royalty in the properties. The option holder has the option to purchase 1% of the net smelter royalty from the Optionors at a cost of $1.0 million.

The Company also entered into a loan agreement during the second quarter of 2013 with the option holder for $0.5 million with a maturity date of March 1, 2014. The Company received a general security agreement over the option holder's personal property.

Dojura Project

The Dojura project covers an aggregate area of 44,218 hectares. It is located in the western cordillera in the Choco Department, 30 kilometres southeast of the Departmental capital city of Quibdó. The project is comprised of three registered concessions totaling 12,726 hectares, 11 pending registration concessions totaling 26,436 hectares and two concession applications totaling 5,056 hectares, and is subject to an option agreement dated October 4, 2006 between a third party option holder and a company controlled by the Chairman of the Company ("the Chairman"). The option agreement was assigned to the Company by way of an assignment agreement dated June 4, 2008.

The Company received payments totaling $0.5 million from 2010 to 2012 from the option holder 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.

In 2013, the Company agreed to temporarily postpone the January 15, 2013 option payment of $0.5 million to enable the two parties to discuss alternatives or amendments to the current agreement. As at September 30, 2013, a mutually acceptable agreement has not been reached and the two parties differ in opinion as to the status of the agreement. As it is uncertain whether the Company will be able to recover its costs or commence exploration for the project, a write-down of $1.4 million was recorded during the third quarter of 2013 in respect of the Dojura project.

Lunareja Project

As a result of clarifications from the Colombian mining authorities prohibiting mining in certain 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. During the second quarter of 2013, the Company disposed of the project, which consisted of three registered concessions totaling 616 hectares located approximately 65 kilometres west of Medellín to a company controlled by the Chairman for no consideration. As the book value for the Lunareja project was previously written-down to zero in 2010, no resulting gain or loss was recorded.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating highlights for the three and nine months ended September 30, 2013 and 2012:

	Three months ended September 30		**Nine months ended September 30**	
In thousands of U.S. dollars, except per share amounts	**2013**	2012	**2013**	2012
	$	$	**$**	$
Net loss	**(3,968)**	(4,457)	**(19,295)**	(4,589)
Loss per share, basic and fully diluted	**(0.03)**	(0.04)	**(0.15)**	(0.04)
Adjusted net loss *	**(3,968)**	(906)	**(19,295)**	(5,240)
Adjusted net loss per share, basic and fully diluted	**(0.03)**	(0.01)	**(0.15)**	(0.05)

* Adjusted net loss for 2012 is a non-GAAP measure and represents net income (loss) before gain on Canadian dollar-denominated warrants.

The Company's net loss for the three and nine months ended September 30, 2013 amounted to $4.0 million ($0.03 per share) and $19.3 million ($0.15 per share), respectively, compared to $4.5 million ($0.04 per share) and $4.6 million ($0.04 per share) for the same respective periods in 2012, and includes a gain on Canadian dollar-denominated warrants of $nil (three and nine months ended September 30, 2012 – loss of $3.6 million and gain of $0.7 million, respectively).

The Company's adjusted net loss (a non-GAAP measure, representing net loss before gain (loss) on Canadian dollar-denominated warrants) for the three and nine months ended September 30, 2013 was $4.0 million ($0.03 per share) and $19.3 million ($0.15 per share), respectively, compared with an adjusted net loss of $0.9 million ($0.01 per share) and $5.2 million ($0.05 per share), respectively, for the same periods in 2012. The change for the quarter and year-to-date compared to the same periods in 2012 was primarily from the following:

- Corporate administration for the three and nine months ended September 30, 2013 were $2.2 million and $8.3 million, respectively (three and nine months ended September 30, 2012 – $2.4 million and $8.0 million, respectively), including share-based payments.

- Compensation costs related to share-based payments during the three and nine months ended September 30, 2013 were $1.5 million and $5.6 million, respectively (three and nine months ended September 30, 2012 – $2.1 million and $7.1 million, respectively), of which $0.9 million and $3.2 million, respectively (three and nine months ended September 30, 2012 – $1.1 million and $3.8 million, respectively) were expensed and $0.6 million and $2.4 million, respectively (three and nine months ended September 30, 2012 – $1.0 million and $3.3 million, respectively) were capitalized to exploration and evaluation assets.

- Changes related to share-based payments relate to the issuance of nil stock options and 2,365,000 stock options, respectively, during the three and nine months ended September 30, 2013, with average grant date fair values of $nil per share and $3.12 per share, respectively, compared to nil and 2,798,788 stock options, granted in the same respective periods in 2012, with average grant date fair values of $nil per share and $3.13 per share. The valuation of share-based payments is subjective and can impact net income (loss) significantly.

- Foreign exchange gain (loss) for the three and nine months ended September 30, 2013 was a $2.2 million gain and $4.9 million loss, respectively, compared to gains of $1.5 million and $1.3 million, respectively, for the same periods in 2012. The change is primarily the result of greater Canadian cash balances held throughout the three and nine months ended September 30, 2013 and the fluctuation of the Canadian/U.S. dollar exchange rate.

- Gain (loss) on marketable securities during the three and nine months ended September 30, 2013 was $0.6 million gain and $0.2 million loss, respectively, compared to gains of $0.2 million and $0.03 million, respectively, for the same periods in 2012, and resulted from the revaluation of securities held.

- Write-down of exploration assets of $7.0 million was recorded during the three and nine months ended September 30, 2013 compared to $nil for the same respective periods in 2012. In addition, a write-down and provision for bad debts totaling $0.1 million and $1.4 million, respectively, was recorded during the three and nine months ended September 30, 2013 in respect of the Company's investment and receivable from ThunderBolt, an associated company.

- Deferred tax recovery for the three and nine months ended September 30, 2013 was $2.2 million and $0.2 million, respectively, compared to an expense of $0.2 million and a recovery of $1.1 million, respectively, for the same periods in 2012. The change is mainly a result of the impact of impairment charges on deferred tax liabilities and a reduction in Colombia tax rates applicable to tax losses, net of foreign exchange on the translation of foreign tax balances.

Excluding the effect of the revaluation of financial instruments and foreign exchange on cash balances, the Company will continue to incur losses until commercial mining operations from its exploration and evaluation assets have commenced.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The Company currently capitalizes its exploration expenditures to mineral properties as deferred expenses.

The following table sets forth selected consolidated financial information for each of the Company's eight most recently completed quarters:

In thousands of U.S. Dollars, except per share amounts	Q3–2013	Q2–2013	Q1–2013	Q4–2012	Q3–2012	Q2–2012	Q1–2012	Q4 – 2011
	$	**$**	$	$	$	$	$	$
Net (loss) income	**(3,968)**	**(8,497)**	(6,830)	(3,340)	(4,457)	1,034	(1,166)	(3,848)
Basic and diluted income (loss) per share	**(0.03)**	**(0.07)**	(0.05)	(0.03)	(0.04)	0.01	(0.01)	(0.04)
Adjusted net loss[1]	**(3,968)**	**(8,497)**	(6,830)	(3,340)	(906)	(3,790)	(544)	(3,357)
Basic and diluted adjusted net loss per share	**(0.03)**	**(0.07)**	(0.05)	(0.03)	(0.01)	(0.03)	(0.01)	(0.03)

(1) Adjusted net loss for 2012 and 2011 is a non-GAAP measure and represents net income (loss) before gain (loss) on Canadian dollar-denominated warrants.

The Buriticá project is the Company's most significant project and is expected to continue to be the focus of most of the exploration and development work undertaken in the current and future fiscal years.

SELECTED QUARTERLY INFORMATION

The following is a summary of the Company's financial operating results for the three and nine months ended September 30, 2013 and 2012:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Tonnes milled (tonnes)	**1,712**	1,494	**5,104**	4,427
Average grade (g/t)	**28.3**	26.1	**25.4**	18.2
Gold production (ounces)	**1,416**	1,130	**3,838**	2,342

	2013	2012	**2013**	2012
	$	$	**$**	$
Realized gold price	**1,250**	1,628	**1,385**	1,639

In thousands of U.S. dollars	**2013**	2012	**2013**	2012
	$	$	**$**	$
Capitalized exploration expenditures, net of gold sales and recoveries (See "Exploration Summary")	**12,535**	9,635	**37,050**	29,012
Operating activities	**(768)**	(1,206)	**(2,393)**	(4,379)
Investing activities	**(10,690)**	(10,499)	**(31,420)**	(28,495)
Financing activities	**141**	47,167	**640**	50,471
	(11,317)	35,462	**(33,173)**	17,597
Foreign exchange on cash and cash equivalents	**2,248**	1,480	**(4,396)**	1,327
Net decrease in cash and cash equivalents	**(9,069)**	36,942	**(37,569)**	18,924

Pre-Production and Development Planning Activities

For the three and nine months ended September 30, 2013, the Company produced 1,416 ounces and 3,838 ounces, respectively (three and nine months ended September 30, 2012 – 1,175 ounces and 2,191 ounces, respectively) of gold, which were sold for an average realized price of $1,250 per ounce and $1,385 per ounce, respectively (three and nine months ended September 30, 2012 – $1,628 per ounce and $1,639 per ounce, respectively). Production in the three and nine months ended September 30, 2013 than in the same respective periods in 2012 as a result of lower tonnage milled in 2012. Head grade varies as production is dependent on exploration activities.

Cash Flow Items

Operating Activities

Operating activity expenditures for the three and nine months ended September 30, 2013 of $0.8 million and $2.4 million, respectively, compared to $1.2 million and $4.4 million for the same respective periods in 2012, decreased as a result of changes in working capital balances and increased interest income resulting from higher cash balances.

Investing Activities

Investing activity expenditures for the three and nine months ended September 30, 2013 of $10.7 million and $31.4 million, respectively (three and nine months ended September 30, 2012 – $10.5 million and $28.5 million, respectively) have remained consistent and is mainly due to continued advancement and acceleration of the Buriticá exploration and development programs, net of capitalized gold sales revenues relating to such assets.

Financing Activities

Financing activity for the three and nine months ended September 30, 2013 of $0.1 million and $0.6 million, respectively, compared to $47.2 million and $50.5 million for the same respective periods in 2012, decreased as no warrants or broker warrants were outstanding as of December 31, 2012, while $46.1 million and $49.3 million were received in the same respective periods of 2012 from the issuance of 6,217,764 shares and 8,324,062 shares, respectively, for the exercise of warrants and broker warrants.

Cash and Cash Equivalents

As at In thousands of U.S. dollars	**September 30** **2013**	December 31 2012
	$	$
Cash and cash equivalents	**132,414**	169,983

As at September 30, 2013, the Company maintained its surplus funds in cash with three major banks in Canada, one in Bermuda and select Colombian banks. Cash balances decreased in 2013 compared to $170.0 million as at December 31, 2012 as a result of investing activities relating mainly to exploration and evaluation assets and unrealized foreign exchange losses on Canadian cash balances, net of the contribution from exercises of stock options for the three and nine months ended September 30, 2013 of $0.1 million and $0.6 million, respectively (three and nine months ended September 30, 2012 – $47.2 million and $50.5 million, respectively, including exercises of warrants and broker warrants).

The Company had working capital of $132.3 million as of September 30, 2013 (December 31, 2012 – $175.2 million). The change in working capital in 2013 is a result of continued expenditures for the advancement of the Buriticá exploration and development programs.

Total Assets

Total assets as at September 30, 2013 of $299.9 million was lower than the $310.6 million as at December 31, 2012, mainly as a result of impairment charges, net of deferred tax recoveries, and foreign exchange.

Commitments

The Company has lease agreements expiring between 2013 to 2016 for office and warehouse facilities in Toronto and Colombia. The Company also has a sublet arrangement with a Canadian mining company to share a proportionate share of the rent payments, leasehold improvements and furniture and fixture costs for the office facilities in Toronto. The Company's estimated annual rents, net of the sublet arrangement, is approximately $0.5 million, depending upon the actual annual operating costs for the Company's premises.

Contingencies

The Company's exploration, development and bulk sampling activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and becoming more restrictive. As of September 30, 2013, the Company did not believe that there were any significant environmental obligations requiring material capital outlays in the near-term and anticipated that such obligations, if any, will only arise when mine development commences.

Investments in Associates

On August 1, 2013, Cordoba, an unrelated public company, announced a binding agreement with respect to the acquisition of Sabre by Cordoba. Upon completion of the proposed transaction, the Company's ownership of Cordoba is expected to be less than 10%, including shares of Cordoba currently owned by the Company. As a result, the investment in Sabre is expected to be reclassified and accounted for as an available-for-sale investment at that time. As at November 6, 2013, the transaction has not yet closed.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, forward gold prices, the mining industry, economic conditions and associated risks. In order to maintain or adjust its capital structure, the Company may adjust project capital spending, issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or issue new debt.

Historically, the Company's sole source of funding has been the issuance of equity-based securities for cash.

The Company's financial position at September 30, 2013 included $132.4 million in cash and cash equivalents, compared to $170.0 million at December 31, 2012 and $141.5 million at June 30, 2013. As at November 6, 2013, cash and cash equivalents amounted to approximately $127 million.

As at September 30, 2013, 10,020,137 options were outstanding at an average exercise price of C$5.84. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the holder and the market price of the common shares.

The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company's liquidity risk with financial instruments is minimal as excess cash is invested in interest-bearing accounts with two major Canadian banks. In addition, amounts receivable are comprised mainly of value-added-tax receivables (of which approximately 50% was received after quarter-end and the remainder is expected to be received within one year), interest receivable on cash and cash equivalents and a short-term receivable from an unrelated third party which is secured by a general security agreement over the assets held by the third party.

The Company has no operating revenues, and therefore must utilize its current cash reserves, income from short-term investments, funds obtained from the exercise of stock options and other financing transactions to maintain its capacity to meet working capital requirements and planned expenditures, or to fund any further development activities.

The Company's underground exploration development at the Buriticá project includes the gold production results from its bulk-sample testing operation from exploration work and drifting in ore. Aggregate gold sales for the three and nine months ended September 30, 2013 were $1.8 million and $5.4 million, respectively (three and nine months ended September 30, 2012 – $1.9 million and $3.6 million, respectively). Gold sales are viewed as a recovery of expenses and used as another source of funding the Company's exploration program. As a result, gold sales, net of costs, are treated as a capital credit and netted against deferred expenses that have been incurred to-date on the Buriticá project.

For the three and nine months ended September 30, 2013, the Company capitalized costs related to mineral properties in the amount of $12.5 million and $37.0 million, respectively (three and nine months ended September 30, 2012 – $9.6 million and $29.0 million, respectively). See "Exploration Summary".

MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The board of directors of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. As at September 30, 2013, total shareholders' equity (managed capital) was approximately $283.6 million (December 31, 2012 – $296.7 million).

The properties in which the Company currently has an interest are primarily in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential, if it has adequate financial resources to do so and if it fits with the Company's overall strategic plan.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three and nine months ended September 30, 2013.

The Company is not subject to any externally imposed capital requirements. The Company believes that its current capital resources were sufficient to discharge its liabilities as at September 30, 2013.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**September 30 2013**	December 31 2012
Shares issued	**126,625**	126,191
Stock options outstanding	**10,020**	8,612
	136,645	134,803

As at September 30, 2013, 10,020,137 options were outstanding at an average exercise price of C$5.84. Management does not know when and how much will be collected from the exercise of such securities as this is dependent on the determination of the holder and the market price of the common shares.

As at November 6, 2013, there were 126,635,005 common shares outstanding.

Stock Options

The Company has a stock option plan (the "Plan") in place under which directors, officers, employees and consultants may be granted stock options to subscribe for common shares. The maximum number of common shares issuable under the Plan is equal to 10% of the outstanding common shares of the Company at any point in time.

There were 10,020,137 outstanding stock options to purchase common shares of the Company as at September 30, 2013 (December 31, 2012 – 8,612,112), of which 7,604,190 were exercisable (December 31, 2012 – 6,632,396).

As at November 6, 2013, there were 10,007,637 stock options outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, being the price agreed between the parties. The following is a summary of related party transactions for the three and nine months ended September 30, 2013:

- Gold sales to a refinery company (in which a director of the Company has an equity interest and is an officer) for the three and nine months ended September 30, 2013 amounted to $1.8 million and $5.4 million, respectively, compared to $1.9 million and $3.6 million for the same respective periods in 2012, and are reported as a reduction to exploration and evaluation assets in the consolidated statement of financial position. Included in accounts receivable on September 30, 2013 is a receivable from the refinery company of $0.3 million (December 31, 2012 – $0.2 million).

- As at September 30, 2013, $0.02 million (December 31, 2012 – $nil) was included in current receivables and $nil (December 31, 2012 – $1.1 million) was included in long-term receivables relating to exploration and administrative expenditures incurred by the Company on behalf of Sabre and ThunderBolt, associates of the Company. For the three and nine months ended September 30, 2013, the Company recorded a provision of $0.1 million and $1.1 million, respectively, representing the receivable balance from ThunderBolt as at September 30, 2013, in corporate administration expenses.

- For the three and nine months ended September 30, 2013, the Company has recorded an impairment adjustment of $0.3 million in respect of its investment in ThunderBolt as management has determined that ThunderBolt's properties do not meet the criteria for the potential for an economically viable mine in the current precious metal environment.

- The Company has a consulting agreement with a company controlled by the Chairman for $20,000 per month. Services include site visit security and logistics, technical assistance and assistance with Colombia mining law and processes. As at September 30, 2013, $nil (December 31, 2012 – $nil) of fees were included in accounts payable.

- The Company paid $0.1 million to ThunderBolt for geological services during the three and nine months ended September 30, 2013.

- The Company provided letters of support to the Colombian Mining Authority indicating the Company's commitment to financially support the exploration activities for an area, totaling 333,096 hectares, covered in applications submitted on July 2, 2013 by Sabre and ThunderBolt, associates of the Company. The letters of support were required in order for Sabre and ThunderBolt to meet rules governing mineral exploration applications. The letters of support indicate a financial commitment, limited to an approximate cost of $98/hectare, for future exploration expenditures for the three-year period commencing from the date a concession contract is registered in respect of the specified areas in the applications.

  As of November 7, 2013, ThunderBolt has withdrawn all of its applications submitted on July 2, 2013, representing a total of 75,406 hectares. As a result, the related letter of support from the Company is no longer in effect.

  As of November 7, 2013, the application process for Sabre is still underway and no mining concession contracts have been registered to Sabre in respect of the areas covered in the noted applications. There is no certainty as to the number of hectares that will ultimately be awarded to Sabre. , and the Company expects that the number of hectares, for which concession contracts may be granted, will be reduced, resulting in a reduced financial commitment for the Company. Areas for which concession contracts are not expected to be granted include, but are not limited to, previously-contracted areas and environmentally protected areas. Under current Colombian mining law, exploration obligations commence upon the registration of concession contracts and, under previous interpretation of Colombian mining law, each applicant retains the right to desist from applications made before the Mining Authority at any point during the application phase, with no further liability to Sabre or the Company.

- On June 19, 2013, the Company transferred ownership of the Lunareja property to a company controlled by the Chairman for no consideration. The book value of the property prior to the transfer was $nil, resulting in no gain or loss.

Transactions with related parties disclosed above are in the normal course of business and are recorded at the exchange amount, being the price agreed between the parties.

CONTRACTUAL OBLIGATIONS [Update]

As at September 30, 2013, the Company had the following payments due on contractual obligations and commitments:

Contractual Obligation In thousands of U.S. dollars	**Total**	**< 1 year**	**1-3 years**	**4-5 years**	**>5 years**
	$	**$**	**$**	**$**	**$**
Operating lease obligations [1]	**549**	**294**	**255**	**–**	**–**
Rehabilitation obligations[2]	**372**	**–**	**338**	**34**	**–**
Capital commitments [3]	**11,970**	**11,970**	**–**	**–**	**–**
Total	**12,891**	**12,264**	**593**	**34**	**–**

[1] Represent lease agreements for office, warehouse and housing facilities in Toronto and Colombia.
[2] Represents undiscounted cash flows.
[3] Represents open contracts and purchase orders for the development of the Buriticá project.

As at September 30, 2013, a rehabilitation provision of $0.4 million (December 31, 2012 – $0.4 million) was recorded, representing the discounted value of the expected future cash flows. The change in the provision is a related to changes in the COP:USD exchange rate, discount rate and inflation rate.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support exploration and development plans and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on financial conditions and the Company's ability to advance its exploration projects. These risks include liquidity risk, credit risk and financial market conditions relating to interest rates, gold price and currency rates.

Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has treasury policies designed to support managing liquidity risk by proactively mitigating exposure through cash management, including forecasting its liquidity requirements with available funds and anticipated cash flows. As at September 30, 2013, the Company had cash and cash equivalents of $132.4 million (December 31, 2012 – $170.0 million; June 30, 2013 – $141.5 million) to settle current liabilities of $5.4 million (December 31, 2012 – $2.6 million; June 30, 2013 - $4.7 million). The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has begun to examine its options to secure additional sources of funds including public issuances, private placements and the exercise of outstanding stock options.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. In the normal course of business, the Company is not exposed to market risks as a result of its investments being held in cash or short-term investment certificates.

Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the U.S. dollar and major purchases are transacted primarily in U.S. dollars and Colombian pesos. The Company funds certain operations, exploration and administrative expenses in Colombia on a cash-call basis using Colombian pesos converted from its Canadian and/or U.S. dollar bank accounts held in Canada. During 2012, the Company maintained Canadian and U.S. dollar bank accounts in Canada, a U.S. dollar bank account in Bermuda and Colombian pesos bank accounts in Medellín, Colombia. The Company is subject to gains and losses due to fluctuations in the Colombian peso and the Canadian dollar against the Company's U.S. dollar functional currency. Sensitivity to a plus or minus 10% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at September 30, 2013, would affect net loss and comprehensive loss by approximately $10.8 million.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result of cash and cash equivalents being invested in interest-bearing instruments. Interest rate risk is minimal, as the Company's interest-bearing instruments have fixed interest rates.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from its properties. The Company's cash and cash equivalents are held with banks in Colombia, Bermuda and Canada. The Company limits material counterparty credit risk on these assets by dealing with financial institutions with credit ratings of at least A or equivalent, or those which have been otherwise approved. Amounts receivable consist of receivables from unrelated and related parties as of September 30, 2013 and also include long-term receivables from associates as of December 31, 2012. All amounts receivable are current as of September 30, 2013. Management believes that the credit risk concentration with respect to amounts receivable is minimal based on the Company's history with these unrelated and related parties.

Fair Value

As at September 30, 2013, the carrying and fair value amounts of the Company's financial instruments were approximately equivalent.

MARKET TRENDS

Global Financial Market Conditions

Events and conditions in the global financial markets particularly over the last two years continue to impact gold prices, commodity prices, interest rates and currency rates. These conditions as well as market volatilities may have a positive or negative impact on the Company's operating costs, project exploration and development expenditures, and planning of the Company's projects.

Gold Market

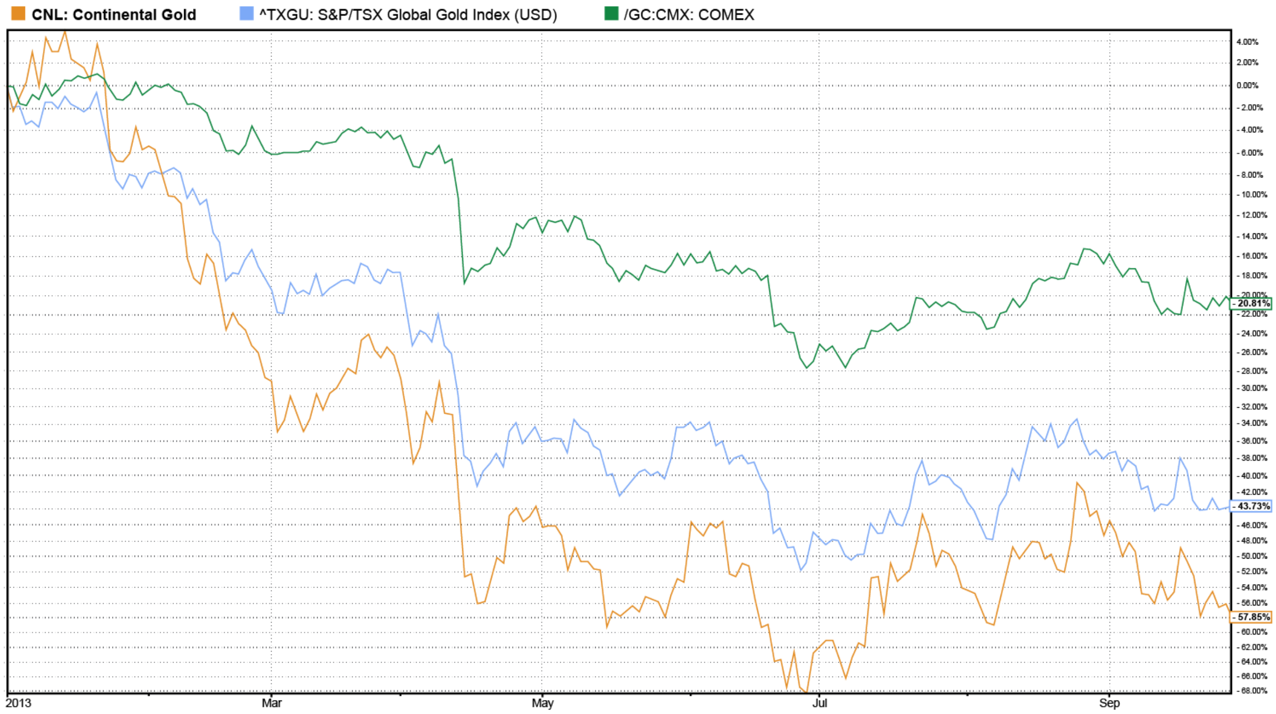
The Company's economic assessment of its gold projects is impacted by the market-driven gold price. The gold market is affected by negative real interest rates over the near-to-medium term, continued sovereign debt risks, elevated geo-political risks, mine production and substantial above-ground reserves that can affect the price should a portion of these reserves be brought to market.

While many factors impact the valuation of gold, traditionally the key factors are actual and expected U.S. dollar value, global inflation rates, oil prices and interest rates.

The global financial market crisis affected the volatility of gold and other commodity prices, oil prices, currencies and the availability of credit. The gold price has displayed considerable volatility in the last few years. The spot daily gold price closing during the nine months ended September 30, 2013 was between $1,192 and $1,694 per ounce ($1,540 and $1,784 per ounce during the nine months ended September 30, 2012) for an average price for the nine months ended September 30, 2013 of $1,456 per ounce (nine months ended September 30, 2012: $1,652 per ounce). Continued uncertainties in major markets, specifically in the U.S. and European countries, and increased investments from Asian countries, namely India and China, were the main driving forces in the demand for gold.

($/ounce of gold)	**2013**	2012
Average market gold price for the nine months ended September 30	**1,456**	1,652
Closing market gold price as at September 30	**1,327**	1,776

As the following graph depicts, the Company's shareholder value decreased in the nine months ended September 30, 2013 in conjunction with a decrease in overall gold equities, which were both partially impacted by the falling gold price.



Currency

The Company's functional and reporting currency is the U.S. dollar. Movement in the Canadian dollar against the U.S. dollar has a direct impact on the Company's corporate office cost base and cash balances. Movement in the Colombian peso has a direct impact on the Company's exploration activities. Currencies continued to experience volatility relative to the U.S. dollar during the nine months ended September 30, 2013. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

	Closing Rate As at		**Average Rate Nine months ended**	
	September 30 2013	December 31 2012	**September 30 2013**	**September 30** 2012
Canadian dollar/U.S.$	**0.9706**	1.0051	**0.9770**	0.9980
Colombian peso /U.S.$	**0.00052**	0.00057	**0.00054**	0.00056

During 2013, the Company will have significant U.S. dollar and Colombian peso requirements due to exploration activities, the majority being expenditures to advance the Buriticá project. As at September 30, 2013, the Company held $24.2 million in U.S. dollars, which is greater than the remaining 2013 planned exploration expenditures. As at November 6, 2013, the Company held approximately $21 million in U.S. dollars, representing approximately 17% of total cash balances, to protect against currency volatility in the remainder of 2013 and 2014.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements under IFRS requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements. The accounting estimates considered to be significant are the valuation of the Company's mineral resource assets and equity instruments, the factors considered in determining the Company's functional currency, and the inputs used in determining the balances recorded for the rehabilitation provision, commitments and contingencies. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

The policy of capitalizing exploration costs to date does not necessarily relate to the future economic value of the exploration properties. The valuation of mineral resource properties is dependent entirely upon the discovery of economic mineral deposits.

The Company uses the Black-Scholes model to determine the fair value of stock options and warrant investments. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data in the estimate of the stock price volatility.

Changes in the accounting estimates in the items discussed above may have a material impact on the consolidated financial position of the Company.

Other items requiring estimates are accounts receivable, accounts payable and accrued liabilities, asset retirement obligations and future income taxes. Changes in the accounting estimates in these items may have a material impact on the financial position of the Company.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions:

IFRS 10 – Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12, Consolidation—Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements* ("IAS 27").

The adoption of IFRS 10 effective January 1, 2013 did not result in any change in the consolidation status of any of its subsidiaries or investees.

IFRS 13 – Fair Value Measurement

IFRS 13, *Fair Value Measurement* ("IFRS 13"), is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

The adoption of IFRS 13 effective January 1, 2013, on a prospective basis, did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 1 – Presentation of Financial Statements

IAS 1, *Presentation of Financial Statements* ("IAS 1"), has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled in the future. These changes did not result in any adjustments to OCI on January 1, 2013.

Future Accounting Changes

The following revised standards and amendments have not been applied in preparing the interim consolidated financial statements. Management has not yet considered the potential impact of their adoption and does not plan to adopt these standards early.

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9"), was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39"), for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment. However, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carry forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in OCI.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

IAS 32 – Financial Instruments: Presentation

IAS 32, Financial Instruments: Presentation ("IAS 32"), clarify some of the requirements for offsetting financial assets and financial liabilities in the consolidated statement of financial position.

IAS 32 is effective for annual periods beginning on or after January 1, 2014 with early adoption permitted.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation as of September 30, 2013, nor were there any significant deficiencies or material weaknesses in the Company's internal controls identified requiring corrective actions.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2013, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

QUALIFIED PERSON

Mark Moseley-Williams, President and Chief Operating Officer of the Company, is a qualified person within the meaning of NI 43-101 – *Standards of Disclosure for Mineral Projects* and has reviewed and approved the scientific and technical information contained in this MD&A.

For additional information on the Buriticá project, please refer to the Technical Report, available on the Company's website at www.continentalgold.com and under the Company's profile on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties. The Company's 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 risks disclosed in the Company's Annual Information Form (the "AIF") for the year ended December 31, 2012, unaudited interim consolidated financial statements, management's discussion and analysis and other publicly-filed documentation regarding the Company, available under the Company's profile on SEDAR at www.sedar.com and on OTCQX at www.otcmarkets.com. In addition, the AIF is available upon request from the Company. 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.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's AIF, is available under the Company's profile on SEDAR at www.sedar.com and on the OTCQX at www.otcmarkets.com, and is available upon request from the Company.

TSX:**CNL** OTCQX:**CGOOF**

Continental Gold Limited
2920 - 155 Wellington Street West
Toronto, Ontario, Canada M5V 3H1
416 5835610 / Fax: 416 5959918
www.continentalgold.com

Bermuda Office
Continental Gold Limited
Cumberland House, 9th floor
1 Victoria Street, Hamilton, HM11 Bermuda

Colombia Branch
Continental Gold
Calle 7 No 39-215, of. 1208 El Poblado
Medellín, Antioquia
(57) 4 3121026