CONTINENTAL GOLD
TSX:CNL OTCQX:CGOOF

Management's Discussion and Analysis
of Consolidated Financial Position and Consolidated Results of Operations

For the three and nine months ended September 30, 2014

Continental Gold Limited
November 6, 2014

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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, 2014. This discussion, dated November 6, 2014, should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended September 30, 2014, 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 6, 2014, 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.

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; the anticipated completion of a preliminary economic assessment (“PEA”) and pre-feasibility study (“PFS”); exploration and mine development plans; results of a PEA and PFS; 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 future events and 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 PFS 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; 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 informal 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 four gold projects covering over 172,701 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 focus of the Company for 2014 is to continue to advance the exploration and development program at its flagship high-grade gold project, Buriticá, located in Antioquia, Colombia. Major objectives and milestones for 2014 include the release of an updated mineral resource estimate (released in the second quarter); continuation of underground development; diamond drilling, drifting along veins and cross-cutting the Yaraguá, Veta Sur and Laurel vein systems; exploration drilling on regional targets; completing a PEA and advancing various engineering studies that will eventually form the foundation of a PFS.

Q3 2014 Highlights

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

  - Completed approximately 17,000 metres of diamond drilling during the three months ended September 30, 2014 for an overall project life total of approximately 260,548 metres to September 30, 2014. Drilling was successful in extending and infilling vein families in the Yaraguá, Veta Sur and Laurel vein systems;

  - Drill results in the Yaraguá vein system included: BUUY222, which intersected 1.35 metres @ 190.5 g/t gold and 95 g/t silver; and BUUY253, which intersected 3.95 metres @ 50.2 g/t gold and 26 g/t silver;

  - Drill results in the Veta Sur vein system included: BUSY363, which intersected 4.0 metres @ 218.7 g/t gold and 25 g/t silver; BUUY270, which intersected 2.2 metres @ 2,615.4 g/t gold and 388 g/t silver; BUUY208, which intersected 7.45 metres @ 40 g/t gold and 170 g/t silver, including 2.85 metres @ 99.8 g/t gold and 406 g/t silver; and BUUY280, which intersected 1.05 metres @ 695.3 g/t gold and 140 g/t silver;

  - Drill results in the Laurel vein system included: BUSY361D01, which intersected 8.3 metres @ 6.1 g/t gold and 23 g/t silver, including 1.2 metres @ 24 g/t gold and 36 g/t silver; and BUUY258, which intersected 1.45 metres @ 84 g/t gold and 7 g/t silver;

  - Completed underground development of the main access tunnel in the Higabra Valley at an elevation of 1,150 metres above sea-level;

  - Underground drilling from the Higabra Valley tunnel continued during the quarter with shallowly-inclined drill-holes which are transecting the entire vein system in Yaraguá at elevations ranging from 1,000 to 1,300 metres above sea-level;

  - Continued with the underground cross-cut through the Veta Sur deposit, located at an elevation of 1,690 metres above sea level;

  - Initiated a 650-metre program of numerous short cross-cuts located on Levels 0 and 2 of the pilot scale Yaraguá mine. The aim of the program is to determine the appropriate precious metal grades for calculating dilution between certain veins that would be sequenced early in any future mine production;

- Resumed development of the Yaraguá ramp, which will provide access for additional drilling platforms from which to grow and convert the shallower portions of the Yaraguá mineral resource and provide future access for trial mining test-work; and
- The majority of the eight small-scale mining associations, with which the Company signed formalization sub-contracts in May and June 2014, began pre-development activities at their assigned sites.

▪ On July 30, 2014, the Company announced the appointment of Dr. Claudia Jiménez to the board of directors.

Subsequent to quarter end:

▪ On October 14, 2014, the Company released drill results for the Yaraguá and Veta Sur vein systems. Drilling results successfully extended the vertical dimension of the Yaraguá and Veta Sur vein systems to 1,500 metres and include: BUUY277, which intersected 7.5 metres @ 23.2 g/t gold and 4 g/t silver; BUUY280, which intersected 1.05 metres @ 695.3 g/t gold and 140 g/t silver; and BUUY271D02, which intersected 7.15 metres @ 23.4 g/t gold and 23 g/t silver.

▪ On October 28, 2014, the Company announced initial channel sampling results from both the main cross-cut and drift accessing the Veta Sur vein system. Results included 30 metres (true horizontal width) @ 9.6 g/t gold and 47 g/t silver and 3.15 metres (true horizontal width) @ 59.7 g/t gold and 139 g/t silver along 85 metres.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

As at In thousands of U.S. dollars	**September 30 2014**	December 31 2013
	$	$
Consolidated Financial Position		
Cash and cash equivalents	**74,848**	117,526
Exploration and development assets	**199,607**	163,888
Total assets	**290,131**	297,313
Shareholders' equity	**265,668**	278,747

	Three months ended		**Nine months ended**	
In thousands of U.S. dollars	**September 30 2014**	September 30 2013	**September 30 2014**	September 30 2013
	$	$	**$**	$
Consolidated Operating Results				
Foreign exchange (loss) gain	(3,525)	2,191	(4,601)	(4,905)
Net loss	(14,173)	(3,968)	(16,325)	(19,295)
Consolidated Cash Flow				
Acquisition of and investment in exploration and evaluation assets, net of gold sales	14,129	11,809	33,644	34,129
Cash flows from financing activities	543	141	769	640
Net cash outflow	(14,747)	(11,317)	(38,138)	(33,173)

The Company's total assets at September 30, 2014 were $290.1 million in comparison to total assets of $297.3 million as at December 31, 2013 and $296.0 million as at June 30, 2014. The decrease is mainly a result of foreign exchange losses on Canadian dollar monetary balances and losses arising from the revaluation of marketable securities to fair value.

Cash and cash equivalents at September 30, 2014 was $74.8 million, compared to $117.5 million at December 31, 2013 and $93.3 million at June 30, 2014. The decrease is primarily a result of expenditures for the continued advancement of the Buriticá project and a decline in Canadian-dollar cash balances due to changes in the C$:US$ exchange rate.

On March 28, 2014, Cordoba Minerals Corp. (“Cordoba”), an unrelated public company, completed the acquisition of Sabre Metals Inc. (“Sabre”), an associate of the Company (the “Cordoba transaction”). Upon completion of the Cordoba transaction, the Company’s ownership of Cordoba was approximately 7%, including shares of Cordoba previously owned by the Company prior to the closing of the Cordoba transaction, resulting in the loss of significant influence in Sabre. As a result, the investment in Sabre was reclassified to marketable securities as a fair value through profit and loss (“FVTPL”) investment.

Net loss for the three and nine months ended September 30, 2014 was $14.2 million and $16.3 million, respectively, compared to $4.0 million and $19.3 million for the same respective periods in 2013. The change is due to charges for the impairment of exploration and evaluation assets and an investment in an associate and a provision for bad debts from an associate recorded in 2013. In addition, the change is also impacted by losses resulting from a decline in the fair value of marketable securities, net of a gain resulting from the loss of significant influence in the Company’s investment in Sabre, recognized in 2014.

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 four properties in Colombia totaling approximately 154,772 hectares and has pending concession applications totaling approximately 17,929 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		Nine months ended	
In thousands of U.S. dollars	**September 30 2014**	September 30 2013	**September 30 2014**	September 30 2013
	$	$	**$**	$
Buriticá	**14,346**	12,367	**35,704**	36,537
Berlin	**3**	32	**15**	54
Dojura	**–**	85	**–**	271
Dominical	**–**	–	**–**	122
Santander	**–**	51	**–**	66
	14,349	12,535	**35,719**	37,050

Buriticá Project

The Buriticá project encompasses an aggregate area of 62,348 hectares and is located approximately 75 kilometres northwest of Medellín in the Antioquia Department of north-western Colombia. The project area is comprised of 16 registered concessions covering 16,982 hectares, 38 pending registration concessions totaling 40,550 hectares and nine concession applications covering 4,816 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 "Risks and Uncertainties" 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.

On May 13, 2014, the Company announced an updated mineral resource estimate for the Buriticá project prepared in accordance with NI 43-101. This estimate covers the Yaraguá and Veta Sur vein systems, with a combined Measured mineral resource of 0.99 million tonnes of mineralized material containing 0.65 million ounces of gold grading 20.4 g/t gold, 1.54 million ounces of silver grading 48 g/t silver, and 15.0 million pounds of zinc grading 0.7% zinc, and a combined Indicated mineral resource of 7.41 million tonnes of mineralized material containing 2.15 million ounces of gold grading 9.0 g/t gold, 6.89 million ounces of silver grading 29 g/t silver, and 75.1 million pounds of zinc grading 0.5% zinc. The combined Inferred mineral resource is 16.7 million tonnes of mineralized material containing 4.2 million ounces grading 7.8 g/t gold, 13.1 million ounces of silver grading 24 g/t silver and 111 million pounds of zinc grading 0.3% zinc.

Drilling continues with nine drill rigs at the project, including six underground drill rigs and three surface drill rigs. During the three months ended September 30, 2014, the Company completed approximately 17,000 metres of diamond drilling in 43 holes for an overall project total of over 260,548 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. The Company also continued underground drilling from the Higabra Valley tunnel and directional drilling during the quarter. Underground drilling from the Higabra Valley tunnel has initially focused on the 1,200-metre elevation level and intends to transect the entire vein system in eastern Yaraguá while directional drilling has focused on the deeper parts of the Veta Sur and western Yaraguá veins systems, largely below the current mineral resource envelope. Other areas, defined by soil anomalies to the north, south, east and west of currently known mineralization, were also drilled in a reconnaissance fashion.

Pre-development

On May 13, 2014, the Company announced an updated gold, silver and zinc mineral resource estimate for the Yaraguá and Veta Sur vein systems. The mineral resource estimate was based on 202,982 metres of drilling and 3,735 metres of underground sampling (as at December 31, 2013). Drill results from the Company's various drill campaigns 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 "Independent Technical Report and Resource Estimate on the Buriticá Gold Project 2013" dated June 25, 2014 with an effective date of December 31, 2013, prepared by Mining Associates Pty Limited, which are available under the Company's profile on SEDAR at www.sedar.com.

During the third quarter of 2014, the Company continued to work with M3 Engineering & Technology Corp. on a PEA for the Buriticá project, which is scheduled for release in Q4 2014. The PEA will be based on the updated mineral resource estimate and will be the first economic study for the Buriticá project to determine the potential mining and processing parameters and associated capital expenditures and operating costs for the project. The PEA is intended to be a preliminary step and is in addition to, and not a replacement, substitute or proxy for a PFS.

During the third quarter of 2014, the Company completed the underground development of the main access tunnel in the Higabra Valley and continued underground drilling from four drill chambers. In addition, the Company continued with the underground cross-cut through the Veta Sur deposit, initiated a 650-metre program of numerous short cross-cuts located on Levels 0 and 2 of the pilot scale Yaraguá mine and resumed development of the Yaraguá ramp, which will provide access for additional drilling platforms and future access for trial mining test-work.

The majority of the eight small-scale mining associations, with which the Company signed formalization sub-contracts in May and June 2014, began pre-development activities at their assigned sites. The Company remains supportive of the implementation of this landmark process and is working jointly with the Colombian government and the small-scale miners to ensure success is ultimately achieved for all stakeholders.

Many of the other pre-development activities at the Buriticá project continued throughout the three and nine months ended September 30, 2014, including advancing the following studies which will form the foundation of a PFS: civil, metallurgical, hydrological, geotechnical, water management and electrical studies.

The Company took possession of its first pieces of heavy mining equipment in 2013. Consequently, training and literacy programs continue to be implemented to prepare the Company's current workforce for modern mining methods.

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 responsibility to the sustainable development of the Buriticá community is reflected in the implementation of the following programs aimed at improving health, education, productivity and infrastructure:

- 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 such as:
  - Continuing to fund and support the construction of a new school called "del Hogar Juvenil de Tabacal". This new school will improve the learning experience for at least 120 students in the region of Buriticá;
  - Improving the landscape and reconstruction of the central park in the town of Buriticá to commemorate the town's 400th birthday;
  - The establishment of a communal playroom in the town of Buriticá for children up to the age of six to promote their physical and mental development; and

- The renovation of a community center in the village of Higabra where the community can hold social, cultural and other events;

- Promoting responsible mining by the signing of formalization sub-contracts with eight small-scale mining associations, paving the way for the implementation of legal and responsible small-scale mining operations;
- Promoting positive health practices by introducing programs such as the “Smiles for the Future” and the second phase of the Company’s “Child Health Campaign”, focusing on oral health for children in the community and on food safety; the first phase of the program focused on visual health;
- Supporting local businesses and farmers through partnerships;
- Establishing “Efficient Stoves”, a program aimed at rural households, school educational centers, and restaurants. These stoves use a minimal amount of fuel wood, thereby protecting the environment and contributing to health safety;
- Implementing environmentally-friendly processes in all mining activities, including reforestation campaigns and solid waste management programs;
- Encouraging productivity through the establishment of kitchen gardens and poultry farms; and
- Focusing on implementing environmentally-friendly processes in all the Company’s mining activities, including the adoption of programs such as the recirculation of water in the processes of the Buriticá project, allowing for the efficient reuse of an important resource. Also, in order to preserve the watershed, reforestation campaigns and programs of Integrated Solid Waste Management are conducted, serving the community and the Company’s partners.

The Company plans to continue to advance its CSR program throughout the remainder of fiscal 2014 by establishing a solid foundation for sustainable development, with focus on, among other things, continued overall support of the community’s activities, support of local businesses, promoting children’s health, productivity, refining infrastructure and urban planning.

2014 Expenditures

During the three and nine months ended September 30, 2014, the Company incurred $15.8 million and $39.7 million, respectively, of deferred exploration and development costs (three and nine months ended September 30, 2013 – $14.2 million and $41.9 million, respectively), including $0.4 million and $1.0 million, respectively (three and nine months ended September 30, 2013 – $0.6 million and $2.4 million, respectively) of capitalized share-based payments. Gold sales resulting from exploration work and drifting in ore at the Buriticá project amounted to $1.4 million and $4.0 million, respectively, for the three and nine months ended September 30, 2014 (three and nine months ended September 30, 2013 – $1.8 million and $5.4 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 unaudited interim consolidated statements of operations and comprehensive loss. As a result, net project expenditures for the three and nine months ended September 30, 2014 totaled $14.3 million and $35.7 million, respectively (three and nine months ended September 30, 2013 – $12.4 million and $36.5 million, respectively).

Berlin Project

The Berlin project covers an aggregate area of 37,770 hectares. The project is comprised of 11 registered concessions totaling 22,850 hectares, eight pending registration concessions totaling 2,203 hectares and three concession applications covering 12,717 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 months ended September 30, 2014 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, 2014, activity for the Berlin project amounted to nil and $0.02 million, respectively, compared to $0.03 million and $0.1 million, respectively, for the same periods in 2013, the majority of which related to cannon payments.

In 2013, the Company was notified of the particular areas of its property that will be required for the Ituango hydro-electrical project is being built by a Colombian public entity and which will be adjacent to the Berlin project. The affected areas represent approximately 2.5% of the Berlin project. The Company plans to enter into negotiations with the public entity in respect of compensation for the relinquishment of such areas. As there is no certainty in respect of the outcome of such negotiations, the Company recorded a write-down during the third quarter of 2013 of $0.4 million in the consolidated statement of operations and comprehensive loss for the area of 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 25,349 hectares and is located in southern Colombia in the Cauca Department. The project area is comprised of four registered concessions totaling 5,590 hectares, 13 pending registration concessions totaling 19,669 hectares and one concession application covering 90 hectares.

As a result of worsening security conditions in the Cauca Department (see the “Risks and Uncertainties” section in this MD&A), the Company re-evaluated its work plan in 2013 and concluded that resources will no longer be allocated for exploration activities at the project in the near future. Accordingly, a write-down was recorded in the third quarter of 2013 in the consolidated statement of operations and comprehensive loss for the remaining value of $4.7 million in respect of the Dominical project.

Any costs incurred subsequently are recognized as exploration expense. For the three and nine months ended September 30, 2014, exploration expense of nil and $0.1 million, respectively, was recorded in the consolidated statement of operations and comprehensive loss in respect of the Dominical project.

Dojura Project

The Dojura project covers an aggregate area of 47,234 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, 12 pending registration concessions totaling 34,202 hectares and two concession applications totaling 306 hectares, and was subject to an option agreement dated October 4, 2006 between a third party option holder and a company controlled by the former Chairman of the Company. 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.

Option payments due in 2013 and 2014 have not been received to date from the option holder and have not been recognized in the unaudited interim consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2014 and 2013. Due to the uncertainty as to whether the Company will be able to recover its costs or commence exploration for the project, the Company recorded a write-down in the third quarter of 2013 in the consolidated statement of operations and comprehensive loss for the remaining value of $1.4 million in respect of the Dojura project.

Any costs incurred subsequently are recognized as exploration expense. For the three and nine months ended September 30, 2014, exploration expense of $0.04 million and $0.1 million, respectively, was recorded in the consolidated statement of operations and comprehensive loss in respect of the Dojura project.

On September 23, 2014, the Superior Court of the District of Antioquia rejected a claim to cancel exploration and mining concessions that encompass traditional indigenous land due to indigenous groups being displaced as a result of security conditions. However, the court did temporarily suspend exploration and mining activities on indigenous land until formal consultation with indigenous communities occur. Approximately 7,726 hectares in the Dojura project are affected by this court ruling. The Company plans to begin the process of consulting the indigenous communities in the affected areas.

In the first quarter of 2014, the Company received notice from the third party option holder that it no longer wished to proceed with the project. As a result, the Dojura project is currently not subject to an option agreement. The Company is currently evaluating its options with respect to the Dojura project.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating highlights for the three and nine months ended September 30, 2014 and 2013:

	Three months ended		Nine months ended	
	September 30 2014	September 30 2013	**September 30 2014**	September 30 2013
Tonnes milled (tonnes)	**2,045**	1,712	**6,040**	5,104
Average grade (g/t)	**23.6**	28.2	**20.2**	25.4
Gold production (ounces)	**1,407**	1,416	**3,553**	3,838
Gold sales (ounces)	**1,154**	1,416	**3,221**	3,838
Realized gold price ($)	**1,206**	1,250	**1,238**	1,385
(thousands of U.S. dollars, except per share amounts)	**$**	$	**$**	$
Net loss	**(14,173)**	(3,968)	**(16,325)**	(19,295)
Net loss per share, basic and fully diluted	**(0.11)**	(0.03)	**(0.13)**	(0.15)

Pre-Production and Development Planning Activities

For the three and nine months ended September 30, 2014, the Company produced 1,407 and 3,553 ounces of gold, respectively (three and nine months ended September 30, 2013 – 1,416 and 3,838 ounces, respectively) and sold 1,154 and 3,221 ounces of gold, respectively (three and nine months ended September 30, 2013 – 1,416 and 3,838 ounces, respectively) for an average realized price of $1,206 and $1,238 per ounce, respectively (three and nine months ended September 30, 2013 – $1,250 and $1,385 per ounce, respectively). The change is a result of a decrease in grade (which varies as production is dependent on exploration activities) and a decrease in recoveries.

Operating Results

The Company's net loss for the three and nine months ended September 30, 2014 amounted to $14.2 million ($0.11 per share) and a net loss of $16.3 million ($0.13 per share), respectively, compared with a net loss of $4.0 million ($0.03 per share) and $19.3 million ($0.15 per share), respectively, for the same periods in 2013. The change for the quarter compared to the same period in 2013 was primarily from the following:

- Corporate administration for the three and nine months ended September 30, 2014 was $3.5 million and $7.1 million, respectively (three and nine months ended September 30, 2013 – $2.2 million and $8.3 million, respectively), including share-based payments and a $1.5 million charge recorded during the three months ended September 30, 2014 relating to the settlement of an environmental fee.
- Compensation costs related to share-based payments during the three and nine months ended September 30, 2014 were $0.9 million and $2.5 million, respectively (three and nine months ended September 30, 2013 – $1.5 million and $5.6 million, respectively), of which $0.5 million and $1.5 million, respectively (three and nine months ended September 30, 2013 – $0.9 million and $3.2 million, respectively) were expensed and $0.4 million and $1.0 million, respectively (three and nine

months ended September 30, 2013 – $0.6 million and $2.4 million, respectively) were capitalized to exploration and evaluation assets.

- Changes related to share-based payments relate to the issuance of 400,000 stock options and 2,025,000 stock options, respectively, during the three and nine months ended September 30, 2014, with average grant date fair values of $1.62 per share and $1.54 per share, compared to nil stock options and 2,365,000 stock options granted in the same respective periods in 2013, with average grant date fair values of $nil per share and $3.12 per share. The valuation of share-based payments is subjective and can impact net income (loss) significantly.

- Foreign exchange losses for the three and nine months ended September 30, 2014 was $3.5 million and $4.6 million, respectively, compared to a gain of $2.2 million and a loss of $4.9 million, respectively, for the same periods in 2013. The change is primarily the result of the continued weakening of the Canadian dollar against the U.S. dollar.
- Loss on marketable securities during the three and nine months ended September 30, 2014 was $2.7 million and $3.3 million, respectively, compared to a $0.6 million gain and a $0.2 million loss, respectively, for the same periods in 2013. Securities held have increased due to additional investments and the conversion of the Company's investment in an associate to marketable securities as a result of the Cordoba transaction, which resulted in the recognition of a gain of $1.6 million during the nine months ended September 30, 2014.
- Deferred tax expense for the three and nine months ended September 30, 2014 was a recovery of $4.5 million and $3.6 million, respectively, compared to a recovery of $2.2 million and $0.2 million, respectively, for the same periods in 2013. Deferred tax expense is mainly related to foreign exchange on the translation of foreign tax balances at current rates.

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 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**
	$	$	$	$	$	$	$	$
Net (loss) income	**(14,173)**	1,685	(3,837)	(6,014)	(3,968)	(8,497)	(6,830)	(3,340)
Basic and diluted (loss) income per share	**(0.11)**	0.01	(0.03)	(0.05)	(0.03)	(0.07)	(0.05)	(0.03)

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, 2014 and 2013:

	Three months ended		Nine months ended	
In thousands of U.S. dollars, except per share amounts	**September 30 2014**	September 30 2013	**September 30 2014**	September 30 2013
	$	$	**$**	**$**
Capitalized exploration expenditures, net of gold sales and recoveries (see "Exploration Summary")	**14,349**	12,535	**35,719**	37,050
Operating activities	**(870)**	(769)	**(1,830)**	(2,394)
Investing activities	**(14,420)**	(10,689)	**(37,077)**	(31,419)
Financing activities	**543**	141	**769**	640
	(14,747)	(11,317)	**(38,138)**	(33,173)
Foreign exchange on cash and cash equivalents	**(3,694)**	2,248	**(4,540)**	(4,396)
Net decrease in cash and cash equivalents	**(18,441)**	(9,069)	**(42,678)**	(37,569)
Net income (loss)	**(14,173)**	(3,968)	**(16,325)**	(19,295)
Net income (loss) per share, basic and fully diluted	**(0.11)**	(0.03)	**(0.13)**	(0.15)

Cash Flow Items

Operating Activities

Operating activity expenditures for the three and nine months ended September 30, 2014 of $0.9 million and $1.8 million, respectively, is consistent with the $0.8 million and $2.4 million for the same respective periods in 2013.

Investing Activities

Investing activity expenditures for the three and nine months ended September 30, 2014 of $14.4 million and $37.1 million, respectively (three and nine months ended September 30, 2013 – $10.7 million and $31.4 million, respectively) include additional investments in marketable securities of $nil and $0.9 million, respectively. Remaining investing activities relate mainly to continued advancement and acceleration of the Buriticá exploration and development programs, net of capitalized gold sales revenues relating to such assets. In 2013, refunds for value added taxes on exploration expenditures relating to 2013 and prior years were collected. Similar refunds for 2014 have not yet been received.

Financing Activities

Financing activity for the three and nine months ended September 30, 2014 of $0.5 million and $0.8 million, respectively, is consistent with the $0.1 million and $0.6 million for the same respective periods in 2013, and relates to cash proceeds from the exercise of stock options.

Cash and Cash Equivalents

As at In thousands of U.S. dollars	**September 30 2014**	December 31 2013
	$	$
Cash and cash equivalents	**74,848**	117,526

As at September 30, 2014, the Company maintained its surplus funds in cash with two major banks in Canada, one in Bermuda and select Colombian banks. Cash balances decreased in 2014 as a result of investing activities relating mainly to exploration and evaluation assets and unrealized foreign exchange losses on Canadian cash balances.

The Company had working capital of $72.0 million as of September 30, 2014 (December 31, 2013 – $116.0 million; June 30, 2014 - $94.8 million). The change in working capital in 2014 is a result of continued expenditures for the advancement of the Buriticá exploration and development programs.

Total Assets

Total assets as at September 30, 2014 was $290.1 million in comparison to $297.3 million as at December 31, 2013 and $296.0 million as at June 30, 2014. The decrease is mainly a result of foreign exchange losses on Canadian dollar monetary balances and losses arising from the revaluation of marketable securities to fair value.

Investments in Associates and Marketable Securities

On March 28, 2014, Cordoba, an unrelated public company, completed the acquisition of Sabre. Prior to the Cordoba transaction, the Company accounted for its investment in Sabre as an investment in an associate. Upon closing of the transaction, the Company's ownership of Cordoba is approximately 7%, including shares of Cordoba previously owned by the Company. As a result, the investment in Sabre was reclassified as marketable securities and accounted for as a fair value through profit and loss investment due to the loss of significant influence. The investment in Sabre was revalued to $2.5 million, representing the fair value of the Cordoba securities received in exchange for the shares of Sabre on the date the Cordoba transaction closed, and resulting in the recognition of a $1.6 million gain in the unaudited interim consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2014 due to the loss of significant influence.

On March 5, 2014, the Company agreed to extend the maturity date on a loan receivable of $0.5 million from an unrelated third party to September 1, 2014 in exchange for 1,200,000 warrants in the third party (with an exercise price of C$0.125 per warrant with a term of two years). The warrants received were valued at $0.05 million and were recorded in other income in the unaudited interim consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2014. Repayment of the loan was received in September 2014.

Commitments

The Company has lease agreements expiring between 2014 to 2016 for office and warehouse facilities in Toronto and Colombia. The Company also has a sublet arrangement with an unrelated 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, are approximately $0.5 million, depending upon the actual annual operating costs for the Company's premises.

Contingencies

In November 2013, the Company was assessed a fine of COP$2,947,500,000 from Corantioquia for alleged environmental infractions dating back to 2007 and 2008. As at December 31, 2013, the Company recorded a liability of $1.5 million in accounts payable and accrued liabilities with a corresponding amount in long-term prepaids and advances, as the Company was required to pay the fine while legal proceedings were initiated.

During the third quarter of 2014, the Company and Corantioquia concluded their negotiations and reached an agreement in principle. The principal terms of the agreement include the payment to Corantioquia of COP$2,947,500,000 plus interest of COP$265,452,000 over a 12-month period.

Corantioquia will receive the payments and will direct the funds towards specified community development projects within the Buriticá area that the Company will oversee. As a result, the Company has recorded a liability and recognized a corresponding expense of $1,490,000 and interest of $131,000 in the unaudited interim consolidated statement of operations and comprehensive loss for the three and nine months ended September 30, 2014.

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, 2014, the Company did not believe that there were any significant environmental obligations requiring material capital outlays in the near-term and anticipate that such obligations, if any, will only arise when mine development commences.

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, 2014 included $74.8 million in cash and cash equivalents, compared to $117.5 million at December 31, 2013 and $93.3 million at June 30, 2014. As at November 5, 2014 cash and cash equivalents amounted to approximately $67.6 million.

As at September 30, 2014, 10,705,163 options were outstanding at an average exercise price of C$5.56. 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 option 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 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, 2014 were $1.4 million and $4.0 million, respectively (three and nine months ended September 30, 2013 – $1.8 million and $5.4 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, 2014, the Company capitalized costs related to mineral properties in the amount of $14.3 million and $35.7 million, respectively (three and nine months ended September 30, 2013 – $12.5 million and $37.0 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, 2014, total shareholders’ equity (managed capital) was approximately $265.7 million (December 31, 2013 – $278.7 million; June 30, 2014 – $278.4 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 within 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 quarter ended September 30, 2014.

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, 2014.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**September 30 2014**	December 31 2013
Shares issued	**127,180**	126,635
Stock options outstanding	**10,705**	9,931
	137,885	136,566

As at September 30, 2014 and November 5, 2014, there were 127,179,758 common shares issued and outstanding.

Securities Compensation

The Company has a stock option plan (the “Option Plan”) and a deferred share unit plan (the “DSU Plan”) in place. Under the Option Plan, directors, officers, employees and consultants may be granted stock options to subscribe for common shares of the Company. The DSU Plan provides that employees and directors of the Company may elect to receive up to 100% of their annual compensation in deferred share units (“DSUs”). The maximum number of common shares issuable under all stock-based compensation arrangements of the Company is equal to 10% of the issued and outstanding common shares of the Company from time to time.

There were 10,705,163 outstanding stock options at an average exercise price of C$5.56 to purchase common shares of the Company as at September 30, 2014 (December 31, 2013 – 9,930,762 at an average exercise price of C$5.82), of which 8,245,163 were exercisable (December 31, 2013 – 7,729,815). 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 September 30, 2014, there were no DSUs outstanding.

As at November 5, 2014, there were 10,562,038 stock options and no DSUs 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, 2014:

- Gold sales to a refinery company (in which a former director of the Company had an equity interest and was an officer) for the three and nine months ended September 30, 2014 amounted to $nil million and $2.6 million, respectively, compared to $1.8 million and $5.4 million, respectively, for the three and nine months ended September 30, 2013, and are reported as a reduction to exploration and evaluation assets in the unaudited interim consolidated statements of financial position.

- As at December 31, 2013, $0.02 million was included in current receivables relating to exploration and administrative expenditures incurred by the Company on behalf of Sabre, an associate of the Company. The receivable was subsequently transferred to Cordoba, an unrelated third party, upon completion of the Cordoba transaction.

- The Company has a consulting agreement with a company controlled by the former Chairman of the Company for $20,000 per month. Services include site visit security and logistics, technical assistance and assistance with Colombia mining law and processes. This consulting agreement terminates on December 31, 2014.

- As of September 30, 2014, the Company has an outstanding letter of support to the Colombian Mining Authority representing a total of 257,690 hectares covered in exploration applications submitted on July 2, 2013 by Sabre, an associate of the Company, prior to the completion of the Cordoba transaction on March 28, 2014. The letter of support indicates a financial commitment by the Company to financially support the exploration activities that is 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. The letter of support was required in order for Sabre to meet rules governing mineral exploration applications.

  Subsequent to the completion of the Cordoba transaction, the exploration applications covered by the letter of support transferred to Cordoba.

  The application process for Cordoba/Sabre is still underway and no mining concession contracts have been registered to Cordoba/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 Cordoba/ 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 Cordoba or the Company.

Furthermore, the mining regulations requiring the issuance of letters of support for the application of exploration licenses have been temporarily suspended pending an independent review of the regulations. As a result, any outstanding letters of support are also temporarily suspended and are currently not in force. However, the suspension may be lifted at any time with any outstanding letters of support being in effect immediately.

- On February 6, 2014, the Company loaned C$2.0 million to a company controlled by the former Chairman of the Company and received in exchange a promissory note bearing interest at 2.5% per annum. As at September 30, 2014, the loan has been repaid, including accrued interest.

CONTRACTUAL OBLIGATIONS

As at September 30, 2014, the Company had the following payments due on contractual obligations and commitments:

Contractual Obligations In thousands of U.S. dollars	**Total**	**< 1 year**	**1-3 years**	**4-5 years**	**>5 years**
	$	**$**	**$**	**$**	**$**
Operating lease obligations (1)	**535**	**478**	**57**	**–**	**–**
Rehabilitation obligations(2)	**1,478**	**–**	**–**	**1,478**	**–**
Capital commitments (3)	**8,755**	**8,755**	**–**	**–**	**–**
Total	**10,768**	**9,233**	**57**	**1,478**	**–**

(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, 2014, a rehabilitation provision of $1.3 million (December 31, 2013 and June 30, 2014 – $1.5 million) was recorded, representing the discounted value of the expected future cash flows.

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, 2014, the Company had cash and cash equivalents of $74.8 million (December 31, 2013 – $117.5; June 30, 2014 – $93.3 million) to settle current liabilities of $8.1 million (December 31, 2013 – $5.8 million; June 30, 2014 – $5.6 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. The Company maintains 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, 2014, would affect net loss and comprehensive loss by approximately $6.4 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 are current and consist of receivables from unrelated parties as of September 30, 2014. 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, 2014, the carrying and fair value amounts of the Company’s financial instruments were approximately equivalent. The fair value of the Company’s financial instruments at September 30, 2014 was determined using quoted market prices.

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, 2014 was between $1,214 and $1,385 per ounce ($1,192 and $1,694 per ounce during the nine months ended September 30, 2013) for an average price for the nine months ended September 30, 2014 of $1,288 per ounce (nine months ended September 30, 2013: $1,456 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)	**2014**	2013
Average market gold price for the nine months ended September 30	**1,288**	1,456
Closing market gold price as at September 30	**1,217**	1,327

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 three months ended September 30, 2014. 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 2014	December 31 2013	**September 30 2014**	September 30 2013
Canadian dollar/U.S. dollar	**0.8929**	0.9402	**0.9773**	0.9770
Colombian peso /U.S. dollar	**0.00050**	0.00052	**0.00052**	0.00054

During 2014, 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, 2014, the Company held $9.5 million in U.S. dollars, which represents approximately 75% of planned exploration expenditures for the remainder of 2014. As at November 5, 2014, the Company held approximately $9.5 million in U.S. dollars, representing approximately 14.1% of total cash balances, to protect against currency volatility in 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, 2014. These changes were made in accordance with the applicable transitional provisions:

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.

The adoption of IAS 32 effective January 1, 2014 did not result in any change in the presentation of financial assets and financial liabilities.

IFRIC 21 – Levies

IFRIC 21, *Levies* sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized.

The adoption of IFRIC 21 effective January 1, 2014 did not result in any change in the accounting for levies.

Future Accounting Changes

The following revised standards and amendments have not been applied in preparing the 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”), replaces IAS 39, Financial Instruments – Recognition and Measurement (“IAS 39”) and some of the requirements for IFRS 7, Financial Instruments – Disclosures. The objective of IFRS 9 is to establish principles for reporting of financial assets and financial liabilities in respect of the assessment of the amounts, timing and uncertainty of an entity’s future cash flows.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”), replaces IAS 11, Construction Contracts (“IAS 11”), IAS 18, Revenue (“IAS 18”) and some revenue-based interpretations. The objective of IFRS 15 is to provide a single comprehensive revenue recognition model that applies to contracts with customers.

IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 - Intangibles

Amendments to IAS 16, Property, Plant and Equipment (“IAS 16”) and IAS 38, Intangibles (“IAS 38”) provide clarification in respect of the acceptable methods of depreciation and amortization.

The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as at December 31, 2013. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that, as at the end of the period covered by this report, 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. Since the December 31, 2013 evaluation, there have been no material changes to the Company’s disclosure controls and procedures and their design remains effective.

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.

During the three months ended September 30, 2014, there were no material changes to the Company’s internal controls over financial reporting or disclosure controls and procedures. The Chief Executive Officer and Chief Financial Officer will continue to monitor the effectiveness of the Company’s internal control over financial reporting and disclosure controls and procedures and may make modifications from time to time as considered necessary or desirable.

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 below and in the Company's Annual Information Form (the "AIF") for the year ended December 31, 2013, audited annual consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2013 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.

Informal 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 informal miners. As the Company further explores and advances mining projects towards production, it must evict or negotiate with informal miners operating on the Company's mining concessions illegally. There is a risk that such informal miners may oppose the Company's operations and efforts to evict them from the Company's mining concessions, which may result in violence or a disruption to the planned development and/or to mining and processing operations.

In addition, informal miners are extracting precious metals from the Company's mineral resources. Historically, the rate of extraction has been minimal; however, there is a risk that the number of informal miners could increase or their method of extraction could change whereby the rate of extraction could increase and deplete a material portion of the Company's mineral resources.

Informal miners that operate on the Company's concessions do not meet proper health and safety standards. Accidents do occur and range from minor to serious, including death. Although these miners are unrelated to Continental and its operations, the Company may be implicated in such accidents, which could have a material adverse effect of the Company's business, operating results and financial position.

Informal miners have also 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 informal 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.

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.

Continental Gold Limited
155 Wellington Street West, Suite 2920
Toronto, Ontario, Canada M5V 3H1
Telephone: +1 416 583 5610 / Fax: +1 416 595 9918

Colombia Branch Office
Continental Gold Limited Sucursal Colombia
Calle 7 No 39-215, #1208, El Poblado, Medellín, Antioquia, Colombia
Telephone: +57 4 3121026

Bermuda Office
Cumberland House
1 Victoria Street, 9th Floor, Hamilton, HM11, Bermuda

www.continentalgold.com