CONTINENTAL GOLD
TSX:CNL OTCQX:CGOOF

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

For the year ended December 31, 2014

Continental Gold Limited

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 year ended December 31, 2014. This discussion, dated March 6, 2015, should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 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 March 6, 2015, 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; exploration and mine development plans; results of the Company's independent preliminary economic assessment (the "PEA"); 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 risk that the conclusion of pre-production studies may not be accurate; uncertainties inherent in conducting operations in a foreign country; no assurance of titles or boundaries; reliance on the PEA to determine the potential economic viability of the mineral resources comprising the Buriticá Project; uncertainties of project cost, construction and operating cost overruns or unanticipated costs and expenses; the presence of informal miners; uncertainties relating to the process of formalization of informal miners and the closure of illegal mines; 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; cyber-attacks; 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; unexpected adverse changes that may result in failure to comply with environmental and other regulatory requirements; inability to resolve alleged environmental infractions; 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; ability to recruit and retain employees with special skill and knowledge; reliance on outside contractors in certain mining operations; use of explosives; labour and employment matters; the reliability of mineral resource estimates; the ability to fund operations through foreign subsidiaries; reliance on a single property; the residency of directors, officers and others; property interests; environmentally-protected areas/forest reserves; foreign currency fluctuations; liquidity and credit risk; uncertainties related to global economic conditions; unreliable historical data for projects; reliance on adequate infrastructure for mining activities; compliance with government regulation; health and safety risks; 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; litigation risk; uncertainties related to holding minority interests in, or acquiring and integrating, other companies; compliance with anti-corruption laws; opposition by indigenous peoples on the Company's operations; impairment of mineral properties; 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.

The PEA is preliminary in nature, includes inferred mineral resources that are considered to be too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Further, mineral resources that are not mineral reserves do not have demonstrated economic viability.

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 exploration and development company with one advanced-stage gold project and three early-stage projects covering a total of over 168,817 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 was to continue to advance the exploration and development program at its flagship high-grade gold project, Buriticá, located in Antioquia, Colombia. Major objectives accomplished in fiscal 2014 included drilling programs that expanded and infilled the Veta Sur and Yaraguá zones; channel sampling of multiple cross-cuts that were completed in Veta Sur and the pilot scale Yaraguá mine; exploration drilling of other high-grade vein system targets; formalization of eight small-scale mining associations; the development and completion of multiple tunnels accessing the Yaraguá and Veta Sur vein systems; continuation of collaboration with Corantioquia to complete the modification process for the Environmental Impact Assessment ("EIA"); publishing of an updated mineral resource estimate; and publishing the PEA.

2014 Highlights

- Advancement of the exploration and development program at the Buriticá Project included:

    - On May 13, 2014, the Company announced an updated mineral resource estimate for the Buriticá Project (the "2014 mineral resource estimate"), 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;

    - In November 2014, the Company released the independent PEA for the Buriticá Project, set out in the Company's technical report entitled "Buritica Gold Project, NI 43-101 Technical Report Preliminary Economic Assessment, Antioquia, Colombia", dated December 22, 2014 with an effective date of November 17, 2014 (the "Technical Report"). The PEA was completed utilizing the 2014 mineral resource estimate and was led by M3 Engineering and Technology Corporation

("M3") of Tucson, Arizona, with contributions from other independent consultants including Chilean-based NCL Ltda. ("NCL"), who was responsible for the development of the underground mine plan for the project. All cash cost information is net of silver by-product credits. The PEA is preliminary in nature and includes inferred mineral resources that are considered to be too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Further, mineral resources that are not mineral reserves do not have demonstrated economic viability.

Results included:

- An 18-year mine life based on 20,055,000 tonnes grading 7.80 g/t gold and 19.35 g/t silver, resulting in 4,777,000 ounces of recovered gold and 7,088,000 ounces of recovered silver. Throughput will begin at a rate of 2,000 tonnes per day ("tpd") and will ramp up to 3,500 tpd in the third year;
- The first five years of production will average approximately 314,000 ounces of gold and 507,000 ounces of silver annually, at a total cash cost of $389 per ounce of gold. Life of mine production will average 265,000 ounces of gold and 394,000 ounces of silver annually, at a total cash cost of $431 per ounce of gold, placing the Buriticá Project in the lowest cash cost quartile globally;
- The after-tax net present value at a 5% discount ("NPV_5") amounts to $1.08 billion;
- The after-tax internal rate of return ("IRR") is 31.5% on an initial capital cost of $390.3 million with a payback of 2.8 years;
- Longitudinal Bench and Fill (long-hole) has been selected as the mining method, as both vein systems are steeply dipping and the host rock is competent. Drifts will measure 4 x 4 metres and the benches will be 8 metres in height; and
- Mining dilution of 58% was calculated under the assumption that all material located outside the hard boundaries of modeled veins is assigned a value of 0 g/t gold and silver. However, based on initial channel sampling results announced on October 28, 2014 for the Veta Sur deposit, including 30 metres (true horizontal width) @ 9.6 g/t gold and 47 g/t silver, significant potential exists to improve the dilution grade assumption in future economic studies.

- Completed approximately 61,698 metres of diamond drilling during the year ended December 31, 2014, for an overall project life total of approximately 276,998 metres to December 31, 2014. Drilling was successful in extending and infilling vein families in the Yaraguá, Veta Sur and Laurel vein systems. Directional diamond drilling was successfully utilized during 2014 resulting in a savings of 16,000 metres of diamond drilling compared with a conventional drilling system;
- Drill results in the Yaraguá vein system included: BUUY191, which intersected 36.48 metres @ 9.4 g/t gold and 43 g/t silver, including 1.8 metres @ 34.8 g/t gold and 61 g/t silver plus 2.6 metres @ 36.3 g/t gold and 47 g/t silver; BUUY171, which intersected 1.35 metres @ 142.9 g/t gold and 15 g/t silver; BUUY210, which intersected 6.9 metres @ 97.8 g/t gold and 238 g/t silver; BUUY226, which intersected 2.1 metres @ 100.7 g/t gold and 53 g/t silver; BUUY232, which intersected 2.15 metres @ 161.2 g/t gold and 14 g/t silver; 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: BUSY355, which intersected 0.7 metres @ 26.8 g/t gold and 118 g/t silver and 0.5 metres @ 44.2 g/t gold and 23 g/t silver; BUUY194, which intersected 4.15 metres @ 21.7 g/t gold and 19 g/t silver, including 0.5 metres @ 158.5 g/t gold and 62 g/t silver; BUUY202, which intersected 9.85 metres @ 34.4 g/t gold and 111 g/t silver, including 1.13 metres @ 110.7 g/t gold and 236 g/t silver plus 1.0 metres @ 91.3 g/t gold and 261 g/t silver; 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;

- Channel sampling in the new Yaraguá ramp extended high grades in the Murcielagos South vein family to higher elevations (1,520 metres), with significant intervals including 0.5 metres @ 24.7 g/t gold, 215 g/t silver and 8.4% zinc and 1.0 metre @ 10.9 g/t gold, 90 g/t silver and 3.7% zinc;

- Completed underground development of the access tunnels in the Higabra Valley, the Veta Sur Ramp and the Yaraguá Ramp. The tunnel and ramps may eventually be used in a commercial environment, subject to, among other things, additional positive economic studies and a construction decision;

- Underground drilling from the three access tunnels commenced during the year with the goal of converting inferred ounces into the measured and indicated categories, as well as growing the overall mineral resource;

- Initiated and completed underground cross-cuts through the Veta Sur deposit, located at an elevation of 1,690 metres above sea level;

- Continuous channel sampling along the Veta Sur cross-cut intersected 18 veins and intervening mineralized material, including, from the 180th metre of the cross-cut, a broad high-grade zone comprising 30 metres (true horizontal width) @ 9.6 g/t gold and 47 g/t silver;

- In order to examine the continuity of mineralization along and between veins, approximately 117 metres of drifting along Vein 62 and Vein 51 in the Veta Sur system was completed. Systematic face sampling of this 3.5 X 3.5-metre drift, which mostly contains both veins, outlined a laterally continuous, very high-grade zone, comprising 3.15 metres (true horizontal width) @ 59.7 g/t gold and 139 g/t silver along 85 metres;

- Initiated and completed 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 was to determine the appropriate precious metal grades for calculating dilution between certain veins that would be sequenced early in any future mine production; and

- The Company signed formalization sub-contracts in May and June 2014 with eight small-scale mining associations, paving the way for the implementation of legal and responsible small-scale mining operations at the Buriticá Project. Pre-development activities began shortly thereafter at the assigned sites.

▪ Changes to the Company’s board of directors and management appointments included:

- On April 4, 2014, Robert W. Allen, the founding Chairman and director, announced his retirement from the board of directors;

- Concurrent with the retirement of Mr. Allen, Leon Teicher was named the Company’s new non-executive Chairman, and Gustavo Koch, Executive Vice-President of the Company, was appointed as a non-independent board member;

- Jaime Gutierrez resigned from the board of directors, effective June 4, 2014;

- On June 17, 2014, the Company announced the additions of Andres Osorio Anaya, Vice-President and General Manager, and Julián Gonzalez, Vice-President, Sustainability, to the management team; and

- On July 30, 2014, the Company announced the appointment of Dr. Claudia Jiménez as an independent board member.

▪ Subsequent to year end:

- On January 7, 2015, the Company announced new channel sampling results from development drifts and cross-cuts in upper levels of the Yaraguá mine. Systematic channel sampling across drifts demonstrated continuity of high-grade gold mineralization through substantial strike lengths over true horizontal widths approximating those proposed for mining stopes. Results included: 1.77 metres @ 50.1 g/t gold and 68 g/t silver along 61.5 metres (San Antonio Vein, elevation of 1,560 metres); and 1.74 metres @ 34.7 g/t gold and 63 g/t silver along 120.5 metres (San Antonio Vein, elevation of 1,496 metres);

- On January 21, 2015, the Company announced the appointment of Donald Gray as Chief Operating Officer of the Company, effective February 23, 2015. In addition, the Company announced that Mark Moseley-Williams resigned as President and Chief Operating Officer of the Company;

- On January 29, 2015, the Company announced drilling results for the Veta Sur vein system which included: 10.85 metres @ 56.4 g/t gold and 163 g/t silver, including 2.55 metres @ 108.1 g/t gold and 320 g/t silver (BUSY369D04, V42, elevation of 1,315 metres); 9.75 metres @ 26.4 g/t gold and 91 g/t silver, including 1.68 metres @ 105.0 g/t gold and 366 g/t silver (BUSY369D07, V42, elevation of 1,324 metres); and 12.0 metres @ 27.3 g/t gold and 46 g/t silver, including 1.35 metres @ 142.8 g/t gold and 195 g/t silver (BUSY369D11, V42, elevation of 1,272 metres); and

- On February 19, 2015, the Company announced drilling results for the Yaraguá vein system which included: 19.15 metres @ 11.1 g/t gold and 28 g/t silver, including 2.72 metres @ 56 g/t gold and 75 g/t silver (BUUY294, MUS, elevation of 1.254 metres).

SELECTED CONSOLIDATED FINANCIAL INFORMATION

As at or Year ended In thousands of U.S. dollars	**December 31 2014**	December 31 2013	December 31 2012
	$	$	$
Consolidated Financial Position			
Cash and cash equivalents	**57,558**	117,526	169,983
Exploration and development assets	**195,309**	163,888	121,154
Total assets	**268,498**	297,313	310,596
Shareholders' equity	**242,972**	278,747	296,656
Consolidated Operating Results			
Foreign exchange (loss) gain	**(7,164)**	(8,180)	277
Loss on sale or write-down of assets	**(16,599)**	(7,403)	(105)
Net loss	**(39,663)**	(25,309)	(7,929)
Consolidated Cash Flow			
Acquisition of and investment in exploration and evaluation assets, net of gold sales	**46,320**	41,438	32,465
Cash flows from financing activities	**770**	654	134,304
Net cash (out) inflow	**(53,096)**	(44,769)	86,314

The Company's total assets at December 31, 2014 were $268.5 million in comparison to $297.3 million as at December 31, 2013 and $310.6 million as at December 31, 2012. The decrease in total assets in 2014 and 2013 is mainly a result of impairment adjustments for exploration assets, 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 December 31, 2014 was $57.6 million compared to $117.5 million at December 31, 2013 and $170.0 million as at December 31, 2012. The decrease in cash and cash equivalents in 2014 and 2013 is a result of expenditures for the continued advancement of the Buriticá Project and a decline in Canadian dollar cash balances due to changes in the C$:U.S. dollar 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. See "Investments in Associates and Marketable Securities".

Net loss for the year ended December 31, 2014 was $39.7 million compared to $25.3 million for the year ended December 31, 2013 and $7.9 million for the year ended December 31, 2012. The change in net loss in 2014 is primarily due to impairment charges for exploration and evaluation assets, foreign exchange losses on Colombian peso tax balances and 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. In addition, 2013 includes amounts relating to a provision for bad debts relating to its investment in and receivable from ThunderBolt Resources Inc. ("ThunderBolt"), an associate of the Company. Foreign exchange losses on Canadian-dollar monetary balances were consistent in 2014 compared to 2013, but were higher than 2012 due to a decline in the Canadian-U.S. dollar exchange rate and the higher Canadian-dollar cash balances at the end of 2012.

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 167,721 hectares and has pending concession applications totaling approximately 1,096 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:

Year ended December 31 In thousands of U.S. dollars	2014	2013
	$	$
Capitalized:		
Buriticá	**47,977**	49,782
Berlin	**18**	158
Dojura	**–**	307
Dominical	**–**	(565)
Santander	**–**	66
	47,995	49,748
Expensed:		
Dojura	**162**	–
Dominical	**81**	–
Santander	**(2)**	–
	241	–
	48,236	49,748

Buriticá Project

The Buriticá Project encompasses an aggregate area of 59,285 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 and 46 pending registration concessions totaling 42,303 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.

Mineralization at Buriticá is a porphyry-related, carbonate base metal ("CBM") gold vein/breccia system. High grade precious metal mineralization in CBM systems may occur over substantial vertical intervals, to well in excess of a kilometre, from the porphyry level to below the shallow epithermal range. Compared to low-sulfidation epithermal styles CBM mineralization is sulphide-rich, with abundant pyrite +/- pyrrhotite plus sphalerite and galena along with minor sulfosalts and chalcopyrite and with quartz-carbonate gangue mineralogy. Gold in CBM systems may be free-milling or refractory. Mineralization in CBM systems typically comprises sheeted veins, stockworks and mineralogically similar breccias with some fracture-related disseminations in wall-rocks. Drilling continued at the project, including two underground drill rigs and one drill rig from surface. During the three months ended December 31, 2014, the Company completed approximately 16,440 metres of diamond drilling in 37 holes for an overall project total of over 276,998 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.

Pre-development

On May 13, 2014, the Company announced an updated 2014 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.

On November 17, 2014, the Company announced a positive PEA for the Buriticá Project prepared in accordance with NI 43-101. The PEA indicates an 18-year mine life for the Buriticá Project, based on 20,055,000 tonnes grading 7.80 g/t and 19.35 g/t silver resulting in 4,777,000 ounces of recovered gold and 7,088,000 ounces of recovered silver, an after-tax net present value of $1.08 billion at a 5% discount rate, an after-tax internal rate of return of 31.5% on an initial capital cost of $390.3 million and a payback period of 2.8 years.

In 2014, the Company also completed the underground development of the following access tunnels: the Higabra Valley Tunnel, the Veta Sur Ramp and the Yaraguá Ramp. The Company met its initial goal of utilizing these access tunnels to drill underground, with the objective to convert inferred ounces to the measured and indicated categories and to grow the overall mineral resource.

During the year, the Company continued to collaborate with Corantioquia, the autonomous regional corporation responsible for issuing and controlling environmental permits in Antioquia, to complete the modification process for the EIA, which was submitted on December 23, 2013 and which represents the final major permitting step for the Buriticá Project.

In May and June 2014, the Company announced 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 at the Buriticá Project. Pre-development activities began at the respective sites shortly thereafter.

In the second half of 2014, the Company completed cross cuts programs in Veta Sur and the Yaraguá mine with the objective of determining the appropriate precious metal grades for calculating dilution between certain veins that would be sequenced early in any future mine production. The results of the program were positive, including 30 metres (true horizontal width) @ 9.6 g/t gold and 47 g/t silver in Veta Sur and 15.8 metres @ 8.6 g/t gold and 19 g/t silver (including 2.2 metres @ 31 g/t gold and 50 g/t silver) in the Yaraguá mine. These results may support the potential development of mine openings additional to and/or broader than those contemplated in the provisional mining plan in the PEA and decrease the mining dilution by including grades greater than zero of gold and silver outside of the hard boundaries of the modelled veins as incorporated in the PEA.

In addition, the Company continued throughout 2014 with training and literacy programs 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 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 following programs that were implemented throughout 2014, aimed at improving health, education, infrastructure and the environment:

- Promoting education by awarding scholarships, developing programs aimed at preparing students for standardized testing and continuing the community literacy campaign. One such program was successful in graduating 87 people from elementary, middle and high school, 27 of which were employees of the Company;

- 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 "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 communal playgrounds in the towns of El Balso and El Naranjo for children to promote their physical and mental development;
  - The renovation of a community center in the village of Higabra where the community can hold social, cultural and other events; and
  - The renovation of a soccer field in the village of Higabra;
- Executing a strategic alliance with Conservation International Foundation to jointly develop a portfolio of projects (regionally and locally) that will benefit the environment and the local communities;
- 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 and visual health for children in the community and on food safety;
- 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;
- Hosting cultural events in the communities for various holidays throughout the year;
- 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 proudly received a re-certification in 2014 of the Fenalco Solidario, Social Responsibility Certificate, from Corporación Fenalco Solidario in Colombia for its commitment to social development in Buriticá. Corporación Fenalco Solidario is a non-profit organization whose mission is to promote and recognize socially responsible actions that affect the general welfare of people and the environment.

For 2015, the Company plans to continue to advance its CSR program 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 with a focus on water resources and urban planning.

2014 Expenditures

During the three months and year ended December 31, 2014, the Company incurred $14.8 million and $54.5 million, respectively, of deferred exploration and development costs (three months and year ended December 31, 2013 – $13.8 million and $56.4 million, respectively), including $0.2 million and $1.2 million, respectively (three months and year ended December 31, 2013 – $0.4 million and $2.8 million, respectively) of capitalized share-based payments. Gold sales resulting from exploration work and drifting in ore at the Buriticá Project amounted to $2.5 million and $6.5 million, respectively, for the three months and year ended December 31, 2014 (three months and year ended December 31, 2013 – $1.2 million and $6.6 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 loss. As a result, net project expenditures for the three months and year ended December 31, 2014 totaled $12.3 million and $48.0 million, respectively (three months and year ended December 31, 2013 – $12.6 million and $49.8 million, respectively).

Impairment

During the year, management identified indicators of impairment, requiring an assessment of the Company's recorded values for exploration and evaluation assets.

A write-down of $2.4 million has been recorded for the three months and year ended December 31, 2014 in respect of certain properties grouped within the Buriticá Project. These properties are located in remote areas such that the properties would not form part of the mineral resources of the main Buriticá Project. Due to both the remoteness of the properties and that exploration activities on these properties have provided inconclusive information regarding the value and potential of the properties, management has determined that the recoverability of the book value for these properties is low and has accordingly recorded a write-down in respect of these properties. All subsequent expenditures related to these properties will be recognized as exploration expense.

The Company has determined that the remaining value of the Buriticá Project is appropriate as a result of the positive PEA. Expenditures related to the main Buriticá Project and adjacent properties will continue to be capitalized in exploration and evaluation assets. See the "Risks and Uncertainties" section in this MD&A.

Berlin Project

The Berlin Project covers an aggregate area of 38,103 hectares. The project is comprised of 11 registered concessions totaling 22,850 hectares and 11 pending registration concessions totaling 15,253 hectares. The project area is located 90 kilometres north of Medellín in the Antioquia Department.

No work was performed at the Berlin Project during 2014 and 2013 but the Company continues to anticipate the initiation of a diamond drilling campaign in the future.

For the three months and year ended December 31, 2014, activity for the Berlin Project amounted to $nil million and $0.02 million, respectively, compared to $0.1 million and $0.2 million for the same respective periods in 2013, the majority of which related to canon payments.

During the year, management identified indicators of impairment, requiring an assessment of the Company's recorded values for exploration and evaluation assets.

A write-down of $14.2 million was recorded for the three months and year ended December 31, 2014 in respect of the remaining value of the Berlin Project. The slow progress towards the improvement of security conditions in the area have prevented the Company from commencing any meaningful exploration activity to date at the Berlin Project. As management does not expect a change in circumstances in the foreseeable future, management has determined that the recoverability of the recorded value for the project is uncertain and has accordingly recorded a write-down for the book value of the property. See the “Risks and Uncertainties Section in this MD&A. All subsequent expenditures in respect of the Berlin Project are recognized as exploration expense.

In 2013, the Company was notified of the particular areas of the Berlin Project that will be required for the Ituango hydro-electrical project that will be 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 expects to enter into negotiations with the public entity in respect of compensation for the relinquishment of such areas. However, as there was no certainty in respect of the outcome of such negotiations, the Company recorded a write-down for the year ended December 31, 2013 of $0.4 million in the consolidated statement of operations and comprehensive loss for the area of property that was to be relinquished. Any resulting compensation will be recognized in income at the time of receipt.

Dojura Project

The Dojura Project covers an aggregate area of 45,380 hectares. It is located in the western cordillera in the Choco Department, 30 kilometres southeast of the Departmental capital city of Quibdó. The Dojura Project is comprised of three registered concessions totaling 12,726 hectares, 13 pending registration concessions totaling 32,348 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.

Option payments due in 2013 and 2014 have not been received to date from the option holder and have not been recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 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 2013 in for the remaining value of $1.4 million in respect of the Dojura Project. The Company received notice from the option holder that they are no longer interested in pursuing the joint venture. As a result, the Dojura Project is no longer subject to an option agreement.

Any costs incurred subsequently are recognized as exploration expense. For the three months and year ended December 31, 2014, exploration expense of $0.1 million and $0.2 million, respectively (three months and year ended December 31, 2013 – $nil), 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.

Dominical Project

The Dominical Project encompasses an aggregate area of 26,049 hectares and is located in southern Colombia in the Cauca Department. The Dominical Project area is comprised of four registered concessions totaling 5,590 hectares, 13 pending registration concessions totaling 19,669 hectares and two concession applications covering 790 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 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 months and year ended December 31, 2014, exploration expense of $nil and $0.1 million, respectively (three months and year ended December 31, 2013 – $nil), was recorded in the consolidated statement of operations and comprehensive loss in respect of the Dominical Project. Included in the write-down was a $0.6 million recovery representing activity in 2013 prior to the write-down.

Anza Project

The Anza Project was 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 2013, 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 (2012 – $0.3 million and 250,000 common shares, valued at $0.1 million). During 2013, interest in the properties was transferred from the Optionors to the option holder. 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.

During 2013, the Company also entered into a loan agreement with the option holder for $0.5 million with a maturity date of March 1, 2014 which was extended to September 1, 2014 in exchange for 1,200,000 warrants in the option holder with an exercise price of C$0.125 per warrant with a term of two years. Upon receipt of the warrants, the Company recognized $0.1 million in other income in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2014. The loan was repaid in 2014.

Santander Project

The Santander Project was located 35 kilometres northeast of Bucaramanga in the California Mining District in northeastern Colombia and covered an aggregate area of 3,471 hectares.

The Company recorded a write-down for the year ended December 31, 2013 of $0.5 million in the consolidated statement of operations and comprehensive loss in respect of the Santander Project. The write-down in 2013 was a result of management's conclusion that it no longer wished to retain the Santander Project subsequent to geological mapping and rock chip sampling undertaken during 2013.

The Company subsequently transferred its remaining exploration rights to a company controlled by the former Chairman of the Company during the fourth quarter of 2013 for no consideration.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating highlights for the years ended December 31, 2014 and 2013:

Year ended December 31	**2014**	2013
Tonnes milled (tonnes)	**7,952**	6,472
Average grade (g/t)	**23.71**	25.14
Gold production (ounces)	**5,267**	4,802

	2014	2013
	$	$
Realized gold price ($)	**1,230**	1,361

In thousands of U.S. dollars, except per share amounts	**2014**	2013
	$	$
Net loss	**(39,663)**	(25,309)
Net loss per share, basic and fully diluted	**(0.31)**	(0.20)

Pre-Production and Development Planning Activities

For the three months and year ended December 31, 2014, the Company produced 2,046 ounces and 5,267 ounces, respectively (2013 – 964 ounces and 4,802 ounces, respectively) of gold, which were sold for an average realized price of $1,217 per ounce and $1,230 per ounce, respectively (2013 – $1,269 per ounce and $1,361 per ounce, respectively). The change is mainly a result of higher tonnes milled and a higher recovery, net of a decrease in grade, which varies as production is dependent on exploration activities.

Operating Results

The Company's net loss for the three months and year ended December 31, 2014 amounted to $23.3 million ($0.18 per share) and $39.7 million ($0.31 per share), respectively, compared to $6.0 million ($0.05 per share) and $25.2 million ($0.20 per share) for the same respective periods in 2013. The change for the quarter and year-to-date compared to the same periods in 2013 was primarily from the following:

- Corporate administration for the three months and year ended December 31, 2014 were $1.4 million and $8.5 million, respectively (three months and year ended December 31, 2013 – $2.0 million and $10.3 million, respectively), including share-based payments.
- Compensation costs related to share-based payments during the three months and year ended December 31, 2014 were $0.6 million and $3.1 million, respectively (three months and year ended December 31, 2013 – $1.1 million and $6.7 million, respectively), of which $0.4 million and $1.9 million, respectively (three months and year ended December 31, 2013 – $0.7 million and $3.9 million, respectively) were expensed and $0.2 million and $1.2 million, respectively (three months and year ended December 31, 2013 – $0.4 million and $2.8 million, respectively) were capitalized to exploration and evaluation assets.
- Changes related to share-based payments relate to the issuance of nil stock options and 2,025,000 stock options, respectively, during the three months and year ended December 31, 2014, with average grant date fair values of $nil per share and $1.54 per share, respectively, 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 loss for the three months and year ended December 31, 2014 was $2.6 million and $7.2 million, respectively, compared to $3.3 million and $8.2 million for the same respective

periods in 2013. The change is primarily the result of the continued decline of the Canadian dollar against the U.S. dollar rate throughout 2014 and 2013.

- Loss on marketable securities during the three months and the year ended December 31, 2014 was $0.5 million and $3.8 million, respectively, compared to a loss of $0.6 million and $0.7 million for the same respective periods in 2013, and resulted from the revaluation of securities held.
- Write-downs of exploration and evaluation assets of $16.6 million were recorded during the year ended December 31, 2014 (2013 – $7.0 million). In addition, a write-down and provision for bad debts totaling $1.4 million was recorded in 2013 in respect of the Company's investment and receivable from ThunderBolt, an associated company.
- Deferred tax expense for the three months and year ended December 31, 2014 was $2.6 million and $6.2 million, respectively, compared to an expense of $0.9 million and $0.7 million, respectively, for the same periods in 2013. The change is primarily a result of foreign exchange on the translation of foreign tax balances, net of the deferred tax impact on impairment charges.

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	**Q4–2014**	**Q3–2014**	**Q2–2014**	**Q1–2014**	**Q4–2013**	**Q3–2013**	**Q2–2013**	**Q1–2013**
	$	**$**	**$**	**$**	$	$	$	$
Net (loss) income	**(23,338)**	(14,173)	1,685	(3,837)	(6.014)	(3,968)	(8,497)	(6,830)
Basic and diluted (loss) income per share	**(0.18)**	(0.11)	0.01	(0.03)	(0.05)	(0.03)	(0.07)	(0.05)

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 ANNUAL INFORMATION

The following is a summary of the Company's financial operating results for the years ended December 31, 2014, 2013 and 2012:

Year ended December 31 In thousands of U.S. dollars, except per share amounts	**2014**	2013	2012
	$	$	$
Capitalized exploration expenditures, net of gold sales and recoveries (See "Exploration Summary")	**47,995**	49,748	35,325
Operating activities	**(2,651)**	(3,346)	(5,621)
Investing activities	**(51,215)**	(42,077)	(42,369)
Financing activities	**770**	654	134,304
	(53,096)	(44,769)	86,314
Foreign exchange on cash and cash equivalents	**(6,872)**	(7,688)	265
Net decrease in cash and cash equivalents	**(59,968)**	(52,457)	86,579
Net (loss) income	**(39,663)**	(25,309)	(7,929)
Net (loss) income per share, basic and fully diluted	**(0.31)**	(0.20)	(0.07)

Cash Flow Items

Operating Activities

Operating activity expenditures for the three months and year ended December 31, 2014 of $0.8 million and $2.7 million, respectively, were consistent with the $1.0 million and $3.3 million for the same respective periods in 2013. The change in 2013 from 2012 was 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 months and year ended December 31, 2014 of $14.1 million and $51.2 million, respectively (three months and year ended December 31, 2013 – $10.7 million and $42.1 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 have not been received in 2014.

Financing Activities

Financing activity for the three months and year ended December 31, 2014 of $0.5 million and $0.8 million, respectively, is consistent with the $0.01 million and $0.7 million for the same respective periods in 2013, and relates to cash proceeds from the exercise of stock options.

Operating Results

Operating results for the three months ended and year ended December 31, 2014 was a net loss of $23.3 million and $39.7 million, respectively, compared to a net loss of $6.0 million and $25.3 million for the same respective periods in 2013, and a net loss of $3.3 million and $7.9 million for the same respective periods in 2012. The change is mainly a result of amounts recorded relating to higher impairment charges for exploration and evaluation assets in 2014 compared to an impairment charge and a provision for bad debts relating to its investment in and receivable from ThunderBolt, an associate of the Company, recorded in 2013. In addition, the change is also impacted by foreign exchange on Colombian peso tax balances and losses resulting from the decline in the fair value of marketable securities, net of a gain resulting from the loss of significant influence. The change in 2013 from 2012 is also due to foreign exchange losses on Canadian dollar monetary balances.

Cash and Cash Equivalents

As at In thousands of U.S. dollars	**December 31** **2014**	December 31 2013
	$	$
Cash and cash equivalents	**57,558**	**117,526**

As at December 31, 2014, the Company maintained its surplus funds in cash with two major banks in Canada, one in Bermuda and select Colombian banks. Cash balances as at December 31, 2014 decreased to $57.6 million compared to $117.5 million as at December 31, 2013 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 $58.2 million as of December 31, 2014 (December 31, 2013 – $116.0 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 December 31, 2014 of $268.5 million was lower than the $297.3 million as at December 31, 2013 mainly as 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 consolidated statement of operations and comprehensive loss for the year ended December 31, 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 consolidated statement of operations and comprehensive loss for the year ended December 31, 2014. Repayment of the loan was received in September 2014.

Commitments

The Company has lease agreements expiring between 2015 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, 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.

In 2014, the Company and Corantioquia concluded their negotiations and reached an agreement in principle. The principal terms of the agreement included the payment to Corantioquia of COP 2,947,500,000 plus interest of COP 265,452,000 over a 12-month period. Corantioquia would receive the payments and direct the funds towards specified community development projects within the Buriticá area. As part of the process, the agreement was submitted to the Colombian courts for approval. The agreement was rejected by the Colombian courts for administrative technicalities. The Company subsequently initiated legal proceedings against Corantioquia, with Corantioquia's knowledge. The legal proceedings are currently in process and will allow the renegotiation of terms of the original agreement and the re-submission of the agreement to the Colombian court for approval. The Company has recorded a liability and recognized a corresponding expense of COP 2,947,500,000 and interest to December 31, 2014 of COP 349,145,000 in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2014. As at December 31, 2014, the total liability recorded was $1.3 million (2013 – $1.5 million). See the "Risks and Uncertainties" section in this MD&A.

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 December 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 December 31, 2014 included $57.6 million in cash and cash equivalents, compared to $117.5 million at December 31, 2013. As at March 4, 2015, cash and cash equivalents amounted to approximately $50 million.

As at December 31, 2014, 10,297,663 stock options were outstanding at an average exercise price of C$5.50. 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, 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 months and year ended December 31, 2014 were $2.5 million and $6.5 million, respectively (three months and year ended December 31, 2013 – $1.2 million and $6.6 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 months and year ended December 31, 2014, the Company capitalized costs related to mineral properties in the amount of $12.3 million and $48.0 million, respectively (three months and year ended December 31, 2013 – $12.7 million and $49.7 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 December 31, 2014, total shareholders' equity (managed capital) was approximately $243.0 million (December 31, 2013 – $278.8 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 year ended December 31, 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 December 31, 2014.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**December 31 2014**	December 31 2013
Shares issued	**127,179**	126,635
Stock options outstanding	**10,298**	9,931
	137,477	136,566

As at March 4, 2015, there were 127,393,758 common shares 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 10,297,663 outstanding stock options at an average exercise price of C$5.50 to purchase common shares of the Company as at December 31, 2014 (December 31, 2013 – 9,930,762 at an average exercise price of C$5.82), of which 8,443,288 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 December 31, 2014, there were no DSUs outstanding.

As at March 4, 2015, there were 10,964,288 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 months and year ended December 31, 2014:

- Gold sales to a refinery company (in which a former director of the Company has an equity interest and is an officer) for the three months and year ended December 31, 2014 amounted to $nil and $2.6 million, respectively, compared to $1.2 million and $6.6 million for the same respective periods in 2013, and are reported as a reduction to exploration and evaluation assets in the consolidated statement of financial position. The former director resigned effective June 4, 2014.
- 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 terminated on December 31, 2014.
- In 2013, the Company issued a letter of support to the Colombian Mining Authority representing a total of 257,690 hectares covered in exploration applications submitted by Sabre, an associate of the Company prior to the completion of the Cordoba transaction. The letter of support indicated 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 Cordoba (Sabre) to meet rules governing mineral exploration applications. In December 2014, the Company notified the Colombian Mining Authority of the withdrawal of its support.
- 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 and payable on the earlier of the closing or cancellation of the Cordoba transaction. As at December 31, 2014, the loan was repaid, including accrued interest.

CONTRACTUAL OBLIGATIONS

As at December 31, 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]	**399**	**366**	**33**	**–**	**–**
Rehabilitation obligations[2]	**4,470**	**428**	**2,243**	**1,799**	**–**
Capital commitments [3]	**1,314**	**1,314**	**–**	**–**	**–**
Wealth tax [4]	**3,177**	**1,430**	**1,747**	**–**	**–**
Total	**9,360**	**3,538**	**4,023**	**1,799**	**–**

[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.
[4] Represents estimated wealth tax payments based on the Company's net equity position in Colombia as at December 31, 2014.

As at December 31, 2014, a rehabilitation provision of $3.1 million (December 31, 2013 – $1.4 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:U.S. dollar 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 December 31, 2014, the Company had cash and cash equivalents of $57.6 million (December 31, 2013 – $117.5 million) to settle current liabilities of $4.8 million (December 31, 2013 – $5.8 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 2014, 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 20% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at December 31, 2014, would affect net loss and comprehensive loss by approximately $10.0 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. All amounts receivable are current and consist of receivables from unrelated parties as of December 31, 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 December 31, 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 December 31, 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 in 2014 was between $1,142 per ounce and $1,385 per ounce ($1,192 per ounce and $1,694 per ounce in 2013) for an average price in 2014 of $1,266 per ounce (2013 – $1,411 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 year ended December 31	**1,266**	1,411
Closing market gold price as at December 31	**1,206**	1,204

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 in 2014. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

	Closing Rate As at		**Average Rate Year ended**	
	December 31 2014	December 31 2013	**December 31 2014**	December 31 2013
Canadian dollar/U.S.$	**0.8620**	0.9402	**0.9058**	0.9713
Colombian peso /U.S.$	**0.00042**	0.00052	**0.00050**	0.00054

During 2015, 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 December 31, 2014, the Company held $9.4 million in U.S. dollars, which represents approximately 16% of planned exploration expenditures for the first three months of 2015. As at March 4, 2015, the Company held approximately $9 million in U.S. dollars, representing approximately 18% of total cash balances, to protect against currency volatility in 2015.

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

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 December 31, 2014, 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 of the Company, 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 December 31, 2014, 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

Mauricio Castañeda, Vice-President, Exploration 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, 2014, audited annual consolidated financial statements, this MD&A 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.

Nature of Mineral Exploration

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

Foreign Country Risk

The Company's principal mineral properties are located in Colombia. Over the past 10 to 15 years, the government of Colombia has made strides in improving the social, political, economic, legal and fiscal regimes. However, operations in Colombia are still subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including, but not limited to, unemployment and inequitable income distribution. Colombia is also home to South America's largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping, extortion and thefts and civil unrest in certain areas of the country. Such instability may require the Company to suspend operations on its properties. It is common practice in Colombia to have contractual arrangements with the police and/or army in exchange for protective services. There is a risk that agreements with the police and/or army cannot be reached on time or on terms that are acceptable to the Company which could result in an increase in security threats or loss of control at the project site which could have a material adverse effect on the Company.

Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, or other matters.

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

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

The government of Colombia is currently in peace negotiations with the country's largest guerilla groups, and there is no certainty that an agreement will be reached. There is a risk that any peace agreement might contain new laws or change existing laws that could have a material adverse effect on the Buriticá Project.

Foreign Operations

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

No Assurance of Titles or Boundaries

The Company is not the registered holder of all of the licences or concessions that comprise the Berlin Project, the Dojura Project, and the Dominical project (collectively, the "Colombia Projects"). Some of the licences and concessions that comprise the Colombia Projects are registered in the names of certain entities, including entities controlled by Bullet Holding Corporation ("Bullet"). The Company's interest in the Colombia Projects is derived from the Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia, dated December 20, 2007, between Bullet and the Company (the "Concession Sale Agreement"). Under the Concession Sale Agreement, Bullet has agreed to transfer the licences and concessions that comprise such properties to the Company. There can be no assurance, however, that such transfers will be effected or that events occur in the entities, including entities controlled by Bullet, that are unrelated to the Colombia Projects' licences and concessions that would prevent Bullet or the other entities from being able to transfer such licences and concessions to the Company. In addition, in the event of a dispute between the parties to the Concession Sale Agreement, the Company's only recourse against Bullet will be to seek enforcement of the terms of the Concession Sale Agreement. If the Company is required to commence legal proceedings to enforce the terms of the Concession Sale Agreement, there is no assurance that the Company will succeed in such proceedings, and, therefore, may never succeed in obtaining title to such properties.

The Company has obtained a title report from Colombian legal counsel with respect to title to the Buriticá Project and the Colombia Projects held by the Company or Bullet, as applicable, but this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected encumbrances or defects or governmental actions or errors. A successful challenge to the precise area and location of the Buriticá Project or the Colombia Projects could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties. The Company does not have all of the surface rights at the Colombia Projects and there is no assurance that these surface rights will be available or on reasonable terms.

Preliminary Economic Assessment ("PEA")

During the year, the Company filed the Technical Report in connection with the PEA for the Buriticá Project. Readers are cautioned that the Technical Report is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Furthermore, the PEA includes many assumptions including but not limited to mineral recoveries, processing costs, precious metal grades, mining dilution, development costs and energy costs that are preliminary in nature and actual results could vary.

Construction and Operating Cost Estimates

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

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 areas that are being mined by informal miners are near surface and do not form part of the Company's mineral resources, and the rate of extraction has been minimal. However, there is a risk that the number of informal miners could increase, their activities reach depths that include the Company's mineral resources or their method of extraction could change whereby the rate of extraction could increase, all of which could 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 Gold and its operations, the Company may be implicated in such accidents, which could have a material adverse effect on 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 mineralized material. 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.

Closure of Illegal Mines

The responsibility to close illegal mines resides with the government of Colombia and the Company provides assistance at the request of the government. Delays or inaction by the government of Colombia in closing illegal mines could result in an increase in illegal mining activity which could have a material adverse effect on the Buriticá Project.

Illegal mines are closed by either the use of explosives or the sealing of the mine openings with cement. The use of explosive is dangerous and accidents could occur while closing illegal mines which could result in injuries to third parties including but not limited to fatalities. There is a risk the Company is implicated or blamed for accidents or fatalities that occur during or near the time of closing illegal mines. These events could result in, but are not limited to litigation and/or the loss of community support which could have a material adverse effect on the Buriticá Project.

When explosives are not used to close illegal mines, there is a risk that the illegal mines are re-opened shortly after being closed. Without proper oversight and monitoring of the area, there is a risk that illegal miners will return to the area and resume activities which could result in an increase in illegal mining activity and have a material adverse effect on the Buriticá Project.

In addition, many illegal miners who are impacted by the closure of illegal mines will re-establish themselves in other communities that are within the Company's concessions. An increase in illegal miners in other local communities as a result of the closure of illegal mines near the Yaraguá bulk sampling facility could create negative sentiments towards the Company and a loss of the Company's social license which could have a material adverse impact on the Buriticá Project.

Formalization of Informal Miners

During the year, the Company signed formalized sub-contracts agreements with eight small-scale mining associations, paving the way for the implementation of legal and responsible small-scale mining operations at the Buriticá Project. These sub-contracts are the first to be executed under Law 1658 of July 15, 2013 and will be regulated by Decree 480 of March 6, 2014, which importantly places all legal responsibilities on the individual small-scale mining associations. While the Company has taken the precautions and performed due diligence, there is a risk that the Company formalized groups that are associated with illegal activities or criminal organizations. There is also a risk that the formalized groups do not adhere to the contractual terms of the agreements including, but not limited to, limiting the mining of mineralized material to a maximum depth of 50 metres. Additionally, there is a risk that a formalized group or a member of a formalized group acts in a way that is contrary to the best interests of the community including but not limited to causing an environmental disaster or using threats, violence or force and the community associates these acts with the Company. All of the above risks could have a material adverse effect on the Company.

Subsequent to year end, Law 1658 was challenged in the Colombian court system to be unconstitutional. If successful, Law 1658 will be declared null and void including the aspect of the law which places all legal responsibility, including environmental responsibility, on the individual small-scale mining associations. This could result in environmental liabilities to the Company and jeopardize the formalization process, which could lead to, but not be limited to, an increase in illegal mining and have a material adverse effect on the Company.

Land Surface Rights

The Company has purchased approximately 99 percent of the hectares required for future infrastructure at the Buriticá Project. There is a risk that the Company will not be able to purchase the remaining hectares from third parties or on terms that are acceptable to the Company. In the event that the Company cannot purchase the remaining hectares, it has the right to begin an expropriation process which is available under Colombian law. The expropriation process could take longer than expected and delay commencement of production which could have a material adverse impact on the Buriticá Project. Surface rights have been purchased from third parties using historical records. There is a risk that another third party could claim ownership of surface rights which could have a material adverse effect on the Buriticá Project. Additionally, Colombia Law 1448/2011 compensates, with land restitution, communities that have been displaced as a result of political violence. Although the Company does not expect the effects of this law to impact the Buriticá Project, there is a risk that land near or on the Buriticá Project could be impacted which could have a material adverse effect on the Company.

Cyber-Attacks

The Company stores all of its proprietary data on servers including but not limited to financial records, drilling database and human resource records. The Company utilizes standard protocols and procedures in protecting and backing up electronic records, however, there is no assurance that third parties will not illegally access these records which could have a material adverse effect on the Company.

Limited Operating History

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

Requirement for Further Financing

The Company has sufficient financial resources to undertake its currently planned exploration and development programs for 2015, but will require additional funds to finance further exploration, future acquisitions and additional development and mine construction programs. The exploration and development of the various mineral properties in which the Company holds interests and the acquisition of additional properties depend upon the Company's ability to obtain financing through joint ventures of projects, debt financing, equity financing or other means. The perception that security conditions in Colombia have not improved could hinder the Company's ability to access capital in a timely or cost effective manner. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to existing shareholders. Failure to obtain additional financing on a timely basis may result in delays or an indefinite postponement of exploration, development, or production on any or all of the Company's properties, and could cause the Company to reduce or terminate its operations or lose its interest in its properties.

Fluctuation in Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist for the sale of same or mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the ability of the Company to attract investors and receive further funds for exploration. Metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the Canadian and United States dollars and the Colombian peso relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for gold are affected by, among other factors, political events, economic conditions and production costs in major gold-producing regions and governmental or central bank policies with respect to gold holdings.

Insurance and Uninsurable Risks

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

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance policies will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not always available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. The Company does not currently maintain insurance against political risks, underground development risks, production facilities risks, business interruption or loss of profits, theft of doré bars, the economic value to re-create core samples, environmental risks and other risks. Furthermore, insurance limits currently in place may not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental and Other Regulatory Requirements

All phases of the Company's operations are subject to environmental regulation (including environmental impact assessments and permitting). Environmental legislation and international standards are evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation and standards, if any, will not adversely affect the Company's business, condition or operations. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at present and which have been caused by informal miners, previous or existing owners or operators of the properties. In addition, the Company has a right to conduct small-scale mining operations on such properties which may result in environmental hazards on the properties. Government approvals and permits are current, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration of mineral properties.

Failure to comply with applicable laws, regulations, permitting and zoning requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation of existing laws, could have a material adverse impact on the Company and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

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

Furthermore, the Company requires approval from Corantioquia for the modification of the EIA to build a mine in the Higabra valley. There is no assurance that Corantioquia will approve the modification to the EIA, or approve it within a reasonable time period, which could have a material adverse effect on the Company.

Alleged Environmental Infractions

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. During the third quarter of 2014, the Company and Corantioquia reached an agreement in principle whereby the Company would pay Corantioquia COP 2,947,500,000 plus interest and Corantioquia would direct the funds towards specified community development projects within the Buriticá area. The Colombian court ruled against the settlement agreement in the fourth quarter of 2014 and the Company and Corantioquia resumed negotiations. Prior to year-end, the Company initiated legal proceedings against Corantioquia, which allows the renegotiation of terms of the original settlement agreement and the re-submission of the agreement to the Colombian court for approval; the legal proceedings are currently in process.

There can be no assurance that alleged environmental infractions will be resolved in a manner which is acceptable to the Company. Furthermore, as a result of the alleged infractions, Corantioquia has the ability, within a period of one year from the time of settlement, to revoke the Company's current environmental license in the event the Company is charged with another environmental infraction. This injunction would force the Company to stop operations and would have a material adverse effect on the Company.

Differing Interpretations in Tax Regimes in Foreign Jurisdictions

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

Canadian Tax Resident Status

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

Competition

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

The Company's ability to increase the number of properties that it holds in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select, acquire and develop suitable properties or prospects. Further, the gross disparity in size between large and small mining producers in Colombia restricts small producers in that they have limited influence to secure access to Colombia's transportation infrastructure, including rail and port facilities. This access is necessary for producers to access international export markets for its production and to competitively sell Colombian minerals in international markets. If the Company is successful in bringing a property into production, the Company may have difficulties successfully accessing transportation infrastructure necessary to export the minerals it may produce in the future.

Non-Governmental Organization Intervention

The Company's relationship with the communities in which it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. A number of non-governmental organizations are becoming increasingly active in Colombia as the security and safety in Colombia increases. These organizations may create or inflame public unrest and anti-mining sentiment among the inhabitants in areas of mineral development. Such organizations have been involved, with financial assistance from various groups, in mobilizing sufficient local anti-mining sentiment to prevent the issuance of required permits for the development of other mineral projects. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Conflicts of Interest

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

Bullet is one of the largest shareholders of the Company. Robert W. Allen, who controls Bullet and Grupo de Bullet S.A. ("Grupo"), is the former director and Chairman of the Company. By virtue of its status as one of the largest shareholders of the Company, there exists the possibility for Bullet to be in a position of conflict with the Company. In general, the interests of Bullet and the Company will be aligned to maximize the value of the Colombia Projects, and thereby maximize the value of the Company. Should conflicts arise, the conduct of Bullet will be subject to Canadian securities and applicable legislation concerning related party transactions and shareholder rights and remedies. In addition, the majority of directors of the Company who are independent of Bullet are responsible to act in the best interests of the Company as noted above.

Dependence on Key Management Employees

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

Special Skill and Knowledge

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

Outside Contractor Risks

It is common for certain aspects of mining operations, such as drilling, blasting and underground development, to be conducted by outside contractors. Exploration drilling and underground development at the Buriticá Project is undertaken by contractors and, as a result, the Company is subject to a number of risks, including: reduced control over the aspects of the drilling and underground development that are the responsibility of the contractors; failure of the contractors to perform under its agreement with the Company; inability to replace the contractors if their contracts are terminated; interruption of drilling and/or underground development in the event that the contractors cease operations due to insolvency or other unforeseen events; failure of the contractors to comply with applicable legal and regulatory requirements; and failure of the contractors to properly manage its workforce resulting in labour unrest or other employment issues.

Use of Explosives

The Company uses explosives in its bulk sampling facility and in assisting the government in closing down illegal mines. The use of explosives is tightly controlled in Colombia and accidents can occur including but, not limited to, fatalities. In addition, there is a risk that the Company's explosives could end up in the possession of criminals who use them for illegal or criminal means, and a related risk that the Company could be implicated in illegal activities if it is proven or alleged that the Company's explosives were used in illegal or criminal activities. The Company uses strict protocols in the handling and storing of explosives, however, there can be no assurance that accidents will not occur and/or explosives will not be stolen which could have a material adverse effect on the Company.

Labour and Employment Matters

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

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

Reliability of Mineral Resource Estimates

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

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

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

Foreign Subsidiaries

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

Reliance on a Single Property

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

Residency of Directors, Officers and Others

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

Property Interests

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

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

Environmentally-Protected Areas/Forest Reserves

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

Foreign Currency Fluctuations

The Company's current and proposed exploration operations in Colombia render it subject to foreign currency fluctuations, which may materially affect its financial position and results. The Company's reporting currency is the United States dollar, which is exposed to fluctuations against other currencies. In addition, the Company maintains its principal office in Canada, maintains cash accounts in Canadian dollars, United States dollars and Colombian pesos and has monetary assets and liabilities in United States and Canadian dollars, and Colombian pesos; the Company holds Canadian and U.S. dollars and sends funds to Colombia by converting these funds into Colombian pesos. The important exchange rates for the Company are currently the rate between the U.S. dollar, Canadian dollar and the Colombian peso. While the Company is funding work in Colombia, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company's Common Shares trade on the TSX and OTCQX, a Canadian stock exchange and U.S. Over-the-Counter market, respectively. Prior and future equity financings result in the generation of Canadian dollar proceeds to fund the Company's activities which are principally incurred in U.S. dollars or Colombian pesos. To the extent funds from such financings are maintained in Canadian dollars, the Company's results can be significantly impacted by adverse changes in exchange rates between the Canadian dollar and the U.S. dollar and Colombian peso. The Company has not undertaken to mitigate transactional volatility in the United States dollars, Colombian pesos, or the Canadian dollar at this time. The Company may, however, enter into foreign currency instruments in order to match or partially offset existing currency exposures.

Liquidity Risk

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

Credit Risk

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

Global Economic Conditions

There are significant uncertainties regarding the price of gold, other precious and base metals and other minerals and the availability of equity financing for the purposes of mineral exploration and development. Currently, prices of certain commodities such as gold have shown volatility, which has had an impact on the Company and the mining industry in general. The Company's future performance is largely tied to the development of the Buriticá Project and the Colombia Projects and the commodity and financial markets. There can be no certainty that commodity prices will increase or maintain the same levels. Current financial markets are likely to continue to be volatile in Canada potentially through 2015 and beyond, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in financing activities. As a result, the Company may have difficulty raising debt or equity financing for the purposes of mineral exploration and development and, if obtained, on terms favourable to the Company and/or without excessively diluting existing shareholders of the Company. These economic trends may limit the Company's ability to develop and/or further explore its mineral property interests.

Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Company's business and financial conditions could be adversely impacted.

Unreliable Historical Data

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

Infrastructure

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

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

Government Regulation

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

Failure to comply with applicable laws, regulations and permitting requirements many result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The Company's mineral exploration and mining activities in Colombia may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties or the costs related to the Company's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Company's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

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

Health and Safety Risk

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

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

Market Price of Common Shares

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

Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

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

Dividend Policy

No dividends on the shares of the Company have been paid by the Company to date. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs. At this time, the Company has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

Future Sales of Common Shares by Existing Shareholders

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

Accounting Policies and Internal Controls

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

Passive Foreign Investment Corporation

For United States federal income tax purposes, based on the composition of the Company's income and valuation of its assets, the Company may not have been a "passive foreign investment company" ("PFIC") (as defined in Section 1297 of the U.S. Internal Revenue Code of 1986, as amended) for its 2014 tax year. If the Company was a PFIC for the 2014 tax year, a U.S. shareholder who held Common Shares would be subject to special U.S. federal income taxation rules, which may have adverse tax consequences to such shareholder. However, in that case, a U.S. shareholder may be eligible to make certain elections under two alternative tax regimes to potentially mitigate such adverse tax consequences. U.S. shareholders should consult their own tax advisors concerning the U.S. federal income tax consequences of holding Common Shares if the Company is considered a PFIC in any taxable year.

Litigation Risk

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

Unknown Liabilities in Connection with Acquisitions

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

Acquisitions and Integration

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

Compliance with Anti-Corruption Laws

The Company is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian *Corruption of Foreign Public Officials Act* and *The Superintendence of Companies External Letter No. 100-000005 of Colombia*. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Colombia and, according to Transparency International, Colombia is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted.

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

Indigenous Peoples

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

Impairment of Mineral Properties

The Company assesses at the end of each reporting period whether there are any indicators, from external and internal sources of information, that an asset may be impaired requiring an adjustment to the carrying value in order not to exceed its recoverable amount. External sources of information considered could include changes in market conditions, the economic and legal environment in which the Company operates that are not within its control and the impact these changes may have on the recoverable amount. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of the economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs and reductions in the amount of recoverable reserves and resources are each examples of factors and estimates that could each result in a write-down of the carrying amount of the Company's mineral properties. Although management makes its best estimates, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties. Any impairment estimates, which are based on applicable key assumptions and sensitivity analysis, are based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Company. Any impairment charges on the Company's mineral projects could adversely affect its results of operations.

Bermuda Legal Matters

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

Bermuda Monetary Authority Consent Required for Free Transferability of Common Shares

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

Enforcement of Judgments in Bermuda May be Difficult

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

Court") under the common law doctrine of obligation by action on the debt evidenced by the foreign court's judgment. On general principles, such proceedings would be expected to be successful provided that:

(a) the court which gave the judgment was competent to hear the action in accordance with private international law principles as applied in Bermuda; and

(b) the judgment is not contrary to public policy in Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice, and is not based on an error in Bermuda law.

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

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

The Company May Become Subject to Taxes in Bermuda

Bermuda currently has no income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in respect of capital gains realized on a disposition of Common Shares or in respect of distributions by the Company with respect to Common Shares other than the application of Bermuda taxes to persons ordinarily resident in Bermuda. The Bermuda Minister of Finance, under the *Exempted Undertakings Tax Protection Act 1966*, *as amended* (Bermuda), has given the Company assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to the Company or any of the Company's operations, shares or other obligations until March 31, 2035.

Exemption from Exchange Controls

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

Limitations on Carrying on Business

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

(a) the acquisition or holding of land in Bermuda (except that required for their business and held by way of lease or tenancy for terms of not more than 50 years) without the express authorization of the Bermuda legislature;

(b) the taking of mortgages on land in Bermuda to secure an amount in excess of BD$50,000 without the consent of the Minister of Finance;

(c) the acquisition of any bonds or debentures secured by any land in Bermuda, other than certain types of Bermuda government securities; or

(d) the carrying on of business of any kind in Bermuda, except in furtherance of their business carried on outside Bermuda or under license granted by the Minister of Finance of Bermuda.

Compulsory Acquisition Rules

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

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

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
2920 - 155 Wellington Street West
Toronto, Ontario, Canada M5V 3H1
Tel: (+1) 416 5835610 / Fax: (+1) 416 5959918

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

www.continentalgold.com