# MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three months ended March 31, 2015

CONTINENTAL GOLD

TSX:CNL OTCQX:CGOOF

MAY 7, 2015

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# MANAGEMENT’S DISCUSSION AND ANALYSIS

The following management’s discussion and analysis (“MD&A”) of the activities, consolidated financial condition and consolidated results of the operations of Continental Gold Limited (the “Company” or “Continental Gold”) constitutes management’s review of the factors that affected the Company’s consolidated financial and operating performance for the three months ended March 31, 2015. This discussion, dated May 7, 2015, should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2015, 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 May 7, 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 uncertainties of project cost overruns or unanticipated costs and expenses; uncertainties inherent in conducting operations in a foreign country; title risks related to the ownership of the Company’s projects and the related surface rights and to the boundaries of the Company’s projects; the Company’s limited operating history; uncertainties related to the availability and costs of financing needed in the future; fluctuations in mineral prices; uninsurable risks related to exploration, development and production; reliance on the PEA to determine the potential economic viability of the mineral resources comprising the Buriticá project; uncertainties of construction and operating cost overruns; the risk that the conclusion of pre-production studies may not be accurate; unexpected adverse changes that may result in failure to comply with environmental and other regulatory requirements; differing interpretations of tax regimes in foreign jurisdictions; the loss of Canadian tax resident status; uncertainties inherent in competition with other exploration companies; non-governmental organization intervention and the creation of adverse sentiment among the inhabitants of areas of mineral development; uncertainties related to conflicts of interest of directors and officers of the Company; dependence on key management employees; reliance on outside contractors in certain mining operations; labour and employment matters; the presence of informal miners; the reliability of mineral resource estimates; the ability to fund operations through foreign subsidiaries; the residency of directors, officers and others; uncertainties related to holding minority interests in other companies; foreign currency fluctuations; unreliable historical data for projects; reliance on adequate infrastructure for mining activities; health and safety risks; compliance with government regulation; the market price of shares of the Company; the payment of future dividends; future sales of shares of the Company; accounting policies and internal controls; 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 advanced-stage exploration and development company with one advanced-stage gold project and three early-stage projects covering over 168,660 hectares in highly-prospective areas with known historical high-grade gold production in Colombia. Formed in April 2007, the Company is led by an international management team with a successful track record of discovering and developing large high-grade gold deposits in Latin America.

The focus of the Company for 2015 is the continued advancement of the exploration and development programs for its flagship high-grade gold project, Buriticá, located in Antioquia, Colombia. Major objectives and milestones for 2015 include: the release of an updated mineral resource estimate; completion of environmental permitting with Corantioquia; continued cooperation and collaboration with the communities in creating opportunities and improving living conditions; and advancing various engineering studies that will form the foundation of an updated economic study expected to be completed in 2015.

### Q1 2015 Highlights

- Advancement of the exploration and development program at the Buriticá project:
  - Completed approximately 12,138 metres of diamond drilling during the three months ended March 31, 2015 for an overall project life total of approximately 289,136 metres to March 31, 2015. Drilling was successful in extending and infilling vein families in both the Yaraguá and Veta Sur vein systems;
  - Completed channel sampling from development drifts and cross-cuts in upper levels of the Yaraguá bulk sampling facility which 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 and 1.74 metres @ 34.7 g/t gold and 63 g/t silver along 120.5 metres;
  - Drill results in the Yaraguá vein system included: BUUY294, which intersected 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; BUUY297, which intersected 2.8 metres @ 24.1 g/t gold and 114 g/t silver, including 1.05 metres @ 62.1 g/t gold and 296 g/t silver; and BUUY303, which intersected 3.12 metres @ 8.9 g/t gold and 31 g/t silver; and
  - Drill results for the Veta Sur vein system included: BUSY369D04, which intersected 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; BUSY369D11, which intersected 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; and BUUY289D02, which intersected 14.2 metres @ 12.2 g/t gold and 17 g/t silver, including 2.15 metres @ 65.6 g/t gold and 78 g/t silver.
- Management appointments:
  - On January 21, 2015, the Company announced the appointment of Donald Gray as Chief Operating Officer of the Company and the resignation of Mark Moseley-Williams as President and Chief Operating Officer;
  - On March 31, 2015, the Company announced the appointment of Leon Teicher as Executive Chairman of the Company. Mr. Teicher previously served as the Company’s non-executive Chairman; and
  - Also on March 31, 2015, the Company announced the appointment of Guillermo Salgado as Vice-President, Environment, and confirmed that Ari Sussman had also assumed the role of President of the Company.

- Subsequent to quarter end:
  - On April 7, 2015, the Company announced drilling results for the Veta Sur vein system which included: BUUY288D01, which intersected 7.1 metres @ 19.9 g/t gold and 64 g/t silver, including 1.95 metres @ 51.5 g/t gold 84 g/t silver; and BUUY288D04, which intersected 6.08 metres @ 97 g/t gold and 17 g/t silver, including 1.65 metres @ 352.2 g/t gold and 47 g/t silver; and
  - On April 29, 2015, the Company announced drilling results for the Yaraguá vein system which included: BUUY291D01, which intersected 17.38 metres @ 10.8 g/t gold and 7 g/t silver; and BUUY307, which intersected 8.25 metres @ 10.4 g/t gold and 15 g/t silver, including 1.0 metres @ 25.9 g/t gold and 26 g/t silver.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

| **As at**<br>In thousands of U.S. dollars | **March 31 2015** | December 31 2014 |
|---|---|---|
| | **$** | $ |
| **Consolidated Financial Position** | | |
| Cash and cash equivalents | **45,610** | 57,558 |
| Exploration and development assets | **202,827** | 195,309 |
| Total assets | **263,851** | 268,498 |
| Shareholders' equity | **234,246** | 242,972 |

| **For the three months ended March 31**<br>In thousands of U.S. dollars | **2015** | 2014 |
|---|---|---|
| | **$** | $ |
| **Consolidated Operating Results** | | |
| Foreign exchange loss | **(4,055)** | (3,989) |
| Net loss | **(10,421)** | (3,837) |
| **Consolidated Cash Flow** | | |
| Acquisition of and investment in exploration and evaluation assets, net of gold sales | **7,159** | 7,502 |
| Cash flows from financing activities | **1,115** | 162 |
| Net cash outflow | **8,070** | 10,657 |

The Company's total assets at March 31, 2015 were $263.9 million, which is consistent in comparison to total assets of $268.5 million as at December 31, 2014.

Cash and cash equivalents at March 31, 2015 was $45.6 million, compared to $57.6 million at December 31, 2014. The decrease in cash and cash equivalents in the quarter is primarily a result of expenditures for the continued advancement of the Buriticá project and a decline in Canadian-dollar cash balances due to changes in the C$:U.S. dollar exchange rate.

Net loss for the three months ended March 31, 2015 was $10.4 million, compared to $3.8 million for the three months ended March 31, 2014. The change in net loss in 2015 is mainly due the recognition of a new wealth tax imposed in 2015, increased deferred tax expense relating from changes in U.S. dollar:COP exchange rates on tax balances. In addition, 2014 includes gains recognized relating to marketable securities and loss of significant influence in an associate of the Company.

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

## DESCRIPTION OF BUSINESS

The Company is an advanced-stage exploration and development entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties in Colombia. The

Company currently holds the rights to explore one advanced-stage gold project and three early-stage projects in Colombia totaling approximately 167,564 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:

| Three months ended March 31<br>In thousands of U.S. dollars | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Buriticá | 7,520 | 8,795 |
| Berlin | – | 12 |
| | 7,520 | 8,807 |

### Buriticá Project

The Buriticá project encompasses an aggregate area of 59,283 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 42,301 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 as a bulk-sample testing facility.

The deposit-type of 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 well in excess of a kilometre, beginning from the porphyry level and ending just below the shallow epithermal range. Compared to low-sulfidation epithermal styles, CBM mineralization is sulphide-rich, with abundant pyrite, +/- pyrrhotite, sphalerite, galena, minor sulfosalts, 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 breccias which include some fracture-related disseminations in associated wall-rocks. Drilling continued at the project during the quarter, with three underground drill rigs and one drill rig from surface being utilized. During the three months ended March 31, 2015, the Company completed approximately 12,138 metres of diamond drilling in 23 holes, including directional drilling, for an overall project total of over 289,136 metres. At both the Yaraguá and Veta Sur vein systems, infill drilling on 25 to 50-metre grid spacing continued, with selective step-out holes being done sparingly in both systems.

***Pre-development***

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.

During the quarter, 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. The modification of the EIA represents the final major permitting step for the Buriticá project.

In addition, during the quarter, the Company received its OHSAS 18001 certification in the area of occupational health and safety and continued with their training and literacy programs to prepare the Company's current workforce for the larger-scale mechanized mining operation.

The Company's technical team also began working with Mining Associates Limited on preparing an updated mineral resource estimate, which will incorporate the drilling that was completed during 2014 and Q1 2015. This updated mineral resource estimate is expected to be released in the second quarter of 2015 and will form the foundation of an updated economic study to be released near the end of the fiscal year. In anticipation of an updated economic study, the Company continued to advance various engineering studies throughout the quarter.

***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 implemented during the first quarter of 2015, aimed at improving health, education, infrastructure and the environment:

- Promoted education by sponsoring courses for occupational health and safety, computer science, water distribution administration and adult basic training. Adult basic training was successful in enrolling 204 people in 40 sessions;
- Improved infrastructure at local schools, sports recreation centres and public areas, including:
  - Continuing funding and support of the construction of auxiliary facilities, such as playgrounds, at the new "Hogar Juvenil de Tabacal" school;
  - Improving the access between the Higabra and Mogotes communities by constructing a new alternative path; and
  - Providing personnel to support the paving of a main road leading to the town of Tabacal;
- Continued support of the small-scale mining formalization process by helping to establish various procedures and controls such as mineral transportation procedures;
- Supported local businesses and farmers through partnerships;

- Communicated with local communities by conducting a population census and holding community action committee meetings; and
- Supported Fundación Social by helping to organize meetings to assess the future needs of local communities. Fundación Social is a Colombian non-profit founded in 1911, its mission to contribute to overcoming the structural causes of poverty to build a more just, supporting, productive and peaceful society.

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.

***2015 Expenditures***

During the three months ended March 31, 2015, the Company incurred $9.6 million of deferred exploration and development costs (three months ended March 31, 2014 – $10.2 million), including $0.2 million (three months ended March 31, 2014 – $0.3 million) of capitalized share-based payments. Gold sales resulting from exploration work and drifting in ore at the Buriticá project amounted to $2.1 million for the three months ended March 31, 2015 (three months ended March 31, 2014 – $1.4 million). Gold sales are treated as a capital credit as they support ongoing exploration of the Buriticá project and, accordingly, are not included as a revenue item in the Company's unaudited interim consolidated statements of operations and comprehensive loss. As a result, net project expenditures for the three months ended March 31, 2015 was $7.5 million (three months ended March 31, 2014 – $8.8 million).

**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 has been performed at the Berlin Project during 2015 and 2014 but the Company continues to anticipate the initiation of a diamond drilling campaign in the future.

During 2014, a write-down of $14.2 million was recorded 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.

**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, 12 pending registration concessions totaling 32,348 hectares and one concession applications totaling 306 hectares.

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. Any costs incurred subsequently are recognized as exploration expense.

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 25,894 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, 12 pending registration concessions totaling 19,514 hectares and two concession applications covering 790 hectares.

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 as a result of worsening security conditions in the Cauca Department (see the “Risks and Uncertainties” section in this MD&A). Any costs incurred subsequently are recognized as exploration expense.

## CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company’s consolidated operating highlights for the three months ended March 31, 2015 and 2014:

| **Three months ended March 31** | **2015** | 2014 |
|---|---|---|
| Tonnes milled (tonnes) | **1,940** | 1,893 |
| Average grade (g/t) | **32.2** | 20.4 |
| Gold production (ounces) | **1,861** | 1,136 |

| | **2015** | 2014 |
|---|---|---|
| | **$** | $ |
| Realized gold price | **1,105** | 1,279 |

| In thousands of U.S. dollars, except per share amounts | **2015** | 2014 |
|---|---|---|
| | **$** | $ |
| Net loss | **(10,421)** | (3,837) |
| Net loss per share, basic and fully diluted | **(0.08)** | (0.03) |

**Pre-Production and Development Planning Activities**

For the three months ended March 31, 2015, the Company produced 1,861 ounces (three months ended March 31, 2014 – 1,136 ounces) of gold, which were sold for an average realized price of $1,105 per ounce (three months ended March 31, 2014 – $1,263 per ounce). The change is a result of an increase in tonnes processed and grade, both of which vary as production is dependent on exploration activities.

**Operating Results**

The Company’s net loss for the three months ended March 31, 2015 amounted to $10.4 million ($0.08 per share), compared to $3.8 million ($0.03 per share) for the same period in 2014. The change for the quarter compared to the same period in 2014 was primarily from the following:

- Corporate administration for the three months ended March 31, 2015 was $2.9 million (three months ended March 31, 2014 – $1.8 million), including a new wealth tax of $1.3 million for 2015 and share-based payments.

- Compensation costs related to share-based payments during the three months ended March 31, 2015 were $0.6 million (three months ended March 31, 2014 – $0.9 million), of which $0.4 million (three months ended March 31, 2014 – $0.6 million) was expensed and $0.2 million (three months ended March 31, 2014 – $0.3 million) was capitalized to exploration and evaluation assets.

- Changes related to share-based payments relate to the issuance of 1,370,000 stock options, with average grant date fair values of $0.84 per share, during the three months ended March 31, 2015 compared to no stock options granted during the three months ended March 31, 2014. The valuation of share-based payments is subjective and can impact net income (loss) significantly.

- Foreign exchange loss for the three months ended March 31, 2015 was $4.1 million, compared to $4.0 million for the same period in 2014. The change is primarily the result of the continued weakening of the Canadian dollar against the U.S. dollar.

- Loss on marketable securities during the three months ended March 31, 2015 was $0.2 million, compared to a gain of $1.1 million for the same period in 2014, and resulted from the revaluation of securities held. In addition, the conversion of the Company's investment in an associate to marketable securities resulted in the recognition of a gain of $1.6 million during the three months ended March 31, 2014.

- Deferred tax expense for the three months ended March 31, 2015 was $3.3 million, which is consistent with the $1.0 million for the same period in 2014. Deferred tax expense is mainly foreign exchange on the translation of foreign tax balances at current rates.

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

## SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

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

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

| In thousands of U.S. Dollars, except per share amounts | **Q1–2015** | **Q4–2014** | **Q3–2014** | **Q2–2014** | **Q1–2014** | **Q4–2013** | **Q3–2013** | **Q2–2013** |
|---|---|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | $ | $ | $ |
| Net (loss) income | **(10,421)** | **(23,338)** | (14,173) | 1,685 | (3,837) | (6.014) | (3,968) | (8,497) |
| Basic and diluted (loss) income per share | **(0.08)** | **(0.18)** | (0.11) | 0.01 | (0.03) | (0.05) | (0.03) | (0.07) |

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

## SELECTED QUARTERLY INFORMATION

The following is a summary of the Company's financial operating results for the three months ended March 31, 2015 and 2014:

| **Three months ended March 31**<br>In thousands of U.S. dollars, except per share amounts | **2015** | 2014 |
|---|---|---|
| | **$** | $ |
| Capitalized exploration expenditures, net of gold sales and recoveries (see "Exploration Summary") | **7,520** | 8,807 |
| | | |
| Operating activities | **(2,469)** | (797) |
| Investing activities | **(6,716)** | (10,022) |
| Financing activities | **1,115** | 162 |
| | **(8,070)** | (10,657) |
| Foreign exchange on cash and cash equivalents | **(3,878)** | (3,867) |
| Net decrease in cash and cash equivalents | **(11,948)** | (14,524) |
| | | |
| Net (loss) income | **(10,421)** | (3,837) |
| Net (loss) income per share, basic and fully diluted | **(0.08)** | (0.03) |

### Cash Flow Items

#### *Operating Activities*

Operating activity expenditures for the three months ended March 31, 2015 of $2.5 million, compared to $0.8 million for the three months ended March 31, 2014, increased as a result of changes in working capital balances.

#### *Investing Activities*

Investing activity expenditures for the three months ended March 31, 2015 of $6.7 million (three months ended March 31, 2014 – $10.0 million) 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 2014, the Company also invested $1.0 million in additional investments in marketable securities.

#### *Financing Activities*

Financing activity for the three months ended March 31, 2015 of $1.1 million (three months ended March 31, 2014 – $0.2 million) relates to cash proceeds from the exercise of stock options.

### Cash and Cash Equivalents

| **As at**<br>In thousands of U.S. dollars | **March 31<br>2015** | December 31<br>2014 |
|---|---|---|
| | **$** | $ |
| Cash and cash equivalents | **45,610** | 57,558 |

As at March 31, 2015, the Company maintained its surplus funds in cash with two major banks in Canada, one in Bermuda and select Colombian banks. Cash balances decreased in 2015 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 $45.4 million as of March 31, 2015 (December 31, 2014 – $58.2 million). The change in working capital in 2015 is a result of continued expenditures for the advancement of the Buriticá exploration and development programs.

### Total Assets

Total assets as at March 31, 2015 of $263.9 million is consistent with $268.5 million as at December 31, 2014.

### Commitments

The Company has lease agreements expiring between 2014 to 2016 for office and warehouse facilities in Toronto and Colombia. The Company also has a sublet arrangement with an unrelated Canadian mining company to share a proportionate share of the rent payments, leasehold improvements and furniture and fixture costs for the office facilities in Toronto. The Company's estimated annual rents, net of the sublet arrangement, are approximately $0.5 million, depending upon the actual annual operating costs for the Company's premises.

### Contingencies

In November 2013, the Company was assessed a fine of COP$2,947,500,000 from Corantioquia the autonomous regional corporation responsible for issuing and controlling environmental permits in Antioquia, for alleged environmental infractions dating back to 2007 and 2008. The Company does not believe that the allegations have any merit and intends to vigorously defend this matter.

In 2014, the Company and Corantioquia reached an agreement in principle. The principal terms of the agreement included the payment to Corantioquia of COP2,947,500,000 plus interest of COP265,452,000 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, which proceedings are currently in process.

As at December 31, 2014, the Company recognized a liability and a corresponding expense of $1,381,000 representing the fine of COP2,947,500,000 and interest to December 31, 2014 of COP349,145,000 in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2014.

During the first quarter of 2015, the Company paid the fine of COP2,947,500,000 plus interest of COP507,019,239. The Company believes that paying the fine was in the best interest of the Company as it limits the accumulation of interest while the matter is dealt with in the courts.

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 March 31, 2015, 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 March 31, 2015 included $45.6 million in cash and cash equivalents, compared to $57.6 million at December 31, 2014. As at May 6, 2015, cash and cash equivalents amounted to approximately $46 million.

As at March 31, 2015, 9,914,326 options were outstanding at an average exercise price of C$5.29. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the option holder and the market price of the common shares.

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

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

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

The Company's underground exploration development at the Buriticá project includes gold production results from its bulk-sample testing operation from exploration work and drifting in ore. Aggregate gold sales for the three months ended March 31, 2015 were $2.1 million (three months ended March 31, 2014 – $1.5 million). 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 ended March 31, 2015, the Company capitalized costs related to mineral properties in the amount of $7.2 million (three months ended March 31, 2014 – $8.8 million). 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 March 31, 2015, total shareholders' equity (managed capital) was approximately $234.2 million (December 31, 2014 – $243.0 million).

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the quarter ended March 31, 2015.

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 March 31, 2015.

## SHARE CAPITAL

### Fully Diluted Shares

| As at<br>(In thousands) | March 31<br>2015 | December 31<br>2014 |
|---|---|---|
| Shares issued | **128,109** | 127,179 |
| Stock options outstanding | **9,914** | 10,298 |
| | **138,023** | 137,477 |

As at May 6, 2015, there were approximately 129,051,000 common shares outstanding.

### Stock Options

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.

As at March 31, 2015, 9,914,326 options were outstanding at an average exercise price of C$5.29 (December 31, 2014 – 10,297,663 options at an average exercise price of C$5.50), of which 7,141,826 were exercisable (December 31, 2014 – 8,443,288). 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 March 31, 2015, there were no DSUs outstanding.

As at May 6, 2014, there were 9,093,418 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 March 31, 2015:

- 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 ended March 31, 2015 amounted to $2.1 million, compared to $1.5 million the same respective period in 2014, and are reported as a reduction to exploration and evaluation assets in the unaudited interim consolidated statements of financial position. The former director resigned effective June 4, 2014.

- The Company had a consulting agreement with a company controlled by the former Chairman 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.

## CONTRACTUAL OBLIGATIONS

As at March 31, 2015, the Company had the following payments due on contractual obligations and commitments:

| **Contractual Obligations**<br>In thousands of U.S. dollars | **Total** | **< 1 year** | **1-3 years** | **4-5 years** | **>5 years** |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** |
| Operating lease obligations [1] | **1,125** | **423** | **332** | **306** | **64** |
| Rehabilitation obligations[2] | **4,501** | **428** | **–** | **4,073** | **–** |
| Capital commitments [3] | **3,659** | **2,324** | **1,335** | **–** | **–** |
| Wealth Tax [4] | **1,747** | **–** | **1,747** | **–** | **–** |
| Total | **11,032** | **3,175** | **3,414** | **4,379** | **64** |

[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 March 31, 2015, a rehabilitation provision of $3.0 million (December 31, 2014 – $3.1 million) was recorded, representing the discounted value of the expected future cash flows.

## FINANCIAL INSTRUMENTS AND RELATED RISKS

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

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

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

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

### Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has treasury policies designed to support managing liquidity risk by proactively mitigating exposure through cash management, including forecasting its liquidity requirements with available funds and anticipated cash flows. As at March 31, 2015, the Company had cash and cash equivalents of $45.6 million (December 31, 2014 – $57.6) to settle current liabilities of $5.6 million (December 31, 2014 – $4.8 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. The Company maintains Canadian and U.S. dollar bank accounts in Canada, a U.S. dollar bank account in Bermuda and Colombian pesos bank accounts in Medellín, Colombia. The Company is subject to gains and losses due to fluctuations in the Colombian peso and the Canadian dollar against the Company's U.S. dollar functional currency. Sensitivity to a plus or minus 20% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at March 31, 2015, would affect net loss and comprehensive loss by approximately $7.5 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. The majority of amounts receivable are current and consist of receivables from unrelated parties as of March 31, 2015. 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 March 31, 2015, 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 March 31, 2015 was determined using quoted market prices.

## MARKET TRENDS

### Global Financial Market Conditions

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

### Gold Market

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

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

The global financial market crisis affected the volatility of gold and other commodity prices, oil prices, currencies and the availability of credit. The gold price has displayed considerable volatility in the last few years. The spot daily gold price closing during the three months ended March 31, 2015 was between $1,147 and $1,297 per ounce ($1,221 and $1,385 per ounce during the three months ended March 31, 2014) for an average price for the three months ended March 31, 2015 of $1,218 per ounce (three months ended March 31, 2014: $1,293 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) | **2015** | 2014 |
|---|---|---|
| Average market gold price for the three months ended March 31 | **1,218** | 1,293 |
| Closing market gold price as at March 31 | **1,187** | 1,292 |

### Currency

The Company's functional and reporting currency is the U.S. dollar. Movement in the Canadian dollar against the U.S. dollar has a direct impact on the Company's corporate office cost base and cash balances. Movement in the Colombian peso has a direct impact on the Company's exploration activities. Currencies continued to experience volatility relative to the U.S. dollar during the three months ended March 31, 2015. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

| | **Closing Rate As at** | | **Average Rate As at** | |
|---|---|---|---|---|
| | **March 31 2015** | December 31 2014 | **March 31 2015** | December 31 2014 |
| Canadian dollar/U.S.$ | **0.7895** | 0.8620 | **0.8061** | 0.9058 |
| Colombian peso /U.S.$ | **0.00039** | 0.00042 | **0.00040** | 0.00050 |

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 March 31, 2015, the Company held $9.1 million in U.S. dollars, which represents approximately 20% of planned exploration expenditures for 2015. As at May 6, 2015, the Company held approximately $13 million in U.S. dollars, representing approximately 30% 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

### 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 March 31, 2015, nor were there any significant deficiencies or material weaknesses in the Company's internal controls identified requiring corrective actions.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2015, 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 this MD&A; the Company's Annual Information Form (the "AIF") for the year ended December 31, 2014, audited annual consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2014; and other publicly-filed documentation regarding the Company, each available under the Company's profile on SEDAR at www.sedar.com and on OTCQX at www.otcmarkets.com. In addition, the AIF is available upon request from the Company. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations and any of these risk elements could have a material adverse effect on the business of the Company.

## ADDITIONAL INFORMATION

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

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