CONTINENTAL GOLD
TSX:CNL OTCQX:CGOOF

Audited Annual Consolidated Financial Statements

For the year ended December 31, 2015

Continental Gold Inc.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying annual consolidated financial statements of Continental Gold Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors of the Company is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the annual consolidated financial statements together with other financial information. An Audit Committee, whose members are not officers of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the annual consolidated financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the annual consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) Ari Sussman

Ari Sussman
Chief Executive Officer

(signed) Paul Begin

Paul Begin
Chief Financial Officer

March 10, 2016

March 10, 2016

Independent Auditor's Report

To the Shareholders of
Continental Gold Inc.

We have audited the accompanying consolidated financial statements of Continental Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Continental Gold Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Continental Gold Inc.

Consolidated Statements of Financial Position

As at (in thousands of U.S. Dollars)	Notes	**December 31, 2015**	December 31, 2014 (Note 4)
		$	$
Assets			
Current assets			
Cash and cash equivalents		**28,053**	57,558
Marketable securities	9	**555**	630
Receivables and prepaid expenses	10	**1,887**	4,864
		30,495	63,052
Non-current assets			
Prepaids and advances	11	**601**	770
Intangible assets		**260**	92
Property, plant and equipment	12	**11,102**	9,275
Exploration and evaluation assets	13	**217,316**	195,309
		229,279	205,446
		259,774	268,498
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	14, 15(a)	**6,179**	4,803
Non-current liabilities			
Rehabilitation provision	14	**6,283**	3,083
Deferred tax liability	17	**27,179**	17,640
		33,462	20,723
		39,641	25,526
Equity			
Share capital	4, 18	**398,419**	24
Contributed surplus	4	**359**	–
Share premium reserve	4, 18	**–**	393,325
Share-based payment reserve		**30,363**	30,655
Deficit		**(209,008)**	(181,032)
		220,133	242,972
		259,774	268,498

Commitments and contingencies 24

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

(signed) Ari Sussman — Director

(signed) Paul Murphy — Director

The accompanying notes are an integral part of these annual consolidated financial statements.

Continental Gold Inc.

Consolidated Statements of Operations and Comprehensive Loss

For the years ended (in thousands of U.S. Dollars, except share and per share amounts)	Notes	**December 31, 2015**	December 31, 2014
		$	$
Operating expenses:			
Corporate administration	21	**(7,841)**	(8,460)
Exploration expense		**(54)**	(278)
Loss on disposal or write-down of assets	12, 13	**(5,365)**	(16,599)
		(13,260)	(25,337)
Other income (expense):			
Foreign exchange loss		**(5,102)**	(7,164)
Loss on marketable securities		**(75)**	(3,762)
Derivative loss	15(a)	**(135)**	–
Gain on loss of significant influence	9	**–**	1,600
Share of net loss of investments in associates		**–**	(22)
Other (expense) income		**80**	252
Net loss before finance items and income tax		**(18,492)**	(34,433)
Finance income (expense):			
Interest income		**256**	1,048
Interest and accretion expense		**(90)**	(187)
Net loss before income tax		**(18,326)**	(33,572)
Income tax recovery (expense):			
Current	17	**(111)**	152
Deferred	17	**(9,539)**	(6,243)
Total income tax expense		**(9,650)**	(6,091)
Net loss and comprehensive loss for the period attributable to the equity holders of Continental Gold Inc.		**(27,976)**	(39,663)
Net loss per common share			
Basic and diluted		**(0.22)**	(0.31)
Weighted average number of common shares outstanding			
Basic		**128,878,731**	126,913,068
Diluted		**129,297,449**	128,573,567

The accompanying notes are an integral part of these annual consolidated financial statements.

Continental Gold Inc.

Consolidated Statements of Changes in Shareholders' Equity

(in thousands of U.S. Dollars)	Issued Capital					
	Share Capital (Note 18)	**Contributed Surplus**	**Share Premium Reserve**	**Share-Based Payment Reserve**	**Deficit**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2014	**24**	**–**	**393,325**	**30,655**	**(181,032)**	**242,972**
Share-based payments (Note 19(b))	**–**	**–**	**–**	**2,141**	**–**	**2,141**
Exercise of share-based payments – cash proceeds	**470**	**–**	**2,526**	**–**	**–**	**2,996**
Fair value of share-based payments exercised	**–**	**359**	**2,074**	**(2,433)**	**–**	**–**
Restructuring of capital – scheme of arrangement (Note 4)	**397,925**	**–**	**(397,925)**	**–**	**–**	**–**
Net loss for the period	**–**	**–**	**–**	**–**	**(27,976)**	**(28,976)**
Balance, December 31, 2015	**398,419**	**359**	**–**	**30,363**	**(209,008)**	**220,133**
Balance, December 31, 2013	24	–	391,998	28,094	(141,369)	278,747
Share-based payments (Note 19(b))	–	–	–	3,119		3,119
Exercise of share-based payments – cash proceeds	–	–	769	–	–	769
Fair value of share-based payments exercised	–	–	558	(558)	–	–
Net loss for the period	–	–	–	–	(39,663)	(39,663)
Balance, December 31, 2014 (Note 4)	24	–	393,325	30,655	(181,032)	242,972

The accompanying notes are an integral part of these annual consolidated financial statements.

Continental Gold Inc.

Consolidated Statements of Cash Flows

For the years ended (in thousands of U.S. Dollars)	Notes	December 31, 2015	December 31, 2014
			$
Cash provided by (used in):			
Operating activities:			
Net loss for the period		**(27,976)**	(39,663)
Items not affecting cash:			
Foreign exchange loss		**5,079**	7,164
Loss on marketable securities		**75**	3,762
Gain on loss of significant influence		**–**	(1,600)
Loss on sale or write-down of assets		**5,365**	16,599
Share-based payments		**1,487**	1,919
Deferred tax expense		**9,539**	6,243
Other non-cash items	23 (a)	**597**	347
Changes in non-cash operating working capital balances	23 (a)	**377**	2,578
		(5,457)	(2,651)
Investing activities:			
Exploration and evaluation assets	23 (b)	**(28,804)**	(52,869)
Recoveries in property from gold sales and advances		**6,847**	6,549
Receivables related to mineral properties		**1,818**	(3,624)
Property, plant and equipment		**(803)**	(1,793)
Other investing activities	23 (b)	**(156)**	522
		(21,098)	(51,215)
Financing activities:			
Cash proceeds from exercise of stock options		**2,996**	770
		2,996	770
Net change in cash and cash equivalents during the period		**(23,559)**	(53,096)
Cash and cash equivalents, beginning of period		**57,558**	117,526
Foreign exchange effect on cash balances		**(5,946)**	(6,872)
Cash and cash equivalents, end of period		**28,053**	57,558

The accompanying notes are an integral part of these annual consolidated financial statements.

Tabular dollar amounts represent thousands of United States ("U.S.") dollars, unless otherwise shown. References to C$/CAD and COP are to Canadian dollars and Colombian pesos, respectively.

1. NATURE OF OPERATIONS

Continental Gold Inc. (the "Company) was incorporated under the Business Corporations Act (Ontario) on April 27, 2015 and is the public holding company of the wholly-owned subsidiary Continental Gold Limited ("Old Continental"), a Bermuda company incorporated under the Companies Act, 1981 (Bermuda) (the "Bermuda Act"). On June 10, 2015, the Company completed an internal corporate reorganization by way of a scheme of arrangement (see Note 4) such that the shareholders of Old Continental ultimately continued to hold their respective interests in the Company through a one-for-one share exchange. As the reorganization occurred between two related parties, there was no change in control. Accordingly, the annual consolidated financial statements have been prepared on a continuity-of-interest basis. All references to the Company relating to periods prior to the Effective Date of the Scheme relate to those of Old Continental.

The Company principally carries on business through a corporate office in Toronto and a foreign company branch office in Medellín, Colombia. In addition, wholly-owned subsidiaries, incorporated in Colombia and Bermuda, hold certain exploration properties.

The Company engages principally in the acquisition, exploration and development of its mineral properties in Colombia. The Company's activities include a small-scale mining operation related to exploration work and is considered by the Company to be in the pre-production stage. Substantially all of the Company's efforts are devoted to exploring, financing and developing these properties.

The Company's shares are listed on the Toronto Stock Exchange ("TSX") and also trade in the United States on the OTCQX® International, the highest tier of the U.S. Over-the-Counter market. The registered address and corporate records of the Company are located at 155 Wellington Street West, Suite 2920, Toronto, Ontario Canada M5V 3H1.

2. BASIS OF PREPARATION

Statement of Compliance

The annual consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective for the year ended December 31, 2015, as issued by the International Accounting Standards Board ("IASB").

These annual consolidated financial statements were approved and authorized by the Board of Directors on March 9, 2016.

Basis of Measurement

These annual consolidated financial statements have been prepared under the historical cost convention except for financial instruments, which are measured at fair value.

The Company engages principally in the acquisition, exploration and development of mineral properties in Colombia. The Company currently has interests in mineral properties, including a small-scale mining operation related to exploration work and considered by the Company to be in the pre-production stage. Substantially all of the Company's efforts are devoted to exploring, financing and developing these properties. The Company's assets are located in Colombia and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise financing or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values of the mineral properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the annual consolidated financial statements from the date that control commences until the date the control ceases. Any remaining interest in the entity is re-measured to fair value on the date when control is lost, with the change in carrying amount recognized in profit or loss.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investment in associates are recognized in the annual consolidated statement of operations and comprehensive loss.

Functional and Reporting Currency

The functional and reporting currency of the Company is the U.S. dollar. All financial information has been presented in U.S. dollars in these annual consolidated financial statements, except when otherwise indicated.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the Company that makes strategic decisions.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of annual consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions, which by their nature are uncertain, affect the carrying value of assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed, and affect estimates for rehabilitation provisions. Other significant estimates made by the Company include factors affecting valuations of share-based compensation, investments in warrant securities and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) whether future economic benefits may be realized on exploration properties and the recoverability of exploration and evaluation expenditures capitalized;

(b) the inputs used in estimating the fair value of share-based payment transactions;

(c) the assumptions used in the measurement of the rehabilitation provision included in the annual consolidated statement of financial position; and

(d) the assumptions used in determining the likelihood and magnitude of an outflow of resources for commitments and contingencies accrued in the annual consolidated statement of financial position.

4. SCHEME OF ARRANGEMENT

Effective June 10, 2015 (the “Effective Date”), a scheme of arrangement (the “Scheme”) under Section 99 of the Bermuda Act was completed. The Scheme was approved by former shareholders of Old Continental on June 4, 2015 and sanctioned by the Supreme Court of Bermuda on June 9, 2015, resulting in Old Continental becoming a wholly-owned subsidiary of the Company. The Scheme involved the exchange of the existing securities of Old Continental outstanding as of the Effective Date for equivalent securities of the Company, on a one-for-one basis. As a result of the exchange, former security-holders of Old Continental have become security-holders of the Company as of the Effective Date.

At the open of markets on Friday, June 12, 2015, the common shares of the Company were listed and posted for trading on the TSX under the existing trading symbol of Old Continental, “CNL”, in substitution for the previously-listed common shares of Old Continental. Pursuant to the Scheme, the individuals who are the directors and officers of Old Continental became the directors and officers of the Company as of the Effective Date.

As the shareholders of Old Continental ultimately continued to hold their respective interests in the Company and the reorganization occurred between two related entities, there was no change in control. Accordingly, the annual consolidated financial statements for the year ended December 31, 2015 have been prepared on a continuity-of-interest basis. All references to the Company relating to periods prior to the Effective Date of the Scheme relate to Old Continental.

5. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) New Accounting Standards and Interpretations

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2016, with early adoption permitted, and have not been applied in preparing these annual consolidated financial statements. Management has not yet considered the potential impact of their adoption and does not plan to adopt these standards early.

(i) IFRS 9, *Financial Instruments* ("IFRS 9") replaces IAS 39, *Financial Instruments – Recognition and Measurement* ("IAS 39") and some of the requirements of IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). 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.

(ii) IFRS 15, *Revenue from Contracts with Customers* ('IFRS 15") replaces IAS 11, *Construction Contracts* ("IAS 11"), IAS 18, *Revenue* ("IAS 18") and some revenue-related interpretations. The objective of IFRS 15 is to provide a single comprehensive revenue recognition model that applies to contracts with customers using two approaches to recognizing revenue – at one point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of the revenue recognized.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

(iii) IFRS 16, *Leases* ('IFRS 16") replaces IAS 17, *Leases* ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

(iv) Amendments to IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") – Clarification of 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.

There are no other IFRS or IFRS Interpretations Committee ("IFRIC") interpretations that are not yet effective that would be expected to have a material impact on the Company.

6. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities are translated at the rate of exchange prevailing when the assets were acquired or the liabilities incurred. Revenue, expense items and capitalized exploration and evaluation expenditures are translated using the average rate of exchange during the financial statement periods, except for depreciation and amortization, which are translated at historic rates.

Foreign exchange gains and losses resulting from the translation of transactions and balances denominated in foreign currencies are included in the consolidated statement of operations and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments and certificates of deposit with maturities of less than 90 days. The majority of the Company's cash and cash equivalents are held in banks in Bermuda, Canada and Colombia.

Financial instruments

Financial assets and liabilities recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are classified into the following categories based on the purpose for which the financial assets were acquired: fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables and available-for-sale. Non-derivative financial liabilities are classified into the other financial liabilities category. All financial instruments and derivatives are measured on the consolidated statement of financial position date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument.

Financial assets measurement

Financial assets are recognized and classified as FVTPL on the settlement date if they are acquired principally for the purpose of selling or repurchasing in the short-term or are designated as such on initial recognition and are measured at fair value with unrealized gains and losses recognized through the consolidated statement of operations and loss. The Company’s marketable securities and non-deliverable foreign exchange forward contracts are classified as FVTPL.

Financial assets are recognized and classified as held-to-maturity or loans-and-receivables on the trade date if they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially measured at the amount expected to be received, less a discount, when material, to reduce the loans and receivables to fair value. Subsequently, the assets are measured at amortized cost using the effective interest method less a provision for impairment. The Company’s cash and cash equivalents and trade and other receivables are classified as held-to-maturity and loans-and receivables, respectively.

Financial assets are classified as available-for-sale if they are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value and are subsequently measured at fair value with unrealized gains and losses from re-measurement recognized in other comprehensive income ("OCI") except for impairment losses and foreign currency gains and losses on translation of debt securities. When an available-for-sale asset is de-recognized, the accumulated gains or losses are transferred from OCI to net income (loss) within the consolidated statement of operations and comprehensive loss. As at December 31, 2015 and 2014, the Company has not classified any financial assets as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities measurement

Financial liabilities classified as other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired.

The criteria used to determine if objective evidence of impairment exists include:

(i) significant financial difficulty of a debtor;
(ii) delinquencies in interest or principal payments;
(iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization; and
(iv) a significant decline or prolonged loss in value.

If such evidence exists, the Company recognizes an impairment loss as follows:

1. Assets carried at amortized cost

   The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment either directly or indirectly through the use of an allowance account. The amount of the loss is recognized in the consolidated statement of operations and comprehensive loss.

   If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously-recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of operations and comprehensive loss.

   In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

2. Available-for-sale
An amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in the consolidated statement of operations and comprehensive loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the consolidated statement of operations and comprehensive loss.

De-recognition of financial assets and liabilities
Financial assets are de-recognized when the contractual rights to receive cash flows from the assets expire or when the Company no longer retains substantially all of the risks and rewards of ownership and does not retain control over the financial asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in the consolidated statement of operations and comprehensive loss.

For financial liabilities, de-recognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in the consolidated statement of operations and comprehensive loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Intangible assets

Intangible assets are comprised of computer software acquired separately and are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization on a straight-line basis over their useful lives of three years and any accumulated impairment losses.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of operations and comprehensive loss when the asset is de-recognized.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of major overhauls of property, plant and equipment is recognized in the carrying amount of the overhaul provides future economic benefits to the Company, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of operations and comprehensive loss as incurred.

Depreciation
Property, plant and equipment are depreciated over the estimated useful lives of the assets using the straight-line or units-of-production method, as appropriate, as follows:

Office equipment	5 to 10 years
Computer equipment	5 years
Vehicles	5 years
Buildings	20 years or units-of-production when in commercial production
Mining and plant equipment	10 years or units-of-production when in commercial production
Mine development costs	Units-of-production when available for use
Leasehold improvements	Lease term
Land	Not depreciated

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of property, plant, equipment and intangible assets

Property, plant and equipment and finite life intangible assets are reviewed for impairment when events or circumstances indicate that their carrying value may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in operations. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. Any subsequent reversal of an impairment loss is recognized in operations.

Exploration and evaluation ("E&E") costs

Recognition and measurement
Exploration and evaluation costs are those costs required to find a mineral property and determine technical feasibility and commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources are commercially viable. Costs incurred before the Company has obtained the legal right to explore an area are recognized in the consolidated statement of operations and comprehensive loss.

E&E costs relating to the acquisition of, exploration for and development of mineral properties are capitalized and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; tunnelling and development, calculation and definition of mineral resource; test work on geology, metallurgy, mining, geotechnical and geophysical; and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

All pre-production and bulk sampling revenues are credited against the capitalized expenditures. Option payments received are credited to the related exploration and evaluation asset. Option payments received in excess of amounts capitalized are recognized in the consolidated statement of operations and comprehensive loss.

Administration costs that do not relate directly to specific exploration activity for capitalized projects are expensed as incurred.

Impairment
All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Indicators of impairment include, but are not limited to:

(a) the period for which the right to explore is less than one year;
(b) further exploration expenditures are not anticipated;
(c) a decision to discontinue activities in a specific area; and
(d) the existence of sufficient data indicating that the carrying amount of an exploration and evaluation asset is unlikely to be recovered from the development or sale of the asset.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation assets are not expected to be recovered, they are charged to operations.

Reclassification to property, plant and equipment
Capitalized exploration and evaluation costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to mine development costs within property, plant and equipment. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves and/or a decision to commence construction of a mine. However, this determination may be impacted by management's assessment of certain modifying factors including legal, environmental, social and governmental factors. All subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mine development costs.

Upon the commencement of commercial production, capitalized costs will be transferred to the relevant asset classes within property, plant and equipment and charged to operations on a unit-of-production basis. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, future production or proceeds of disposition.

Business combinations and asset purchases
The Company also recognizes exploration and evaluation costs as assets when acquired as part of a business combination, or asset purchase. These assets are recognized at fair value.

Provisions

General
Provisions are recognized when:

(a) the Company has a present obligation (legal or constructive) as a result of a past event; and
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations and comprehensive loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating and exploration locations in the period in which the obligation is incurred. The nature of these restoration activities includes study and analyses of known and potentially affected areas, dismantling and removing infrastructures and operating facilities, rehabilitating mines, tailings dams and waste dumps, closure of tunnel entry points, plant and waste sites, management and adequate disposal of underground waters from the tunnels, restoration, reclamation and re-vegetation of affected areas and post-closure monitoring.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining or exploration assets to the extent that it was incurred prior to the production. Over time, the discounted liability is increased for the change in present value based on the risk-free pre-tax discount rate in Colombia. The periodic unwinding of the discount is recognized in the consolidated statement of operations and comprehensive loss. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations and comprehensive loss.

Income tax

Income tax is comprised of current and deferred tax. Income tax is recognized in the consolidated statement of operations and comprehensive loss except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the income tax is recognized directly in OCI or equity, respectively.

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax
In general, deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax assets and liabilities are presented as non-current.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 19.

The fair value determined at the grant date of the equity-settled share-based payments is determined using the Black-Scholes option pricing model and expensed on a graded vesting method of amortization over the period during which the employee becomes unconditionally entitled to exercise these equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statement of operations and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and share premium reserve. The related share-based payment reserve is transferred to share premium reserve. Upon expiry, the recorded value is transferred to deficit.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Share capital

Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Revenue recognition

Revenue from gold bullion sales, including pre-production and bulk sampling revenues, is recognized when the significant risks and rewards of ownership have been transferred to the counterparty and the selling prices have been agreed or can be reasonably estimated.

Pre-production and bulk sampling revenues are recorded as a credit to exploration and evaluation assets.

Interest revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of operations and comprehensive loss over the period of the lease.

Comprehensive income (loss)

Comprehensive income (loss) includes both net earnings (loss) and OCI includes holding gains and losses on available-for-sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until the period that the related asset or liability affects income. Cumulative changes in OCI are included in accumulated OCI which is presented as a category in shareholders' equity. For the years ended December 31, 2015 and 2014, the comprehensive loss equals net loss.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to the equity holders of the Company by the weighted-average number of common shares outstanding during the period.

Diluted earnings (loss) per share is calculated by adjusting the weighted-average number of common shares outstanding for dilutive instruments. The number of shares with respect to options, warrants and similar instruments is computed using the treasury stock method under which deemed proceeds on the exercise of stock options and other dilutive instruments are considered to be used to reacquire common shares at the average share price for the period with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The Company's potential dilutive common shares is comprised of stock options. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

7. SUBSIDIARIES

The following is a list of subsidiaries of the Company at December 31, 2015:

Name	Country of incorporation	Nature of business	Proportion of shares held directly by Company (%)	Proportion of shares held by consolidated group (%)
Continental Gold Limited	Bermuda	Exploration and development	100	–
CGL International Holdings Limited	Bermuda	Intermediate holding company	100	–
CGL Berlin Holdings Limited	Bermuda	Intermediate holding company	–	100
CGL Dominical Holdings Limited	Bermuda	Intermediate holding company	–	100
CGL Management Services Limited (formerly CGL Santander Holdings Limited)	Bermuda	Intermediate holding company	–	100
CGL Greater Buritica Holdings Limited	Bermuda	Intermediate holding company	–	100
CGL Dojura Holdings Limited	Bermuda	Intermediate holding company	–	100
CGL Berlin S.A.S.	Colombia	Exploration	–	100
CGL Dominical S.A.S.	Colombia	Exploration	–	100
CGL Santander S.A.S.	Colombia	Exploration	–	100
CGL Gran Buritica S.A.S.	Colombia	Exploration	–	100
CGL Dojura S.A.S.	Colombia	Exploration	–	100

The Company finances the operations of all of its subsidiaries and, thus, these companies will have unsecured borrowings from the Company that are interest-free and on demand. The ability for these controlled entities to repay debts due to the Company (and other parties) will be dependent on the commercialization of the exploration and evaluation assets owned by the subsidiaries.

8. OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Colombia.

Supplemental information

The Company has provided information regarding unallocated assets, liabilities and net loss as supplemental information:

December 31, 2015 (in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
Cash and cash equivalents	21,986	6,067	28,053
Exploration and evaluation assets	–	217,316	217,316
Total assets	23,028	236,746	259,774
Total liabilities	868	38,773	39,641

For the year ended December 31, 2015 (in thousands of U.S. dollars)	**Corporate**	**Colombia**	**Total**
	$	**$**	**$**
Net loss	**(10,740)**	**(17,236)**	**(27,976)**
Capital expenditures	**26**	**25,574**	**25,600**

As at December 31, 2014 (Note 4) (in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
Cash and cash equivalents	56,213	1,345	57,558
Exploration and evaluation assets	–	195,309	195,309
Total assets	57,730	210,768	268,498
Total liabilities	604	24,922	25,526

For the year ended December 31, 2014 (Note 4) (in thousands of U.S. dollars)	Corporate	Colombia	Total
	$	$	$
Net loss	(12,633)	(27,030)	(39,663)
Capital expenditures	9	46,312	46,321

9. MARKETABLE SECURITIES

Marketable securities consisted of the following:

As at	**December 31, 2015**		December 31, 2014 (Note 4)	
(in thousands of U.S. Dollars)	**Cost**	**Fair Value**	Cost	Fair Value
	$	**$**	$	$
Equity securities (a)	**4,283**	**545**	4,283	591
Warrant securities (b)	**440**	**10**	440	39
	4,723	**555**	4,723	630

(a) **Equity securities**

Equity securities are classified as FVTPL and are recorded at fair value using the bid price as at December 31, 2015 and are therefore classified as level 1 within the fair value hierarchy.

(b) **Warrant securities**

Warrant securities are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

Included in the Company's investment in equity and warrant securities is an investment in Cordoba Minerals Corp. ("Cordoba"), an unrelated public company.

On March 28, 2014, Cordoba completed the acquisition (the "Cordoba transaction") of Sabre Metals Inc. ("Sabre"), an associate of the Company prior to the Cordoba transaction.

Prior to the Cordoba transaction, the Company accounted for its investment in Sabre as an investment in an associate. Upon closing of the Cordoba transaction, the Company's ownership in Cordoba was approximately 7%, including shares of Cordoba owned by the Company prior to the closing of the Cordoba transaction, resulting in the reclassification of the investment to marketable securities as fair value through profit and loss ("FVTPL") investments due to the loss of significant influence. The fair value of Cordoba shares and warrants received upon the closing of the Cordoba transaction in exchange for Sabre shares was $2,553,000 and, as a result, the Company recognized a gain of $1,600,000 in the annual consolidated statement of operations and comprehensive loss for the year ended December 31, 2014 for the revaluation and reclassification of the investment in Sabre for the loss of significant influence.

10. RECEIVABLES AND PREPAID EXPENSES

As at (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Accounts receivable (a)	**1,804**	4,771
Prepaid expenses	**83**	93
	1,887	4,864

(a) **Accounts receivable**

Accounts receivable as at December 31, 2015 includes a total of $1,709,000 (December 31, 2014 - $4,103,000) of refundable sales taxes made up of $1,672,000 (December 31, 2014 - $3,916,000) of Colombia value-added-tax refund receivable and $37,000 (December 31, 2014 - $187,000) of Canadian harmonized sales tax refund receivable.

11. PREPAIDS AND ADVANCES

As at (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Prepaid construction costs (a)	**262**	648
Other prepaid exploration and evaluation costs	**339**	122
	601	770

Prepaids and advances represent advances for costs that will be capitalized when incurred.

(a) **Prepaid construction costs**

Prepaid construction costs represent advances to contractors for development costs that will be capitalized according to the Company's accounting policy for exploration and evaluation costs.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in thousands of U.S. dollars)	Land and Buildings	Vehicles, Mining and Exploration Equipment	Leasehold Improvements, Office and Computer Equipment	Total
	$	$	$	$
Opening net book value, January 1, 2015	**4,942**	**2,854**	**1,479**	**9,275**
Additions	**467**	**2,181**	**264**	**2,912**
Disposals and write-downs	**–**	**(19)**	**(3)**	**(22)**
Depreciation	**(172)**	**(410)**	**(481)**	**(1,063)**
Closing net book value December 31, 2015	**5,237**	**4,606**	**1,259**	**11,102**
Balance, December 31, 2015				
Cost	**5,542**	**6,980**	**3,480**	**16,002**
Accumulated depreciation	**(305)**	**(2,374)**	**(2,221)**	**(4,900)**
Net book value	**5,237**	**4,606**	**1,259**	**11,102**
Year ended December 31, 2014 (Note 4)				
Opening net book value, January 1, 2014	4,163	2,656	1,520	8,339
Additions	844	611	338	1,793
Disposals	–	(71)	(2)	(73)
Depreciation	(65)	(342)	(377)	(784)
Closing net book value, December 31, 2014	4,942	2,854	1,479	9,275
Balance, December 31, 2014				
Cost	5,068	4,229	3,208	12,505
Accumulated depreciation	(126)	(1,375)	(1,729)	(3,230)
Net book value	4,942	2,854	1,479	9,275

Depreciation of $404,000 (2014 - $312,000) is included in depreciation and amortization in the annual consolidated statement of operations and comprehensive loss for the year ended December 31, 2015 and depreciation of $659,000 (2014 - $472,000) is capitalized in exploration and evaluation assets.

Loss on sale or write-down of equipment of $4,000 (2014 – $25,000) is included in the annual consolidated statement of operations and comprehensive loss for the year ended December 31, 2015.

13. EXPLORATION AND EVALUATION ASSETS

(in thousands of U.S. dollars)	Balance December 31, 2014	Additions	Gold Sales, Options and Recoveries	Disposals or Write-downs	Balance December 31, 2015
	$	$	$	$	$
Buriticá (a)	**195,309**	**34,215**	**(6,847)**	**(5,361)**	**217,316**
Total	**195,309**	**34,215**	**(6,847)**	**(5,361)**	**217,316**

(Note 4) (in thousands of U.S. dollars)	Balance December 31, 2013	Additions	Gold Sales, Options and Recoveries	Disposals or Write-downs	Balance December 31, 2014
	$	$	$	$	$
Buriticá (a)	149,690	54,526	(6,549)	(2,358)	195,309
Berlin (b)	14,198	18	–	(14,216)	–
Total	163,888	54,544	(6,549)	(16,574)	195,309

(a) **Buriticá Project**

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.

Inventory is recorded at cost and included within exploration and evaluation assets as the Company capitalizes its pre-production revenues and costs. In 2015 and 2014, no amounts have been expensed in the annual consolidated statement of operations and comprehensive loss.

Gold sales from pre-production and bulk sampling revenues of $4,002,000 (2014 - $6,549,000) were credited against the capitalized expenditures. In addition, as at December 31, 2015, the Company received in advance $2,845,000 regarding the sale of 2,785 ounces of gold in 2016. Amounts received were credited against the capitalized expenditures.

The following represents inventory included in mineral properties:

As at (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Gold doré (i)	**3,403**	70
Advances received (i)	**(2,845)**	–
	558	70
Stockpile	**265**	544
Supplies	**795**	935
	1,618	1,549

(i) As at December 31, 2015, gold doré inventory includes 2,785 ounces committed for delivery in 2016 (December 31, 2014 – nil ounces) and for which advanced payments have been received. In addition, the Company also held 564 ounces of gold (December 31, 2014 – 86 ounces), having a net realizable value of $598,000 based on a closing gold price of $1,060 per ounce (December 31, 2014 - $104,000 based on a closing gold price of $1,206 per ounce).

During 2015, exploration and evaluation work on a license within the Buriticá Project resulted in the determination that the exploration potential for the property covered under the license was low, resulting in a decision by the Company to allow the license to expire in early 2016. Accordingly, the Company wrote off the book value of the license of $5,361,000 for the year ended December 31, 2015 in the annual consolidated statement of operations and comprehensive loss.

For the year-ended December 31, 2014, a write-down of $2,358,000 was recorded in the annual consolidated statement of operations and comprehensive loss in respect of a group of properties 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 provided inconclusive information regarding the value and potential of the properties, management determined in 2014 that the recoverability of the book value of these properties was low. All subsequent expenditures related to these properties are recognized as exploration expense.

The Company has determined that the remaining value of the Buriticá project is appropriate as a result of a positive feasibility study, completed in early 2016. Expenditures related to the main Buriticá project will continue to be capitalized.

(b) **Berlin Project**

The Berlin project is located in the Department of Antioquia, Colombia and is adjacent to the Ituongo hydro-electrical project that is currently being constructed by a Colombian public entity.

In 2014, management identified indicators of impairment, requiring an assessment of the Company's recorded values for exploration and evaluation assets.

The slow progress towards the improvement of security conditions in the area has prevented the Company from commencing exploration activities at the project. As management does not expect a change in circumstances in the foreseeable future, management determined that the recoverability of the recorded value for the project was uncertain and a write-down of $14,216,000 was recorded for the year ended December 31, 2014 in the annual consolidated statement of operations and comprehensive loss in respect of the remaining value of the Berlin project.

All subsequent expenditures incurred in respect of the project are expensed.

14. REHABILITATION PROVISION

The Company's rehabilitation provision is based on management's best estimate of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred.

(in thousands of U.S. dollars)	**2015**	2014 (Note 4)
	$	$
Balance, January 1	**3,083**	1,389
Change in provision	**3,749**	1,674
Accretion expense	**21**	20
Balance, December 31	**6,853**	3,083
Current portion, included in accounts payable and accrued liabilities	**570**	–
Long-term portion	**6,283**	3,083

The Company has estimated its total rehabilitation provision at December 31, 2015 based on an undiscounted future liability of approximately $13,148,000 (2014 – $4,470,000), including an inflation rate of 6.77% (2014 – 3.66%), and a risk-free rate of 5.75% (2014 – 4.50%). Reclamation is expected to occur between 2016 and 2035, with the majority expected to be incurred in 2019 and in 2035.

15. FINANCIAL INSTRUMENTS

(a) **Derivative Instruments**

The Company uses foreign currency derivatives as part of its risk management program to mitigate the variability associated with the changing foreign currency rates relative to the U.S dollar. The derivative instruments are not formally recognized as hedging instruments and are accordingly classified as financial instruments. The mark-to-market fair values of all contracts is provided by a third party using inputs that are observable and determined using standard valuation techniques. Derivative instruments are classified within Level 2 of the fair value hierarchy.

As at December 31, 2015, the Company held a total of $2,250,000 of COP non-deliverable forward foreign currency contracts at an average USD:COP rate of 3,098 with value dates between April 2016 to September 2016. The non-deliverable forward foreign currency contracts are documented in the form of an ISDA master agreement containing the requirement for a payment of margin calls on loss positions of CAD$600,000 on total outstanding contracts.

As at December 31, 2015 (in thousands of U.S. Dollars)	Foreign Currency	**Balance Sheet Classification**	**Fair value of derivative instruments**
			$
Non-deliverable foreign currency forwards	COP	Derivative liability (included within accounts payable and accrued liabilities)	**135**

For the year ended December 31, 2015 (in thousands of U.S. Dollars)	**Unrealized loss on derivative instruments**
	$
Non-deliverable foreign currency forwards	**135**

(b) **Financial Instruments Disclosures**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 6.

Financial assets and financial liabilities as at December 31, 2015 and December 31, 2014 were as follows:

As at December 31, 2015 (in thousands of U.S. Dollars)	**Fair Value through profit and loss**	**Loans and receivables and held-to-maturity**	**Other financial assets (liabilities)**	**Total**
	$	**$**	**$**	**$**
Cash and cash equivalents	**–**	**28,053**	**–**	**28,053**
Marketable securities	**555**	**–**	**–**	**555**
Receivables	**–**	**95**	**–**	**95**
Accounts payable and accrued liabilities	**–**	**–**	**(6,044)**	**(6,044)**
Derivative liability	**(135)**	**–**	**–**	**(135)**
Total	**420**	**28,148**	**(6,044)**	**22,524**

December 31, 2014 (Note 4) (in thousands of U.S. Dollars)	Fair Value through profit and loss	Loans and receivables and held-to-maturity	Other financial assets (liabilities)	Total
	$	$	$	$
Cash and cash equivalents	–	57,558	–	57,558
Marketable securities	630	–	–	630
Receivables	–	668	–	668
Accounts payable and accrued liabilities	–	–	(4,803)	(4,803)
Total	630	58,226	(4,803)	54,053

The carrying value of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate fair value because of the limited term of these instruments.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk).

Risk management is carried out by the Company's management team 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.

Fair Value hierarchy and liquidity risk disclosure:

Financial risk factors

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from its properties. The Company's cash and cash equivalents are held with banks in Colombia, Bermuda and Canada. The Company limits material counterparty credit risk on these assets by dealing with financial institutions with credit ratings of at least "A" or equivalent, or those which have been otherwise approved. Amounts receivable mainly consist of receivables for refundable commodity taxes. As a result, management believes that the credit risk concentration with respect to remaining amounts receivable is minimal based on the Company's history with these unrelated parties.

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 of 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, 2015, the Company had cash and cash equivalents of $28,053,000 (2014 – $57,558,000) to settle current liabilities of $6,179,000 (2014 - $4,803,000). 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 various commitments detailed in Note 24. In addition, as at December 31, 2015, the Company received advances of $2,845,000 in respect of 2,785 ounces of gold doré, included in inventory, for which the Company is committed to deliver to the counterparty in 2016.

For the year ended December 31, 2015, the Company recorded a net loss of $27,976,000 (2014 – $39,663,000) and reported an accumulated deficit of $209,008,000 (2014 - $181,032,000).

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, to reach profitable levels of operation and to effectively preserve and deploy cash. It is not possible to predict whether financing efforts will be successful or sufficient, or if the Company will attain profitable levels of operation.

The Company has begun to examine it options to secure additional sources of funds including public issuances and private placements.

Market risk

Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. The Company has cash balances and no interest-bearing debt. Management believes that interest rate risk is remote as cash investments have maturities of less than one year.

Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The Company's functional currency is the U.S. dollar. The Company conducts some of its operating and investing activities in currencies other than the U.S. dollar. The Company is therefore subject to gains or losses due to fluctuations in these currencies relative to the U.S. dollar.

The Company had the following foreign currency balances:

As at December 31, 2015	**Foreign Currency**	**Foreign Balance $(000's)**	**$(000's)**
Cash and cash equivalents	**COP**	**19,287,104**	**6,076**
Cash and cash equivalents	**CAD**	**13,694**	**9,894**
Marketable securities	**CAD**	**768**	**555**
Receivables	**COP**	**5,596,170**	**1,763**
Receivables	**CAD**	**56**	**40**
Accounts payable and accrued liabilities	**COP**	**14,014,420**	**4,415**
Accounts payable and accrued liabilities	**CAD**	**930**	**672**

As at December 31, 2014 (Note 4)	Foreign Currency	Foreign Balance $(000's)	$(000's)
Cash and cash equivalents	COP	3,210,337	1,345
Cash and cash equivalents	CAD	54,309	46,814
Marketable securities	CAD	731	630
Receivables	COP	10,837,106	4,540
Receivables	CAD	220	190
Accounts payable and accrued liabilities	COP	1,823,790	764
Accounts payable and accrued liabilities	CAD	728	628

Commodity and equity price risk

The Company is exposed to price risk with respect to commodity price. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious minerals to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a year:

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments primarily relating to cash and cash equivalents that are denominated in Canadian dollars and Colombian pesos. As at December 31, 2015, had both the Canadian dollar and the Colombian peso strengthened/weakened by 20% against the U.S. dollar with all other variables held constant, the Company's reported net loss for the year ended December 31, 2015 would have been approximately $1.6 million lower/higher.

Commodity price risk could affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market of precious metals. As of December 31, 2015, the Company was not a commercial producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk). There have been no changes in the risk management department or in any risk management policies since year end.

Fair value:

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

The following tables illustrate the classification of the Company's financial instruments within the fair value hierarchy, representing all recurring financial assets. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at December 31, 2015 (in thousands of U.S. dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Marketable securities	**545**	**10**	**–**	**555**
Derivative liability	**–**	**(135)**	**–**	**(135)**

As at December 31, 2014 (Note 4) (in thousands of U.S. dollars)	Level 1	Level 2	Level 3	Total
	$	$	$	$
Marketable securities	529	101	–	630

As at December 31, 2015, there were no non-recurring financial assets or liabilities that were valued at fair value.

There were no transfers between levels 1 and 2 and there were no changes in valuation techniques during 2015.

16. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which is comprised of share capital, contributed surplus, share-based payment reserve and deficit which at December 31, 2015 totalled $220,133,000 (2014 - $242,972,000, including share premium reserve). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its mineral properties. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2015. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

17. INCOME TAXES

Income taxes are comprised of:

For the years ended (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Current tax (recovery) expense :		
Current minimum tax	**111**	67
Adjustments in respect of prior years	**–**	(219)
	111	(152)
Deferred tax:		
Origination and reversal of temporary differences	**9,539**	6,243
	9,539	6,243
Income tax expense	**9,650**	6,091

The Company is incorporated in Canada and is subject to income taxes at a combined federal and provincial statutory tax rate as at December 31, 2015 and 2014 of 26.5%. The tax on the Company's net income (loss) before tax differs from the amount that would arise using the tax rate applicable to the Company as follows:

For the years ended (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Net loss before taxes	**(18,326)**	(33,572)
Expected income tax recovery	**(4,856)**	(8,897)
Foreign tax rate differences	**196**	882
Non-deductible expenses	**400**	516
Change in future tax rates	**(739)**	421
Foreign exchange impact on deferred tax liability	**12,044**	9,876
Adjustment in respect of prior years	**(192)**	(218)
Change in unrecognized deferred tax assets	**2,797**	2,905
Other	**–**	606
Net income tax recovery	**9,650**	6,091

All deferred tax assets and liabilities are expected to be settled after 12 months. The tax effect of temporary differences that give rise to deferred tax assets and liabilities are as follows:

For the year ended December 31, 2015 (in thousands of U.S. dollars)	**Property, plant and equipment**	**Exploration and evaluation assets**	**Other**	**Net deferred income tax (asset) liability**
	$	**$**	**$**	**$**
Balance, January 1	**(453)**	**18,066**	**27**	**17,640**
Recognized in profit or loss	**1,388**	**8,157**	**(6)**	**9,539**
Balance, December 31	**935**	**26,223**	**21**	**27,179**

For the year ended December 31, 2014 (Note 4) (in thousands of U.S. dollars)	Property, plant and equipment	Exploration and evaluation assets	Other	Net deferred income tax (asset) liability
	$	$	$	$
Balance, January 1	88	11,287	22	11,397
Recognized in profit or loss	(541)	6,779	5	6,243
Balance, December 31	(453)	18,066	27	17,640

The above deferred tax assets and liabilities include the effect of tax losses available in Colombia of COP 51,575,000,000 (2014 – COP 32,983,000,000) to reduce income taxes payable in Colombia in the future. These tax losses have no expiry date. In addition, the effect of tax assets relating to exploration and evaluation assets of COP 22,108,000,000 (2014 – COP 19,330,000,000) have not been included in the above deferred tax assets and liabilities as the probability of them being utilized is low.

As at December 31, 2015 and 2014, the Company had not recognized the following deferred tax balances that are available for utilization against taxable income:

As at (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Exploration and evaluation assets	**–**	(12,110)
Property, plant and equipment	**349**	(288)
Financing fees	**–**	609
Unrealized loss on marketable securities	**–**	143
Unrealized loss on derivative instruments	**36**	–
Tax losses carried forward utilizable against taxable income (a)	**–**	33,662
	385	22,016

As at December 31, 2015, the Company had unused tax losses available for carryforward in Canada of $1,000 (2014 - $127,026,000) that expires in 2035. Subsequent to the Scheme (See Note 4), Old Continental ceased to be a tax resident of Canada, resulting in a required recognition in income for deemed dispositions of Old Continental's assets and the utilization of a portion of carried forward tax losses from prior years, with any remaining tax losses no longer having any benefit to the Company.

18. SHARE CAPITAL

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares ("Common Shares") without par value. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

Upon completion of the Scheme (see Note 4), the balance of the share premium reserve was transferred to the authorized share capital.

(b) Issued

As of December 31, 2015, the issued share capital was 129,549,628. The change in issued share capital for the 2015 and 2014 were as follows:

	Number of Shares	
	2015	2014 (Note 4)
Balance, January 1	**127,179,758**	126,635,005
Exercise of stock options (Note 19)	**2,369,870**	544,753
Balance, December 31	**129,549,628**	127,179,758

19. SHARE-BASED PAYMENTS

The Company has a stock option plan (the "Option Plan"), a deferred share unit plan (the "DSU Plan") and a restricted share unit plan (the "RSU Plan") in place. The maximum number of Common Shares issuable under all share-based compensation arrangements of the Company is equal to 10% of the issued and outstanding Common Shares of the Company from time to time. The maximum number of Common Shares issuable to any one person, within any one year period, pursuant to the security-based compensation arrangements of the Company is 5% of the total number of Common Shares then outstanding.

The Option Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. The maximum number of Common Shares to be reserved for issuance under the DSU Plan and RSU plan is set at 250,000 and 750,000, respectively. The Option Plan and the DSU Plan contain provisions that limits the aggregate number of securities granted, excluding initial securities granted, under all security-based compensation arrangements of the Company to any one non-employee director within any one-year period.

Under the Option Plan, the Company may grant to directors, officers, employees and consultants stock options to purchase Common Shares of the Company. Stock options granted under the Option Plan will be for a term not to exceed 10 years.

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"). In addition, the Board, or a Committee which administers the DSU Plan, may award such number of DSUs to an employee or director as deemed appropriate. As of December 31, 2015, there were no DSUs outstanding.

The RSU Plan provides that restricted share units ("RSUs") may be granted by the Board, or a Committee which administers the RSU Plan, to employees and consultants of the Company as a discretionary payment in consideration of past or future services to the Company. Non-employee directors are not eligible to receive RSUs. As of December 31, 2015, there were no RSUs outstanding.

Movements in stock options during the period were as follows:

	2015		2014 (Note 4)	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		C$		C$
Balance, January 1	**10,297,663**	**5.50**	9,930,762	5.82
Granted (*)(a)	**2,620,000**	**2.39**	2,025,000	3.70
Exercised	**(2,369,870)**	**1,59**	(544,753)	1.53
Expired or Forfeited	**(1,852,500)**	**6.55**	(1,113,346)	7.07
Balance, December 31	**8,695,293**	**5.40**	10,297,663	5.50

(*) The weighted average grant date fair value of stock option grants during the years ended December 31, 2015 and December 31, 2014 was $0.88 and $1.54, respectively).

The following table shows the stock options outstanding and exercisable at December 31, 2015:

	Options Outstanding			Options Exercisable		
Range of Price (C$)	Number of Options Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (C$)	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price (C$)
$1.36 - $2.00	652,105	3,74	1.55	352,105	3.38	1.25
$2.01 – $4.00	3,620,000	3.90	2.98	1,461,250	3.64	3.30
$4.01 - $6.00	300,000	2.34	4.76	300,000	2.34	4.76
$6.01 - $8.00	2,590,688	0.88	7.69	2,590,688	0.88	7.69
$8.01 – $9.66	1,532,500	1.66	9.03	1,532,500	1.66	9.03
	8,695,293	2,54	5.40	6,236,543	1.93	6.49

(a) The following is a summary of the stock options granted, the fair values and the assumptions used in the Black-Scholes option pricing formula:

For the years ended	**2015**	2014 (Note 4)
Number of options granted	**2,620,000**	2,025,000
Weighted average exercise price (C$)	**2.39**	3.70
Weighted average market price ($)	**1.89**	3.39
Expected dividend yield	**Nil**	Nil
Expected volatility (%)	**70%**	67%
Weighted average risk-free interest rate (%)	**0.52%**	1.13%
Forfeiture rate (%)	**10.69%**	9.45%
Weighted expected life (years)	**3.10**	3.13
Weighted average grant date fair value per share ($)	**0.88**	1.54

(b) The stock options granted have vesting terms of 25% every six months from the date of grant and have a five-year term. The Company recorded share-based payments are as follows:

For the years ended (in thousands of U.S. Dollars)	Note	**December 31, 2015**	December 31, 2014 (Note 4)
		$	$
Share-based payments, included in corporate administration expenses	21	**1,487**	1,919
Share-based payments capitalized to exploration and evaluation assets		**654**	1,200
		2,141	3,119

20. RELATED PARTY TRANSACTIONS

Related parties include management, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The following related party transactions were conducted in the normal course of operations and are measured at the exchange value (the amount established and agreed to by the related parties):

(a) Aggregate gold sales to a refinery company, in which a former director of the Company has an equity interest and is an officer, amounted to $nil in 2015 (2014 –$2,631,000). Gold sales are reported as a reduction to exploration and evaluation assets on the annual consolidated statement of financial position. The former director resigned from the Company effective June 3, 2014.

(b) Effective November 22, 2011, the Company entered into a consulting agreement with a company controlled by the former Chairman of the Company for $20,000 per month. Services included site visit security and logistics, technical assistance and assistance with Colombia mining law and processes. The agreement terminated on December 31, 2014.

(c) 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, a former associate of the Company. The letter of support indicated a financial commitment by the Company to financially support the exploration activities by Sabre 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. In December 2014, the Company notified the Colombian Mining Authority of the withdrawal of the letter of support.

(d) **Compensation of key management personnel of the**

The remuneration of directors and other members of key management personnel were as follows:

For the years ended (in thousands of U.S. dollars)	**December 31, 2015**	December 31, 2014 (Note 4)
	$	$
Management salaries, benefits and bonuses	**1,397**	1,302
Director fees	**286**	411
Consulting fees	**–**	61
Share-based payments	**2,002**	2,010
	3,685	3,784

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

Total management salaries, benefits, bonuses and share-based payments of $696,000 (2014 - $1,055,000) that were included above were capitalized to exploration and evaluation assets.

21. CORPORATE ADMINISTRATION EXPENSES

For the years ended (in thousands of U.S. Dollars)	Note	**December 31, 2015**	December 31, 2014 (Note 4)
		$	$
Salaries		**2,070**	1,668
Share-based payments	19(b)	**1,487**	1,919
Wealth tax		**1,346**	–
Professional fees		**846**	837
General office and administration		**718**	783
Depreciation and amortization	12	**404**	312
Directors fees and expenses		**309**	441
Travel expenses		**280**	248
Investor relations		**261**	481
Regulatory fees		**183**	222
Environmental fee	24	**–**	1,490
Provision for (recovery of) bad debts		**(63)**	59
		7,841	8,460

22. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year:

For the years ended	**December 31, 2015**	December 31, 2014 (Note 4)
Net loss attributable to equity holders of the Company (in thousands of U.S. Dollars)	**$ (27,976)**	$ (39,663)
Weighted average number of common shares outstanding (in thousands)	**128,879**	126,913
Basic net loss per common share	**$ (0.22)**	$ (0.31)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares to assume conversion of all dilutive potential common shares. The Company has one category of dilutive potential common shares: stock options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's outstanding shares for the year), based on the exercise prices attached to the stock options. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of the stock options.

For the years ended	**December 31, 2015**	December 31, 2014 (Note 4)
Net loss attributable to equity holders of the Company (in thousands of U.S. Dollars)	**$ (27,976)**	$ (39,663)
Weighted average number of common shares outstanding (in thousands)	**128,879**	126,913
Adjustments for stock options (in thousands)	**418**	1,661
Weighted average number of common shares for diluted earnings per share (in thousands)	**129,297**	128,574
Diluted net loss per common share	**$ (0.22)**	$ (0.31)

23. CASH FLOW – OTHER ITEMS

(a) Other Operating Activities

For the years ended (in thousands of U.S. Dollars)	Note	**December 31, 2015**	December 31, 2014 (Note 4)
		$	$
Other non-cash items:			
Depreciation and amortization	12	**404**	312
Derivative loss	15(a)	**135**	–
Bad debt expense		**37**	59
Interest and accretion expense		**21**	20
Share of net loss in investments in associates		**–**	22
Non-cash interest and marketable securities received		**–**	(66)
		597	347
Net changes in non-cash operating working capital balances:			
Receivables and prepaid expenses		**172**	585
Accounts payable and accrued liabilities		**205**	1,993
		377	2,578

(b) Other Investing Activities

For the years ended (in thousands of U.S. Dollars)	Note	**December 31, 2015**	December 31, 2014 (Note 4)
		$	$
Exploration and evaluation assets:			
Accounts payable and accrued liabilities attributable to exploration and evaluation assets		**2,530**	(1,871)
Exploration expenditures		**(31,334)**	(50,998)
		(28,804)	(52,869)

For the years ended (in thousands of U.S. Dollars)	Note	**December 31, 2015**	December 31, 2014 (Note 4)
		$	$
Other items:			
Prepaids and advances		**138**	1,362
Proceeds from sale of assets		**16**	–
Promissory note receivable		**–**	500
Receivables		**–**	23
Investment in associates		**–**	(100)
Equity tax payments		**–**	(286)
Marketable securities	9	**–**	(898)
Intangible assets		**(310)**	(79)
		(156)	522

24. COMMITMENTS AND CONTINGENCIES

Commitments
As at December 31, 2015, the Company had the following contractual commitments and obligations:

(in thousands of U.S. Dollars)	**Total**	**Less than 1 Year**	**Years 2 – 5**	**After 5 Years**
	$	**$**	**$**	**$**
Operating leases (a)	**728**	**214**	**514**	**–**
Capital commitments (b)	**5,254**	**3,655**	**1,599**	**–**
Wealth tax (c)	**1,295**	**925**	**370**	**–**
	7,277	**4,794**	**2,483**	**–**

(a) Non-cancellable operating lease payments in respect of the Company's office, warehouse and housing facilities in Toronto and Colombia.

(b) Capital commitments mainly relate to feasibility study engineering contracts. All costs will be capitalized to exploration and evaluation assets when incurred.

(c) The Company has estimated the future commitments for the years 2017 – 2018 based on the Company's net equity position in Colombia as at December 31, 2015.

Environmental Contingencies
The Company's mining and exploration activities are subject to Colombian laws and regulations governing the protection of the environment. These laws and regulations are subject to change and may generally become more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

In November 2013, the Company was assessed a fine of COP 2,947,500,000 from the regional environmental authority of the department of Antioquia ("Regional Environmental Authority") 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 continues to vigorously defend this matter.

In 2014, the Company and the Regional Environmental Authority reached an agreement in principle. The principal terms of the agreement included the payment to the Regional Environmental Authority of COP 2,947,500,000 plus interest of COP 265,452,000 to September 2014 over a 12-month period in return for spending it on local social issues. The agreement was submitted for approval to, and rejected by, the Colombian courts for administrative technicalities. The Company subsequently initiated legal proceedings against the regional authority, 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 COP 2,947,500,000 and interest to December 31, 2014 of COP 349,145,000 in the annual consolidated statement of operations and comprehensive loss for the year ended December 31, 2014.

During 2015, the Company paid $1,318,000 representing the fine of COP 2,947,500,000 plus interest of COP 507,019,239 in order to limit the accumulation interest while the matter is dealt with in the courts.