MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three months ended March 31, 2016

CONTINENTALGOLD

TSX:CNL OTCQX:CGOOF

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the activities, consolidated financial condition and consolidated results of the operations of Continental Gold Inc. (the "Company" or "Continental Gold") constitutes management's review of the factors that affected the Company's consolidated financial and operating performance for the three months ended March 31, 2016. This MD&A, dated May 12, 2016, should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2016 together with the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts in this MD&A are in United States ("U.S.") dollars ("US$"), unless stated otherwise. References to C$ and COP are to Canadian dollars and Colombian pesos, respectively. Information contained herein is presented as of May 11, 2016, unless otherwise indicated.

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

SCHEME OF ARRANGEMENT

Effective June 10, 2015 (the "Effective Date"), an internal corporate reorganization effected by way of a scheme of arrangement (the "Scheme") under Section 99 of the Companies Act 1981 of Bermuda was completed. The Scheme was approved by former shareholders of Continental Gold Limited ("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 outstanding existing securities of Old Continental as of the Effective Date for new equivalent securities of the Company, on a one-for-one basis. As a result of the exchange, former shareholders of Old Continental became shareholders of the Company as of the Effective Date. At the open of markets on Friday, June 12, 2015, the common shares of the Company (the "Common Shares") were listed and posted for trading on the Toronto Stock Exchange ("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 were 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 unaudited interim consolidated financial statements for the three months ended March 31, 2016 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 relates to Old Continental.

FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of applicable U.S. securities laws. Forward-looking information includes, but is not limited to: statements with respect to the potential of the Company's properties; the estimation of mineral resources and mineral reserves; exploration results; potential mineralization; exploration and mine development plans; amending the EIA (as defined herein); timing of the commencement of operations; the future price of gold and other mineral commodities; the realization of mineral resource and mineral reserve estimates; success of exploration activities; cost and timing of future exploration and development; continued advancement of the Company's Corporate Social Responsibility program; conclusion of economic evaluations; requirements for additional capital; other statements relating to the financial and business prospects of the Company; and other future events and information as to the Company's strategy, plans or future financial or operating performance.

Generally, forward-looking information is characterized by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "is projected", "anticipates" or "does not anticipate", "believes", "targets", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results “may”, “could”, “should”, “would”, “might”, “will be taken”, “occur” or “be achieved”.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management considered reasonable at the date the statements are made in light of management’s experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that it believes to be relevant and reasonable in the circumstances at the date that such statements are made. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the actual results of exploration activities; the inherent risks involved in the exploration and development of mineral properties; changes in project parameters as plans continue to be refined; delays in obtaining government approvals; the uncertainties of project cost overruns or unanticipated costs and expenses; uncertainties inherent in conducting operations in a foreign country; title risks related to the ownership of the Company’s projects and the related surface rights and to the boundaries of the Company’s projects; risks relating to the Company’s pending concession applications; the Company’s limited operating history; uncertainties related to the availability and costs of financing needed in the future; fluctuations in mineral prices; uninsurable risks related to exploration, development and production; reliance on economic studies to determine the potential economic viability of the mineral resources comprising the Buriticá project; uncertainties of construction and operating cost overruns; the risk that the conclusion of pre-production studies may not be accurate; unexpected adverse changes that may result in failure to comply with environmental and other regulatory requirements; differing interpretations of tax regimes in foreign jurisdictions; the loss of Canadian tax resident status; uncertainties inherent in competition with other exploration companies; non-governmental organization intervention and the creation of adverse sentiment among the inhabitants of areas of mineral development; uncertainties related to conflicts of interest of directors and officers of the Company; dependence on key management employees; reliance on outside contractors in certain mining operations; labour and employment matters; the presence of artisanal/illegal miners; the reliability of mineral resource estimates; the ability to fund operations through foreign subsidiaries; the residency of directors, officers and others; uncertainties related to holding minority interests in other companies; foreign currency fluctuations; unreliable historical data for projects; reliance on adequate infrastructure for mining activities; health and safety risks; compliance with government regulation; the market price of shares of the Company; the payment of future dividends; future sales of shares of the Company; accounting policies and internal controls; impairment of mineral properties; and Bermuda legal matters. See “Risks and Uncertainties” in this MD&A for further discussion regarding risk factors.

Although management of the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated. Accordingly, readers are cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting shareholders in understanding the Company’s expected financial and operational performance and the Company’s plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking information contained herein or incorporated by reference herein, except in accordance with applicable securities laws.

Differences in Reporting of Mineral Resource Estimates

This MD&A was prepared in accordance with Canadian standards for reporting of mineral resource estimates, which differ in some respects from United States standards. In particular, and without limiting the generality of the foregoing, the terms “inferred mineral resources,” “indicated mineral resources,” “measured mineral resources” and “mineral resources” used or referenced in this MD&A are Canadian mineral disclosure terms as defined in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resources and Mineral

Reserves (the “CIM Standards”). The CIM Standards differ significantly from standards in the U.S. While the terms “mineral resource,” “measured mineral resources,” “indicated mineral resources,” and “inferred mineral resources” are recognized and required by Canadian regulations, they are not defined terms under standards in the U.S. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies, except in limited circumstances. The term “resource” does not equate to the term “reserves”. Under U.S. standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Readers are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Readers are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable. Disclosure of “contained ounces” in a mineral resource is permitted disclosure under Canadian regulations; however, U.S. companies are only permitted to report mineralization that does not constitute “reserves” by standards in the U.S. as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of “reserves” are also not the same as those of the United States Securities and Exchange Commission (the “SEC”), and reserves reported by the Company in compliance with NI 43-101 may not qualify as “reserves” under SEC standards. Accordingly, information regarding mineral resources contained or referenced in this MD&A containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies.

DESCRIPTION OF BUSINESS

The Company is an advanced-stage exploration and development entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties in highly-prospective areas with known historical high-grade gold production in Colombia. The Company is led by an international management team with a successful track record of discovering and developing large high-grade gold deposits in Latin America.

The Company was incorporated under the provisions of the *Business Corporations Act* (Ontario) and is a reporting issuer in Canada under applicable securities legislation in the Provinces of Ontario, Alberta, British Columbia and New Brunswick. It carries on its operations through a corporate office in Toronto, Canada and a foreign company branch office in Medellín, Colombia. The Company’s issued and outstanding Common Shares trade on the TSX and OTCQX under the symbols “CNL” and “CGOOF”, respectively.

The Company currently holds the rights to explore and develop one advanced-stage gold project and three early-stage projects in Colombia totaling approximately 160,704 hectares of exploration and exploitation rights, and has pending concession applications totaling approximately 3,773 hectares of exploration rights. There is no guarantee that the Company will be granted the pending concession applications. See the “Risks and Uncertainties” section in this MD&A. Currently, the Company’s primary focus is on the Buriticá project.

The focus of the Company for 2016 is the continued advancement of the exploration and development programs for its flagship high-grade gold project, Buriticá, located in Antioquia, Colombia. Major objectives and milestones for 2016 include: advancement of the Company’s environmental permitting application; continue mechanized long-hole mining at the Company’s pilot scale facility; and continue to cooperate and collaborate with the communities in creating opportunities and improving living conditions.

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

Q1 2016 Highlights

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

  - On February 4, 2016, the Company announced channel sampling results from a new sublevel drift located below two trial stopes that the Company has extracted using long-hole mining in the Yaraguá vein system. Channel sample results included 2.77 metres @ 39.7 g/t gold, 65 g/t silver and 2.15% zinc over 15 metres; and 2.41 metres @ 59.5 g/t gold, 68 g/t silver and 1.26% zinc over 13.5 metres. Approximately 1,300 tonnes of mined material from the east stope and 790 tonnes of mined material from the west stope were delivered to the Yaraguá mill for processing.
  - On January 20, 2016, the Company announced that it had finalized its application for an amendment to the EIA for the Buriticá project, filed the EIA application with the national environmental authority (“ANLA”) and simultaneously sent a final copy to the Regional Environmental Authority.
  - On February 10, 2016, the Company announced that the Constitutional Court of Colombia issued a press release announcing that certain aspects of the National Development Plan (Law 1753) passed by Congress in July 2015 were considered unconstitutional. The program governing Proyecto de Interés Nacional E Stratégico (“PINES”) was declared constitutional in the Court’s press release, meaning that the National Government will continue to oversee, promote and supervise PINES projects. The Court also indicated that ANLA will not have sole exclusivity over permitting and maintaining environmental aspects of PINES projects. Shortly thereafter, the Court published its ruling, deeming the PINES program constitutional and removing ANLA’s exclusive authority to permit and maintain environmental aspects of PINES projects. As a result, PINES Projects will be under the authority of either ANLA or regional autonomous corporations, depending on current applicable regulations based on specific thresholds of tonnage of material moved in the project. In any event, the National Government of Colombia maintains continued involvement and oversight of PINES projects whether or not the project falls under review by a regional autonomous corporation. Based on the proposed mine and development plan submitted in the EIA, the Buriticá project meets the criteria to be under the authority of ANLA as a result of exceeding the specific thresholds of tonnage of material moved in project.
  - On February 24, 2016, the Company released the results of an independent Feasibility Study (the “Feasibility Study”) for the Buriticá project, prepared in accordance with NI 43-101; on March 29, 2016, the Company filed with securities regulators an independent technical report prepared in accordance with NI 43-101 entitled “Buriticá Project NI 43-101 Technical Report Feasibility Study, Antioquia, Colombia” (the “Technical Report”). The Technical Report, with an effective date of February 24, 2016 and dated March 29, 2016, was prepared for the Company by JDS Energy and Mining Inc. ("JDS"). Highlights included:
    - Maiden mineral reserve for the combined Yaraguá and Veta Sur vein system totalling 3.7 million ounces of gold and 10.7 million ounces of silver (13.7 million tonnes grading 8.4 g/t gold and 24.3 g/t silver);
    - A 14-year mine life that will produce 3,492,000 ounces of recovered gold and 6,425,000 ounces of recovered silver;
    - Estimated project capital cost, including contingency, of $389.2 million;
    - Life of mine (“LOM”) average operating costs of $111.59 per tonne milled (including royalty, doré transport and refining charges); and
    - Base case scenario utilizes a gold price of $1,200/ounce, a silver price of $15/ounce and an exchange rate (US$:COP) of 1:2,850, resulting in the following economics:
      - The after-tax net present value at a 5% discount (“NPV_5”) amounts to $0.86 billion;
      - Internal Rate of Return (“IRR”) of 31.2%; and
      - Capital payback of 2.3 years.

- Management and director resignations and appointments:
  - On January 8, 2016, the Company announced the resignation of Gustavo Koch as Director and Executive Vice-President.
  - On March 14, 2016, the Company announced the promotion of Mateo Restrepo to President of the Company. Mr. Restrepo previously served as the Company's Executive Vice-President.
- Subsequent to quarter end:
  - On April 19, 2016, the Company appointed Martín Carrizosa to its Board of Directors;
  - The Company announced on April 25, 2016 that the Colombian Government initiated a major joint operation between the National Government of Colombia, State Government of Antioquia and Municipal Government of Buriticá to permanently close illegal mines and processing plants operating within the Company's exploitation and exploration licenses covering the Buriticá project.
  - On May 3, 2016, the Company announced positive final reconciled results from the trial mining program completed along the San Antonio vein in the Yaraguá vein system at the Buriticá project. The trial mining program results include 2,093 ounces of gold and 2,733 ounces of silver mined from 2,090 tonnes of mined material at an average grade of 31.1 grams per tonne gold and 40.7 grams per tonne silver, which is significantly greater than the 1,033 ounces of gold and 1,620 ounces of silver from 2,022 tonnes of material at an average grade of 15.9 grams per tonne gold and 24.9 grams per tonne silver that the current mineral resource model estimated would be mined.
  - On May 3, 2016, the Company entered into an underwriting agreement with a syndicate of underwriters pursuant to which the underwriters have agreed to purchase, on a bought deal basis, 10 million units of the Company ("Units") at a price of C$2.50 per unit (the "Offering"), for gross proceeds of C$25 million for an underwriting fee of 5%. The Company has also granted to the underwriters an over-allotment option to increase the size of the Offering by up to an additional 15%, such option being exercisable in whole or in part at any time prior to 30 days after the closing of the Offering. Each Unit will consist of one Common Share and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each whole Warrant shall entitle the holder to acquire an additional Common Share at an exercise price of C$4.75 during the period ending 18 months following the closing of the Offering. In the event that the closing sale price of the Common Shares is greater than C$6.00 per Common Share for a period of 20 consecutive trading days at any time after the closing of the offering, the Company may accelerate the expiry date of the Warrants to 30 days after giving notice to the Warrant holders.

EXPLORATION SUMMARY

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

Three months ended March 31 In thousands of U.S. dollars	**2016**	2015
	$	$
Capitalized:		
Buriticá	**4,867**	7,520
Expensed:		
Berlin	**15**	–
Santander	**22**	–
Dojura	**1**	–
Dominical	**–**	–
	38	–
	4,905	7,520

Buriticá Project

The Buriticá project encompasses an aggregate area of 61,823 hectares of exploration and exploitation rights and is located approximately 75 kilometres northwest of Medellín in the Antioquia Department in north-western Colombia. The project area is comprised of 19 registered concessions covering 17,574 hectares, 41 pending registration concessions totaling 41,572 hectares and five concession applications totalling 2,677 hectares. As in the case of all the Company's properties, concession applications in process give the Company priority on the properties in question during the application process; however, there is no guarantee that the Company will be granted the pending concession applications (see "Risks and Uncertainties" in this MD&A). The Buriticá project includes the Yaraguá mine that had previously been under small-scale production by the Company and is now utilized for underground exploration development and as a bulk-sample testing facility.

The deposit-type of the Buriticá project is a porphyry-related, carbonate base metal ("CBM") gold vein/breccia system. High-grade precious metal mineralization in CBM systems may occur over substantial vertical intervals well in excess of a kilometre, beginning from the porphyry level and ending just below the shallow epithermal range. Compared to low-sulfidation epithermal styles, CBM mineralization is sulphide-rich, with abundant pyrite, +/- pyrrhotite, sphalerite, galena, minor sulfosalts, chalcopyrite and with quartz-carbonate gangue mineralogy. Gold in CBM systems may be free-milling or refractory. Mineralization in CBM systems typically comprises sheeted veins, stockworks and breccias which include some fracture-related disseminations in associated wall-rocks.

Pre-development

During 2015, the Company announced that it had requested the National Government of Colombia to assume the responsibility of reviewing the application for modification to the EIA for the Buriticá project as a PINES project, as contemplated under Colombian law. As a result of the National Government of Colombia accepting such responsibility, the Company withdrew its application for the modification of the EIA from the Regional Environmental Authority and, in early 2016, refiled a new EIA with ANLA and simultaneously sent a final copy to the Regional Environmental Authority. On February 10, 2016, the Company announced that the Constitutional Court of Colombia issued a press release announcing that certain aspects of the National Development Plan (Law 1753) passed by Congress in July 2015 were considered unconstitutional. The Court also indicated that ANLA will not have sole exclusivity over permitting and maintaining environmental aspects of PINES projects. Shortly thereafter, the Court published its ruling, deeming the PINES program constitutional and removing ANLA's exclusive authority to permit and maintain environmental aspects of PINES projects. As a result, PINES Projects will be under the authority of either ANLA or regional autonomous corporations, depending on current applicable regulations based on specific thresholds of tonnage of material moved in the project. In any event, the National Government of Colombia maintains continued involvement and oversight of PINES projects whether or not the project falls under review by a regional autonomous corporation. Based on the proposed mine and development plan submitted in the EIA, the Buriticá project meets the criteria to be under the authority of ANLA as a result of exceeding the specific thresholds of tonnage of material moved in project.

Feasibility Study

In May 2015, the Company retained JDS, an independent mining and engineering consulting firm of Kelowna, British Columbia, to supervise the Feasibility Study, with the results announced on February 24, 2016. Independent mining and consulting firm M3 Engineering & Technology was responsible for designing the processing facilities and related surface infrastructure. On March 29, 2016, the Company filed the Technical Report, which is available for viewing on SEDAR at http://www.sedar.com/ under the Company's profile.

The Feasibility Study effective date is February 24, 2016. The Feasibility Study provides the basis for the Buriticá project execution and operating plan, which includes a multiple ramp access underground mining operation, whole ore cyanide leach processing facility, dry-stacked filtered tailing and related infrastructure. The operating plan includes mining and processing beginning at 2,100 tonnes per day ("tpd"), with ramp-up to 3,000 tpd by year three. The mine is designed to develop two high grade zones initially, in order to minimize pre-production development time and capital as well as maximize early revenues. The mining methods selected for the Buriticá project were chosen to maintain mining flexibility and selectivity for the various anticipated ground conditions. Most of the mineral reserves will be mined by either long-hole open stoping (59% stoping plus 25% stope development) on 15-metre sublevels, or overhand cut-and-fill (15%) with average mining costs of $57.21/tonne over the 13.8 year expected mine life. Some shrinkage stope extraction will be used for narrower, more isolated veins. Paste fill made from a mixture of tailing and cement will provide the primary backfill material, with unconsolidated waste rock used in cut-and-fill stopes. An internal raise system will direct ore and waste to the existing Higabra tunnel, which is the main haulage level daylighting adjacent to the planned process plant location. The filtered tailing and waste rock not used for backfill will be placed into a single tailing storage facility; the integrated tailing storage facility design will allow the waste rock to be utilized for stability and erosion protection.

The Feasibility Study contains the Company's initial mineral reserve statement and economic analysis demonstrating project viability. The mineral reserve for the combined Yaraguá and Veta Sur vein systems totals 3.7 million ounces of gold and 10.7 million ounces of silver (13.7 million tonnes grading 8.4 g/t gold and 24.3 g/t silver). Mineral reserve estimates by deposit and category are summarized in the following tables:

COMBINED YARAGUÁ AND VETA SUR MINERAL RESERVE ESTIMATE

RESERVE		GRADES		CONTAINED METAL	
Category	Tonnes	Gold (g/t)	Silver (g/t)	Gold (oz)	Silver (oz)
Proven	677,400	21.1	60.0	459,000	1,307,000
Probable	13,039,400	7.8	22.5	3,251,000	9,412,000
Total P&P	13,716,800	8.4	**24.3**	**3,710,000**	**10,719,000**

Notes: Based on cut-off grades of 3.8 g/t for Yaraguá and 4.0 g/t for Veta Sur, $950 per ounce gold price, and a US$:COP exchange rate of 1:2,850. Rounding of some figures may lead to minor discrepancies in totals.

YARAGUÁ MINERAL RESERVE ESTIMATE

RESERVE		GRADES		CONTAINED METAL	
Category	Tonnes	Gold (g/t)	Silver (g/t)	Gold (oz)	Silver (oz)
Proven	450,600	20.5	47.6	297,000	690,000
Probable	8,378,800	7.0	20.8	1,889,000	5,609,000
Total P&P	**8,829,400**	**7.7**	**22.2**	**2,186,000**	**6,299,000**

Notes: Based on a 3.8 g/t cut-off grade, $950 per ounce gold price, and a US$:COP exchange rate of 1:2,850. Rounding of some figures may lead to minor discrepancies in totals.

VETA SUR MINERAL RESERVE ESTIMATE

RESERVE		GRADES		CONTAINED METAL	
Category	Tonnes	Gold (g/t)	Silver (g/t)	Gold (oz)	Silver (oz)
Proven	226,800	22.2	84.7	162,000	617,000
Probable	4,660,600	9.1	25.4	1,362,000	3,803,000
Total P&P	**4,887,400**	**9.7**	**28.1**	**1,524,000**	**4,420,000**

Notes: Based on a 4.0 g/t cut-off grade, $950 per ounce gold price, and a US$:COP exchange rate of 1:2,850. Rounding of some figures may lead to minor discrepancies in totals.

Other key Feasibility Study results include:

- Gold and silver recoveries of 94.1% and 59.9%, respectively, over the life of the mine.

- A 14-year mine life that will produce 3,492,000 ounces of recovered gold and 6,425,000 ounces of recovered silver.

- The first five years of production will average approximately 282,000 ounces of gold and 494,000 ounces of silver annually, at a total average cash cost of $387 per ounce of gold. Life-of-mine production will average 253,000 ounces of gold and 466,000 ounces of silver annually, at a total cash cost of $411 per ounce of gold (including silver credits), placing Buriticá in the lowest cash cost quartile globally.

- Estimated project capital cost, including contingency, of $389.2 million.

- Average operating costs over the LOM of $111.59 per tonne milled (including royalty, doré transport and refining charges).

- Base case scenario utilizes a gold price of $1,200/ounce, a silver price of $15/oz and a US$:COP exchange rate of 1:2,850, resulting in the following economics:

    - The after-tax NPV_5 amounts to $0.86 billion;
    - IRR of 31.2%; and
    - Capital payback of 2.3 years.

- High case scenario utilizes a gold price of $1,400/ounce, a silver price of $17/ounce and a US$:COP exchange rate of 1:2,850, resulting in the following economics:

    - The after-tax NPV_5 amounts to $1.16 billion;
    - IRR of 37.8%; and
    - Capital payback of 1.8 years.

Sustainability and Corporate Social Responsibility

Continental Gold is committed to conducting its operations in a safe and environmentally and socially responsible manner, while ensuring respect and transparency in any community in which it operates.

The Company's Corporate Social Responsibility ("CSR") model is aligned with international performance standards, aiming to protect the environment, deliver effective and sustainable community development, and improve the quality of life for its employees and contractors, their families, and the immediate community.

The Company's responsibility to the sustainable development of the Buriticá and surrounding communities is reflected in the following programs implemented during the first quarter of 2016, aimed at strengthening the community and improving health, education, infrastructure and the environment:

- Continued to promote education by sponsoring courses for adult basic training for various community members, including employees of the Company;

- Awarded post-secondary scholarships;

- Improved infrastructure at local schools, hospitals, sports recreation centres and public areas, including improvements at a local soccer field in coordination with local youths;

- Continued support of the small-scale mining formalization process by helping to establish various procedures and controls with a focus on health and safety, environmental compliance and mine planning;

- Supported local businesses and farmers through partnerships, awarding contracts, donations and co-hosting events; and

- Communicated with local communities through formal meetings regarding the formalization process, reconnaissance exploration and various other projects underway in the local communities.

Throughout 2016, the Company plans to continue to advance its CSR program by establishing a solid foundation for sustainable development, with focus on, among other things, continued overall support of community activities, support of local businesses, promotion of children's health, productivity, and refinement of infrastructure with a focus on water resources and urban planning.

2016 Expenditures

During the three months ended March 31, 2016, the Company incurred $7.5 million of deferred exploration and development costs (three months ended March 31, 2015 – $9.6 million), including $0.2 million (three months ended March 31, 2015 – $0.2 million) of capitalized share-based payments. Gold sales, net of advances received in previous periods, resulting from exploration work and drifting in ore at the Buriticá project amounted to $2.7 million for the three months ended March 31, 2016 (three months ended March 31, 2015 – $2.1 million). Gold sales and advances are treated as a capital credit as they support ongoing exploration of the Buriticá project and, accordingly, are not included as a revenue item in the Company's annual consolidated statements of operations and comprehensive income. As a result, net project expenditures for the three months ended March 31, 2016 was $4.9 million (three months ended March 31, 2015 – $7.5 million).

Impairment

A write-down of $5.4 million was recorded for the year ended December 31, 2015 for a property within the Buriticá Project for which exploration and evaluation work has indicated low potential. As a result, management of the Company decided to allow the license in respect of the property to expire and has written-off the recorded book value of the property.

Berlin Project

The Berlin project covers an aggregate area of 38,103 hectares of exploration rights. The project is comprised of 11 registered concessions totaling 22,851 hectares and 11 pending registration concessions totaling 15,252 hectares. The project area is located 90 kilometres north of Medellín in the Antioquia Department.

No work was performed at the Berlin project during the first quarter of 2016, but the Company continues to anticipate the initiation of a diamond drilling campaign in the future.

As a result of security conditions in the area, the Berlin project was written down to a value of $nil in prior years as management of the Company did not expect a change in circumstances in the foreseeable future and determined that the recoverability of the recorded value for the project was uncertain (see the "Risks and Uncertainties" section in this MD&A). All subsequent expenditures in respect of the Berlin project are recognized as exploration expense.

Dojura Project

The Dojura project covers an aggregate area of 38,747 hectares of exploration rights. It is located in the western cordillera in the Choco Department, 30 kilometres southeast of the Departmental capital city of Quibdó. The Dojura project is comprised of three registered concessions totaling 12,726 hectares, 10 pending registration concessions totaling 25,715 hectares and one concession application totaling 306 hectares.

Due to uncertainty as to whether the Company will be able to recover its costs or commence exploration for the project, the Dojura project was written down to a value of $nil in prior years. Any costs incurred subsequently are recognized as exploration expense.

The Corporation is currently evaluating its options with respect to the Dojura project. No exploration activities were undertaken on the property in the first quarter of 2016.

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

Dominical Project

The Dominical project encompasses an aggregate area of 25,804 hectares of exploration rights and is located in southern Colombia in the Cauca Department. The Dominical project area is comprised of four registered concessions totaling 5,590 hectares, 12 pending registration concessions totaling 19,424 hectares and two concession applications covering 790 hectares.

In prior years, the Dominical project was written down to a value of $nil as a result of worsening security conditions in the Cauca Department (see the “Risks and Uncertainties” section in this MD&A). Any costs incurred subsequently are recognized as exploration expense.

No exploration activities were undertaken on the property in the first quarter of 2016.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following financial data has been prepared in accordance with IFRS. The presentation currency and functional currency are U.S. dollars.

As at In thousands of U.S. dollars	**March 31, 2016**	December 31 2015
	$	$
Consolidated Financial Position		
Cash and cash equivalents	**20,869**	28,053
Exploration and evaluation assets	**222,183**	217,316
Total assets	**259,930**	259,774
Shareholders’ equity	**221,199**	220,133
Three months ended In thousands of U.S. dollars	**March 31, 2016**	March 31 2015
	$	$
Consolidated Operating Results		
Foreign exchange gain (loss)	**383**	(4,055)
Net income (loss)	**353**	(10,421)
Consolidated Cash Flow		
Acquisition of and investment in exploration and evaluation assets, net of gold sales and advances	**3,980**	7,159
Net cash outflow	**(7,582)**	(8,070)

The Company’s total assets at March 31, 2016 were $259.9 million is consistent in comparison to total assets of $259.8 million as at December 31, 2015.

Cash and cash equivalents at March 31, 2016 was $20.9 million, compared to $28.1 million as at December 31, 2015. The decrease in cash and cash equivalents is primarily a result of expenditures for the continued advancement of the Buriticá project net of increases in Canadian-dollar and Colombian peso cash balances due to changes in the C$:US$ and COP:US$ exchange rates.

Exploration and evaluation assets at March 31, 2016 includes nil ounces of gold doré inventory (December 31, 2015 – 2,785 ounces) that are committed for delivery in future periods and an additional 963 ounces (December 31, 2015 – 564 ounces) of gold doré inventory having a net realizable value of $1.2 million based on a closing gold price of $1,237 per ounce (December 31, 2015 - $0.6 million based on a closing gold price of $1,060 per ounce). The total cost of gold doré inventory as at March 31, 2016 was $0.7 million (December 31, 2015 – $3.4 million).

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

Net income for the three months ended March 31, 2016 was $0.4 million compared to a net loss of $10.4 million for the three months ended March 31, 2015. The change is a result of the impact of changes in the COP:US$ exchange rate on tax balances and the impact of changes in the C$:US$ exchange rate on cash and other monetary balances.

Net cash outflow for the three months ended March 31, 2016 was $7.6 million is comparable to the $8.1 million cash outflow for the three months ended March 31, 2015.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating highlights for the three months ended March 31, 2016 and 2015:

Three months ended March 31	**2016**	2015
Tonnes milled (tonnes)	**1,852**	1,940
Average grade (g/t)	**43.68**	32.2
Gold production (ounces)	**2,396**	1,861
Gold sales (ounces)	**4,791**	1,786
Realized gold price($)	**1,138**	1,105

In thousands of U.S. dollars, except per share amounts	**2016**	2015
	$	$
Net income (loss)	**353**	(10,421)
Net income (loss) per share, basic and fully diluted	**0.003**	(0.08)

Three months ended March 31 In thousands of U.S. dollars, except per share amounts	**2016**	2015
	$	$
Exploration expenditures (1)	**4,905**	7,520
Operating activities	**(2,251)**	(2,469)
Investing activities	**(5,331)**	(6,716)
Financing activities	**–**	1,115
	(7,582)	(8,070)
Foreign exchange on cash and cash equivalents	**398**	(3,878)
Net decrease in cash and cash equivalents	**(7,184)**	(11,948)

(1) net of gold sales and recoveries (see "Exploration Summary")

Pre-Production and Development Planning Activities

For the three months ended March 31, 2016, the Company produced 2,396 ounces (three months ended March 31, 2015 – 1,861 ounces) of gold and sold 4,791 ounces (three months ended March 31, 2015 – 1,786 ounces) for an average realized price of $1,138 per ounce (three months ended March 31, 2015 – $1,105 per ounce), including 2,785 ounces for which advance payments of $2.8 million (three months ended March 31, 2015 – nil ounces and $nil advances) were received prior to the period. The increase in production is a result of a trial mining program initiated by the Company in late 2015 and early 2016. The increase in sales is a result of delayed shipments in 2015 due to a change in the Company's refiner.

Operating Results

The Company's net income for the three months ended March 31, 2016 amounted to $0.4 million ($0.003 per Common Share), compared to a net loss of $10.4 million ($0.08 per Common Share) for the same period in 2015. The change for the quarter compared to the same period in 2015 was primarily from the following:

- Corporate administration for the three months ended March 31, 2016 was $2.4 million (three months ended March 31, 2015 – $2.9 million), including share-based payments.
- Compensation costs related to share-based payments during the three months ended March 31, 2016 were $0.7 million (three months ended March 31, 2015 – $0.6 million), of which $0.5 million (three months ended March 31, 2015 – $0.4 million) was expensed and $0.2 million (three months ended March 31, 2015 – $0.2 million) was capitalized to exploration and evaluation assets.
- Changes related to share-based payments relate to the issuance of 1,215,000 stock options during the three months ended March 31, 2016, with average grant date fair values of $0.53 per Common Share compared to 1,370,000 stock options during the three months ended March 31, 2015, with average grant date fair values of $0.84 per share. In addition, 179,717 Common Shares were issued as a result of the grant and vesting of restricted share unit ("RSUs") during the three months ended March 31, 2016 (three months ended March 31, 2015 – nil). The valuation of share-based payments relating to options is subjective and can impact net income (loss) significantly. The valuation of share-based payments relating to RSUs is based on the share price on the vesting date.
- Foreign exchange gain for the three months ended March 31, 2016 was $0.4 million, compared to a $4.1 million loss for the same period in 2015. The change is primarily the result of the strengthening of the Canadian dollar against the U.S. dollar in 2015.
- Gain on marketable securities during the three months ended March 31, 2016 was $1.2 million, compared to a loss of $0.2 million for the same period in 2015, and resulted from the revaluation of securities held.
- Deferred tax recovery for the three months ended March 31, 2016 was $1.1 million, compared to $3.3 million for the same period in 2015. Deferred tax expense is mainly foreign exchange on the translation of foreign tax balances at current rates.

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

Cash Flow Items

Operating Activities

Operating activity expenditures for the three months ended March 31, 2016 of $2.3 million is consistent with $2.5 million for the three months ended March 31, 2015.

Investing Activities

Investing activity expenditures for the three months ended March 31, 2016 of $5.3 million (three months ended March 31, 2015 – $6.7 million) relate mainly to continued advancement and acceleration of the Buriticá exploration and development programs, net of capitalized gold sales revenues relating to such assets.

Financing Activities

Financing activity for the three months ended March 31, 2016 of $nil (three months ended March 31, 2015 – $1.1 million) relates to cash proceeds from the exercise of stock options.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

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

The following table sets forth selected consolidated financial information, prepared in accordance with IFRS, for each of the Company's eight most recently completed quarters. The presentation currency and functional currency are U.S. dollars:

In thousands of U.S. Dollars, except per share amounts	Q1–2016	Q4–2015	Q3–2015	Q2–2015	Q1–2015	Q4–2014	Q3–2014	Q2–2014
	$	$	$	$	$	$	$	$
Net income (loss)	**353**	(7,543)	(10,198)	186	(10,421)	(23,338)	(14,173)	1,685
Basic and diluted income (loss) per share	**0.003**	(0.06)	(0.08)	0.001	(0.08)	(0.18)	(0.11)	0.01

Fluctuations in quarterly net income (loss) are primarily a result of the revaluation of marketable securities and derivatives and the impact of foreign exchange on monetary balances and deferred taxes. In addition, impairment adjustments were recognized in the fourth quarter of 2014 and 2015 and an environmental fine was recognized in the third quarter of 2014.

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

CONTINGENCIES

In November 2013, the Company was assessed a fine of COP 2,947,500,000 from the Regional Environmental Authority for alleged environmental infractions dating back to 2007 and 2008. The Company does not believe that the allegations have any merit and intends to vigorously defend this matter.

In 2014, the Company and the Regional Environmental Authority reached an agreement in principle. The principal terms of the agreement included the payment to the regional authority of COP 2,947,500,000 plus interest of COP 265,452,000 over a 12-month period. 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 the first quarter of 2015, the Company paid $1,318,000 representing the fine of COP 2,947,500,000 plus interest of COP 507,019,239. The Company believes payment of such fine was in the best interest of the Company as it limits the accumulation of interest while the matter is dealt with in the courts.

The Company's exploration, development and bulk sampling activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are subject to change and may generally become more restrictive. As of March 31, 2016, the Company did not believe that there were any significant environmental obligations requiring material capital outlays in the near-term and anticipate that such obligations, if any, will only arise when mine development commences.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

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

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

As at In thousands of U.S. dollars	**March 31, 2016**	December 31 2015
	$	$
Cash and cash equivalents	**20,869**	28,053

The Company's financial position at March 31, 2016 included $20.9 million in cash and cash equivalents, compared to $28.1 million at December 31, 2015. The Company maintains its surplus funds in cash with two major banks in Canada, one in Bermuda and certain Colombian banks. As at May 11, 2016, cash and cash equivalents amounted to approximately $18.2 million and 947 ounces of gold doré in inventory with a net realizable value of $1.2 million based on a closing gold price of $1,277 per ounce.

The Company had working capital of $19.4 million as of March 31, 2016 (December 31, 2015 – $24.3 million). The change in working capital in 2016 is a result of continued expenditures for the advancement of the Buriticá exploration and development programs.

The Company has lease agreements expiring between 2016 and 2020 for office and warehouse facilities in Toronto and Colombia. The Company's estimated annual rent is approximately $0.5 million, depending upon the actual annual operating costs for the Company's premises. In addition, as at March 31, 2016, the Company has $6.1 million of capital commitments relating to open contracts and purchase orders expiring or expected for delivery between 2016 to 2017 for the development of the Buriticá project. The Company's working capital and future gold sales from the Company's bulk sampling operation will be used to meet these commitments.

As at March 31, 2016, 8,977,793 stock options were outstanding at an average exercise price of C$4.64 per Common Share. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the option holder and the market price of the Common Shares.

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

The Company's liquidity risk with financial instruments is minimal as excess cash is invested in interest-bearing accounts with two major Canadian banks. In addition, amounts receivable are comprised mainly of value-added-tax receivables, which are expected to be received within one year, and interest receivable on cash and cash equivalents.

The Company has no operating cash flow, and therefore must utilize its current cash reserves, income from short-term investments, funds obtained from the exercise of stock options and other financing transactions to maintain its capacity to meet working capital requirements and planned expenditures, or to fund any further development activities. It is not possible to predict whether future financing efforts will be available on reasonable terms, or at all (see "Risks and Uncertainties" in this MD&A).

The Company's underground exploration development at the Buriticá project includes gold production results from its bulk-sample testing operation from exploration work and drifting in ore. Aggregate gold sales for the three months ended March 31, 2016 were $5.5 million (three months ended March 31, 2015 – $2.1 million) including advances of $2.8 million (three months ended March 31, 2015 - $nil) received in a prior period. Gold sales are used as another source of funding the Company's exploration program and are viewed as a recovery of expenses. As a result, gold sales and advances, net of costs, are treated as a capital credit and netted against deferred expenses that have been incurred to-date on the Buriticá project.

For the three months ended March 31, 2016, the Company capitalized costs related to mineral properties in the amount of $4.9 million (three months ended March 31, 2015 – $7.5 million). See "Exploration Summary".

MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objectives are to ensure the entity continues as a going concern and to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. As at March 31, 2016, total shareholders' equity (managed capital) was approximately $221.2 million (December 31, 2015 – $220.1 million).

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the quarter ended March 31, 2016.

The Company is not subject to any externally imposed capital requirements. The Company believes that its current capital resources were sufficient to discharge its liabilities and capital commitments relating to open contracts and purchase orders as at March 31, 2016.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**March 31, 2016**	March 31 2015
Shares issued	**129,729**	128,109
Stock options outstanding[1]	**8,978**	9,914
	138,707	138,023

[1] Each stock option is exercisable for one Common Share

As at May 11, 2016, there were 129,729,345 Common Shares outstanding.

Share-Based Compensation

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 stock-based compensation arrangements of the Company is equal to 10% of the issued and outstanding Common Shares from time to time. The Option Plan is a rolling plan as the number of Common 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.

Under the Option Plan, directors, officers, employees and consultants may be granted stock options to purchase Common Shares. 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, DSUs may be awarded to an employee or director as deemed appropriate by the Company. Under the RSU Plan, RSUs may be awarded to an employee or consultant as a discretionary payment in consideration of past or futures services to the Company. Limits have also been set in respect of the maximum number of options or DSUs that may be issued to a non-employee director in any one-year period.

As at March 31, 2016, 8,977,793 stock options were outstanding at an average exercise price of C$4.64 (December 31, 2015 – 8,695,293 options at an average exercise price of C$5.40), of which 5,884,043 stock options were exercisable (December 31, 2015 – 6,236,543). Management does not know when and how much will be collected from the exercise of such securities as this is dependent on the determination of the option holders and the market price of the Common Shares.

During the three months ended March 31, 2016, 179,717 RSUs were granted and vested.

As at May 11, 2016, there were 9,132,793 stock options and no DSUs or RSUs outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The Company had no related party transactions during the three months ended March 31, 2016 and March 31, 2015.

CONTRACTUAL OBLIGATIONS

As at March 31, 2016, the Company had the following payments due on its contractual obligations and commitments:

Contractual Obligations In thousands of U.S. dollars	**Total**	**< 1 year**	**2-3 years**	**4-5 years**	**>5 years**
	$	**$**	**$**	**$**	**$**
Operating lease obligations [1]	**1,195**	**567**	**416**	**212**	**–**
Rehabilitation obligations[2]	**15,324**	**1,256**	**13**	**3,997**	**10,058**
Capital commitments[3]	**6,109**	**6,109**	**–**	**–**	**–**
Wealth Tax [4]	**370**	**–**	**370**	**–**	**–**
Total	**22,998**	**7,932**	**799**	**4,209**	**10,058**

(1) Represents lease agreements for office, warehouse and housing facilities in Toronto and Colombia.
(2) Represents undiscounted cash flows.
(3) Represents open contracts and purchase orders for the development of the Buriticá project.
(4) Represents estimated wealth tax payments based on the Company's net equity position in Colombia as at March 31, 2016.

As at March 31, 2016, a rehabilitation provision of $7.4 million (December 31, 2015 – $6.9 million) was recorded, representing the discounted value of the expected future cash flows.

FINANCIAL INSTRUMENTS AND RELATED RISKS

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

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

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

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

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has treasury policies designed to support managing liquidity risk by proactively mitigating exposure through cash management, including forecasting its liquidity requirements with available funds and anticipated cash flows. As at March 31, 2016, the Company had cash and cash equivalents of $20.9 million (December 31, 2015 – $28.1 million) to settle current liabilities of $5.9 million (December 31, 2015 – $6.2 million). The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has begun to examine its options to secure additional sources of funds including public issuances, private placements and the exercise of outstanding stock options.

Market Risk

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

Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the U.S. dollar and major purchases are transacted primarily in U.S. dollars and Colombian pesos. The Company funds certain operations, exploration and administrative expenses in Colombia on a cash-call basis using Colombian pesos converted from its Canadian and/or U.S. dollar bank accounts held in Canada. The Company maintains Canadian and U.S. dollar bank accounts in Canada, a U.S. dollar bank account in Bermuda and Colombian pesos bank accounts in Medellín, Colombia. The Company is subject to gains and losses due to fluctuations in the Colombian peso and the Canadian dollar against the Company's U.S. dollar functional currency. Sensitivity to a plus or minus 20% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at March 31, 2016, would affect net income and comprehensive income by approximately $2.1 million.

As at March 31, 2016, the Company held a total of $2,250,000 of COP non-deliverable forward foreign currency contracts at an average US$:COP rate of 1:3,098 with value dates between April 2016 and September 2016. A derivative asset of $0.04 million representing an unrealized gain on the contracts was recorded in accounts receivable on the quarterly consolidated statement of financial position as at March

31, 2016. As at May 11, 2016, the Company had a realized gain of $0.05 million in respect of contracts expiring subsequent to March 31, 2016 and an unrealized gain of $0.06 million in respect of the remaining outstanding contracts.

Interest Rate Risk

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from its properties. The Company's cash and cash equivalents are held with banks in Colombia and Canada. The Company limits material counterparty credit risk on these assets by dealing with financial institutions with credit ratings of at least A or equivalent, or those which have been otherwise approved. The amounts receivable are current and consist of receivables from unrelated parties as of March 31, 2016. Management believes that the credit risk concentration with respect to amounts receivable is minimal based on the Company's history with these unrelated parties.

Fair Value

As at March 31, 2016, the carrying and fair value amounts of the Company's financial instruments were approximately equivalent. The fair value of the Company's financial instruments at March 31, 2016 was determined using quoted market prices.

MARKET TRENDS

Global Financial Market Conditions

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

Gold Market

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

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

The global financial market crisis affected the volatility of gold and other commodity prices, oil prices, currencies and the availability of credit. The gold price has displayed considerable volatility in the last few years. The spot daily gold price closing during the three months ended March 31, 2016 was between $1,077 and $1,277 per ounce ($1,147 and $1,297 per ounce during the three months ended March 31, 2015) for an average price for the three months ended March 31, 2016 of $1,183 per ounce (three months ended March 31, 2015: $1,218 per ounce). Continued uncertainties in major markets, specifically in the U.S. and European countries, and increased investments from Asian countries, namely India and China, were the main driving forces in the demand for gold.

($/ounce of gold)	2016	2015
Average market gold price for the three months ended March 31	**1,183**	1,218
Closing market gold price as at March 31	**1,237**	1,187

Currency

The Company's functional and reporting currency is the U.S. dollar. Fluctuation of the Canadian dollar against the U.S. dollar has a direct impact on the Company's corporate office cost base and cash balances. Fluctuation of the Colombian peso has a direct impact on the Company's exploration activities. Currencies continued to experience volatility relative to the U.S. dollar in 2016. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

	Closing Rate as at		**Average Rate year ended**	
	March 31 2016	December 31 2015	**March 31 2016**	December 31 2015
Canadian dollar/US dollar	**0.7700**	0.7225	**0.7290**	0.7833
Colombian peso /US dollar	**0.00033**	0.00032	**0.00030**	0.00037

During 2016, the Company will have significant U.S. dollar and Colombian peso requirements due to exploration activities, the majority being expenditures to advance the Buriticá project. As at March 31, 2016, the Company held $8.6 million in U.S. dollars, which represents approximately 41% of total cash balances to protect against currency volatility in 2016 and which the Company believes is sufficient to fund remaining planned exploration expenditures for 2016. As at May 11, 2016, the Company held approximately $18.2 million in cash and cash equivalents, of which $6.4 million was in U.S. dollars, representing approximately 37% of total cash balances. In addition, the Company held 947 ounces of gold doré in inventory as at May 11, 2016 with a net realizable value of $1.2 million based on a closing gold price of $1,277 per ounce.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

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

CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

The following revised standards and amendments have not been applied in preparing the annual consolidated financial statements. Management has not yet considered the potential impact of their adoption on the Company's consolidated financial statements and does not plan to adopt these standards in advance of their respective effective dates.

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9"), replaces IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") and some of the requirements for IFRS 7, Financial Instruments – Disclosures. The objective of IFRS 9 is to establish principles for reporting of financial assets and financial liabilities in respect of the assessment of the amounts, timing and uncertainty of an entity's future cash flows.

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

IFRS 15 – Revenue from Contracts with Customers

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

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

IFRS 16 – Leases

IFRS 16, Leases ("IFRS 16"), replaces IAS 17, Leases ("IAS 17"). IFRS 16 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'.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

There were no significant changes in the Company's disclosure controls and procedures and internal control over financial reporting, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation as of March 31, 2016 nor were there any significant deficiencies or material weaknesses in the Company's internal controls identified requiring corrective actions.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2016, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods.

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

QUALIFIED PERSON

Donald P. Gray, Chief Operating Officer of the Company, is a qualified person within the meaning of NI 43-101 and has reviewed and approved the scientific and technical information contained in this MD&A.

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

RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties, including the following:

- Investment in the Common Shares should be considered highly speculative and involves a high degree of risk due to the nature of the Company's business.
- The properties in which the Company holds an interest, with the exception of the Buriticá Project, are without a known mineral resource, and there is no assurance that commercial quantities or resources will be discovered.
- The location of the Company's mineral properties is Colombia, which is subject to social, political, economic, legal and fiscal instability.
- Illegal Mining Intervention. On April 25, 2016, the Company announced that the National Government of Colombia, the State Government of Antioquia and the Municipal Government of Buriticá began a major joint operation to permanently close illegal mines and processing plants operating within the Company's exploitations and exploration licenses covering the Buriticá project. The joint operation involves removing illegal miners from the Company's concessions and destroying and/or confiscating property belonging to illegal miners that is used for the illegal extraction and processing of mineralized material. Illegal miners could resist the closure of illegal mines with force or violence which could lead to injury or death to the Company's employees or consultants, which could have a material negative adverse effect on the Company. There is also a risk that the Company is perceived to be associated with, or leading, the intervention, which could have a material adverse effect on the Company's reputation and social license to operate. In addition, there is a risk that once the government has completed the intervention, the illegal miners might return to the area, which could have a material adverse effect on the Company. There can be no assurance that continuing government attempts to reduce or prevent illegal mining activity will be successful or that illegal mining activity will not disrupt the Company's operations in the future..

The reader should carefully consider the information above as well as the risks disclosed in the Company's annual consolidated financial statements, annual information form and in other publicly-filed documentation regarding the Company available under the Company's SEDAR profile at www.sedar.com. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations, and any of these risk elements could have a material adverse effect on the business of the Company.

ADDITIONAL INFORMATION

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

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