www.continentalgold.com

Not for Distribution to United States Newswire Services or Dissemination in the United States

Continental Gold Announces $25 Million Bought Deal

Toronto, Ontario, May 3, 2016 – Continental Gold Inc. (**TSX:CNL; OTCQX:CGOOF**) ("Continental" or the "Company") is pleased to announce that it has entered into an agreement with a syndicate of underwriters co-led by TD Securities Inc. and Clarus Securities Inc. (together, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 10,000,000 units of the Company (the "Units") at a price of $2.50 per Unit, for gross proceeds of approximately $25,000,000 (the "Offering"). The Company will also grant to the Underwriters an over-allotment option (the "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 warrant shall entitle the holder to acquire an additional common share at a price of $4.75 during the period ending 18 months following the closing of the Offering. In the event that the closing price of the Company's common shares on the Toronto Stock Exchange is greater than $6.00 per share for a period of 20 consecutive trading days at any time after closing of the Offering, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

In consideration for their services, the Underwriters will receive a cash commission equal to 5.0% of the gross proceeds of the Offering.

The Company intends to use the net proceeds of the Offering to fund exploration and development expenditures at the Buriticá Project and for working capital and general corporate purposes.

Closing of the Offering is anticipated to occur on or about May 25, 2016 (the "Closing Date") and is subject to the receipt of applicable regulatory approvals, including approval of the Toronto Stock Exchange.

The Common Shares will be offered by way of a short form prospectus in each of the provinces of Canada, except Quebec.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

All dollar amounts referred to herein are to Canadian dollars.

About Continental Gold

Continental Gold Inc. is an advanced-stage exploration and development company with an extensive portfolio of 100%–owned gold projects in Colombia. Formed in April 2007, the Company—led by an international management team with a successful track record of discovering and developing large high–grade gold deposits in Latin America—is focused on advancing its high–grade Buriticá gold project to production.

For information on the Buriticá project, please refer to the technical report, prepared in accordance with NI 43–101, entitled ""Buriticá Project NI 43–101 Technical Report Feasibility Study, Antioquia, Colombia" and dated March 29, 2016 with an effective date of February 24, 2016, led by independent consultants JDS Energy & Mining Inc. The technical report is available on SEDAR at www.sedar.com, on the OTCQX at www.otcmarkets.com and on the Company website at www.continentalgold.com. Additional details on the rest of Continental's suite of gold exploration properties are also available at www.continentalgold.com.

For further information, please contact:

Paul Begin
Chief Financial Officer
Continental Gold Inc.
+1.416.583.5610
info@continentalgold.com
www.continentalgold.com

Forward–Looking Statements

Certain information contained in this press release, including statements as to completion of the Offering, use of proceeds of the Offering, the estimation of mineral resources, exploration results, potential mineralization, exploration and mine development plans, timing of the commencement of operations, and the Company's strategy, projects, plans or future financial or operating performance, constitutes "forward–looking statements", and is based on current expectations that involve a number of significant business risks and uncertainties. Forward–looking statements are subject to other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward–looking statements. Factors that could cause actual results to differ materially from any forward–looking statement include, but are not limited to, an inability to close illegal mines and process plants or advance the Buriticá project to the next level, failure to convert estimated mineral resources to reserves, capital and operating costs varying significantly from estimates, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Specific reference is made to the most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. All of the forward–looking statements made in this press release are qualified by these cautionary statements, and are made as of the date hereof. The Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.