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Continental Gold Announces Closing of $28.75 Million Bought Deal, Including Over-Allotment Option Exercise

Toronto, Ontario, May 25, 2016 – Continental Gold Inc. (TSX:CNL; OTCQX:CGOOF) ("Continental" or the "Company") is pleased to announce that it has closed its previously announced bought deal financing with a syndicate of underwriters co-led by TD Securities Inc. and Clarus Securities Inc. and including BMO Nesbitt Burns Inc., GMP Securities L.P., Dundee Securities Ltd. and RBC Dominion Securities Inc. (collectively, the "Underwriters"), pursuant to which the Company issued 11,500,000 units (the "Units") of the Company at a price of $2.50 per Unit for aggregate gross proceeds of $28,750,000 (the "Offering"). The financing included the initial agreement to acquire 10,000,000 Units and exercise in full by the Underwriters of the over-allotment option for an additional 1,500,000 Units.

Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant ("Warrant") entitles 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 ("TSX") is greater than $6.00 per share for a period of 20 consecutive trading days at any time after the date of 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.

The Warrants will commence trading on the TSX on May 25, 2016 under the symbol "CNL.WT.A".

The net proceeds from the Offering will be used to fund exploration and development expenditures at the Buriticá Project and for working capital and general corporate purposes.

The securities described herein have not been and will not be 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's 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.

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Forward–Looking Statements

Certain information contained in this press release, including statements as to use of proceeds of the Offering, the trading of the Warrants on the TSX, 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.