MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three and nine months ended September 30, 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 and nine months ended September 30, 2016. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended September 30, 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. This MD&A is dated November 11, 2016, and information contained herein is presented as of this date, unless otherwise indicated.

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

FORWARD-LOOKING 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; development of an environmental remediation plan and sustainable formalization model; 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 the Common Shares; 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 U.S. 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 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 each of the provinces of Canada (except Quebec). 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's issued and outstanding Warrants (as defined herein) trade on the TSX under the symbol "CNL.WT.A".

The Company currently holds the rights to explore and develop one advanced-stage gold project and three early-stage projects in Colombia totalling approximately 76,870 hectares of exploration and exploitation rights, and has pending concession applications totalling approximately 93,465 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 development and 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 (see the "Risks and Uncertainties" section in this MD&A).

Q3 2016 Highlights

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

  - On July 26, 2016, the Company announced that it has been granted an environmental license approving the construction of a 31-kilometre transmission line to provide electrical power for its proposed large-scale underground mine. The environmental license was issued by CORPOURABA, a regional autonomous environmental authority in Antioquia;

  - The Company engaged the University of British Columbia to assist in the development of an environmental remediation plan and a sustainable co-existence model for the Company's formalized small-scale miners. While environmental remediation, resulting from illegal mining, is not a requirement or legal obligation, the Company wishes to play a significant role in the restoration of the local environment; and

  - On September 26, 2016, the Company published its first Sustainability Report, prepared using the Global Reporting Initiative (GRI) G4 standards as a guide. The Report provides information on the Company's safety, environmental, social and economic performance in 2015, as well as key issues identified by the Company and its stakeholders.

EXPLORATION SUMMARY

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

In thousands of U.S. dollars	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Capitalized:				
Buriticá	**4,681**	10,699	**13,472**	23,120
Expensed:				
Other	**17**	7	**55**	26
	4,698	10,706	**13,527**	23,146

Buriticá Project

The Buriticá project encompasses an aggregate area of 69,983 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 24 concessions covering 29,812 hectares, and 40 concession applications totalling 40,171 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 which is under small-scale production by the Company.

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. Mineralization in CBM systems typically comprises sheeted veins, stockworks and breccias which include some fracture-related disseminations in associated wall-rocks.

Illegal Mining Intervention

Earlier in 2016, the National Government of Colombia, the State Government of Antioquia and the Municipal Government of Buriticá led a major joint operation to permanently close illegal mines and processing plants operating within the Company's exploitation and exploration licenses covering the Buriticá project. The intervention proceeded as planned and concluded during the quarter while the Company continued operating. The Company fully cooperated with the national, regional and municipal authorities, operating within the framework of Colombian Law and providing support and available resources to the community of Buriticá.

Pre-development

The Company's Environmental Impact Assessment ("EIA") is currently being reviewed by the National Environmental Agency (ANLA). This is the final major permit required to build a large-scale underground mine at Buriticá. The Company expects to receive the final EIA approval in late 2016/early 2017.

On July 26, 2016, the Company announced that it had been granted an environmental license approving the construction of a 110 Kv transmission line to provide electrical power for its proposed large-scale underground mine at Buriticá. The environmental license was issued by CORPOURABA, a regional autonomous environmental authority in Antioquia.

During the quarter, the Company also commenced construction to extend the site access road 3.75 kilometres from existing Yaraguá facilities to the Higabra valley, the future site of the milling operation;

total access road length will be 5.75 km when completed. The road is being constructed by an experienced Colombian contractor using local labour.

The Company continued to advance various engineering studies during the quarter ended September 30, 2016 in anticipation of beginning construction of the mine in early 2017.

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.

During the quarter, the Company released its first Sustainability Report, prepared using the Global Reporting Initiative (GRI) G4 standards as a guide. The Report provides information on the Company's safety, environmental, social and economic performance in 2015, as well as key issues identified by the Company and its stakeholders. Key achievements in 2015 mentioned in the Report include:

- Addressing small-scale mining in a manner consistent with human rights and formulating a constructive co-existence model;
- Strengthening the Company's environment impact management;
- Achieving Occupational Health and Safety Assessment Series (OHSAS) 18001 Standard certification for workplace occupational health and safety management systems in early 2015;
- Providing approximately 10,000 hours of worker training; and
- Coordinating technical training to approximately 600 members of the local communities.

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

- Continued promotion of education by sponsoring courses for adult basic training for various community members, including employees of the Company;
- Continued the "Buriticá Has Heart" campaign" aimed at strengthening community awareness and promoting legal and sustainable development;
- Retained the University of British Colombia to assist in the development of a sustainable model for the Company's formalized small-scale miners and an environmental remediation plan to address damage caused by illegal mining;
- Initiated the implementation of conservation strategies with Conservation International whereby local community members would be compensated for conservation initiatives;
- Collaborated with SENA (the national training agency) to enroll 60 local community members in technical mining training;
- Worked with other local organizations in promoting entrepreneurship;
- Grants of post-secondary scholarships;
- Improvement of infrastructure at local schools, hospitals, sports recreation centres and public areas;
- 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;

- Support of local businesses through partnerships, awarding contracts, donations and co-hosting events; and
- Communication with local communities through formal meetings regarding the formalization process, reconnaissance exploration and various other projects underway in 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 health, promotion of productivity, and refinement of infrastructure with a focus on water resources.

2016 Expenditures

During the three and nine months ended September 30, 2016, the Company incurred $6.9 million and $21.4 million, respectively, of deferred exploration and development costs (three and nine months ended September 30, 2015, $10.7 million and $26.5 million, respectively), including $0.2 million and $0.6 million of capitalized share-based payments for the same respective periods (three and nine months ended September 30, 2015 – $0.2 million and $0.5 million, respectively). Gold sales resulting from exploration work and drifting in ore at the Buriticá project, net of advances received in previous periods, amounted to $2.2 million and $7.9 million, respectively, for the three months and nine months ended September 30, 2016 (three and nine months ended September 30, 2015 – $nil million and $3.4 million, respectively). 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 consolidated statements of operations and comprehensive loss. Net project expenditures, therefore, for the three and nine months ended September 30, 2016 totalled $4.7 million and $13.5 million, respectively (three and nine months ended September 30, 2015 – $10.7 million and $23.1 million, respectively).

Berlin Project

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

Due to 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. No work was performed at the Berlin project during 2016.

Dojura Project

The Dojura project covers an aggregate area of 39,008 hectares of exploration rights 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 five concessions totalling 18,617 hectares and ten concession applications totalling 20,391 hectares.

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.

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 Company is currently evaluating its options with respect to the Dojura project. No exploration activities were undertaken on the property during 2016.

Dominical Project

The Dominical project encompasses an aggregate area of 23,241 hectares of exploration rights located in southern Colombia in the Cauca Department. The Dominical project area is comprised of four concessions totalling 5,590 hectares and 18 concession applications covering 17,651 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 during 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	**September 30, 2016**	December 31 2015
	$	$
Consolidated Financial Position		
Cash and cash equivalents	**28,529**	28,053
Exploration and evaluation assets	**230,788**	217,316
Total assets	**277,612**	259,774
Shareholders' equity	**241,474**	220,133

	Three months ended September 30		**Nine months ended September 30**	
In thousands of U.S. dollars	**2016**	2015	**2016**	2015
	$	$	**$**	$
Consolidated Operating Results				
Foreign exchange gain (loss)	**(214)**	(1,368)	**469**	(4,720)
Net loss	**(1,836)**	(10,198)	**(1,075)**	(20,433)
Consolidated Cash Flow				
Acquisition of and investment in exploration and evaluation assets, net of gold sales	**5,183**	6,935	**12,892**	19,613
Cash flows from financing activities	**795**	470	**21,382**	2,996
Net cash inflow (outflow)	**(6,154)**	(8,454)	**57**	(19,836)

The Company's total assets at September 30, 2016 of $277.6 million increased in comparison to total assets of $259.8 million as at December 31, 2015 resulting from the completion of an equity financing in May 2016. Total assets at September 30, 2016 is consistent in comparison to the $279.7 million as at June 30, 2016.

Cash and cash equivalents at September 30, 2016 was $28.5 million, compared to $28.1 million as at December 31, 2015 and $35.0 million as at June 30, 2016. The completion of the equity financing in May 2016 has covered expenditures in 2016 for the continued advancement of the Buriticá project and development programs, such that cash balances remain unchanged from December 2015. In addition, changes in the C$:US$ and COP:US$ exchange rates in Canadian dollar and Colombian peso cash balances have remained relatively stable compared to movement in exchange rates in prior years.

Exploration and evaluation assets at September 30, 2016 include gold doré inventory of 437 ounces (December 31, 2015 – 3,409 ounces) at a total cost of $0.5 million (December 31, 2015 – $3.4 million), including nil ounces that are committed for delivery in future periods (December 31, 2015 – 2,785 ounces) and for which advance payments have been received. The 437 ounces of gold doré inventory (December

31, 2015 – remaining 564 ounces) has a realizable value of $0.6 million based on a closing gold price of $1,323 per ounce (December 31, 2015 - $0.6 million based on a closing gold price of $1,060 per ounce).

The Company has no long-term financial liabilities, off-balance sheet financing arrangements, 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 loss for the three and nine months ended September 30, 2016 was $1.8 million and $1.1 million, respectively, compared to net loss of $10.2 million and $20.4 million for the same respective periods in 2015. The change is a result of the impact of changes in the COP:US$ 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 and nine months ended September 30, 2016 was $6.2 million and $0.1 million inflow, respectively, compared to net cash outflow of $8.5 million and $19.8 million for the same respective periods in 2015. The change is a result of the completion of an equity financing in May 2016.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating highlights for the three and nine months ended September 30, 2016 and 2015:

	Three months ended September 30		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Tonnes milled (tonnes)	**2,118**	2,098	**6,218**	5,499
Average grade (g/t)	**24.25**	30.2	**31.93**	30.0
Gold production (ounces)	**1,492**	1,900	**5,895**	4,936
Gold sales (ounces)	**2,417**	–	**8,805**	2,804
Realized gold price ($)	**1,330**	–	**1,209**	1,192

In thousands of U.S. dollars, except per Common Share amounts	**2016**	2015	**2016**	2015
	$	$	**$**	$
Net loss	**(1,836)**	(10,198)	**(1,075)**	(20,433)
Net loss per Common Share, basic and fully diluted	**(0.01)**	(0.08)	**(0.01)**	(0.16)

	Three months ended September 30		**Nine months ended September 30**	
In thousands of U.S. dollars	**2016**	2015	**2016**	2015
	$	$	**$**	$
Exploration expenditures (1)	**4,681**	10,706	**13,472**	23,146
Operating activities	**(759)**	(1,775)	**(4,582)**	(4,864)
Investing activities	**(6,190)**	(7,149)	**(16,743)**	(17,968)
Financing activities	**795**	470	**21,382**	2,996
	(6,154)	(8,454)	**57**	(19,836)
Foreign exchange on cash and cash equivalents	**(302)**	(1,414)	**419**	(4,469)
Net decrease in cash and cash equivalents	**(6,456)**	(9,868)	**476**	(24,305)

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

Pre-Production and Development Planning Activities

For the three and nine months ended September 30, 2016, the Company produced 1,492 and 5,895 ounces of gold, respectively (three and nine months ended September 30, 2015 – 1,900 and 4,936 ounces, respectively) and sold 2,417 and 8,805 ounces, respectively (three and nine months ended September 30, 2015 – nil and 2,804 ounces, respectively) for an average realized price of $1,330 and $1,209 per ounce, respectively (three and nine months ended September 30, 2015 – $nil and $1,192 per ounce, respectively). As of September 30, 2016, the Company received advances of $nil (December 31, 2015 – $2.8 million) in respect of the sale of nil ounces (December 31, 2015 – 2,785 ounces) in a subsequent period. The increase in production is a result of a trial mining program initiated by the Company in late 2015 and completed in the second quarter of 2016. The increase in sales is also a result of delayed shipments in 2015 due to a change in the Company's refiner.

As at September 30, 2016, the Company held 437 ounces of gold doré inventory (December 31, 2015 – 3,409 ounces), of which nil ounces was committed for delivery (December 31, 2015 – 2,785 ounces committed for delivery in January 2016) and for which advance payments have been received. The 437 ounces of gold (December 31, 2015 – remaining 564 ounces) has a realizable value of $0.6 million based on a closing gold price of $1,323 per ounce (December 31, 2015 - $0.6 million based on a closing gold price of $1,060 per ounce).

Operating Results

The Company's net loss for the three and nine months ended September 30, 2016 amounted to $1.8 million ($0.01 per Common Share) and $1.1 million ($0.01 per Common Share), respectively, compared with $10.2 million net income ($0.08 per Common Share) and $20.4 million net loss ($0.16 per Common Share) for the same respective periods in 2015. The change compared to the same respective periods in 2015 was primarily from the following:

- Corporate administration expenses for the three and nine months ended September 30, 2016 was $1.8 million and $6.0 million, respectively (three and nine months ended September 30, 2015 – $1.5 million and $6.4 million, respectively), including share-based payments.
- Compensation costs related to share-based payments during the three and nine months ended September 30, 2016 were $0.4 million and $1.8 million, respectively (three and nine months ended September 30, 2015 – $0.6 million and $1.7 million, respectively), of which $0.2 million and $1.2 million, respectively (three and nine months ended September 30, 2015 – $0.4 million and $1.2 million, respectively) were expensed and $0.2 million and $0.6 million, respectively (three and nine months ended September 30, 2015 – $0.2 million and $0.5 million, respectively) were capitalized to exploration and evaluation assets.
- Changes related to share-based payments relate to the issuance during the three and nine months ended September 30, 2016 of 30,000 and 1,740,000 stock options, respectively, with average grant date fair values of $1.27 and $0.70 per Common Share, respectively, compared to 350,000 and 2,620,000 stock options, respectively, during the three and nine months ended September 30, 2015, with average grant date fair values of $1.15 and $0.88 per Common Share, respectively. In addition, 179,717 Common Shares were issued upon the grant and vesting of restricted share units ("RSUs") during the nine months ended September 30, 2016 (nine months ended September 30, 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 for the three and nine months ended September 30, 2016 was a $0.2 million loss and a $0.5 million gain, respectively, compared to losses of $1.4 million and $4.7 million, respectively, for the same periods in 2015.
- The revaluation of marketable securities held resulted in a $0.4 million loss and a $2.3 million gain, respectively, during the three and nine months ended September 30, 2016, compared to losses of $0.4 million and $0.3 million, respectively, for the same periods in 2015.

- Loss on derivative financial instruments for the three and nine months ended September 30, 2016 of $0.7 million and $2.4 million, respectively, is primarily a result of the revaluation of Canadian dollar denominated warrants issued in May 2016, but also includes the revaluation and settlement of US$:COP non-deliverable forward contracts.

- Deferred tax recovery for the three and nine months ended September 30, 2016 was $1.5 million and $4.9 million, respectively, compared to deferred tax expense of $7.0 million and $9.2 million expense, respectively, for the same periods 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 and nine months ended September 30, 2016 of $0.8 million and $4.6 million, respectively, were in line with $1.8 million and $4.9 million for the same respective periods in 2015.

Investing Activities

Investing activity expenditures for the three and nine months ended September 30, 2016 of $6.2 million and $16.7 million, respectively (three and nine months ended September 30, 2015 – $7.1 million and $18.0, respectively) relate primarily 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 and nine months ended September 30, 2016 of $0.8 million and $21.4 million, respectively (three and nine months ended September 30, 2015 – $0.5 million and $3.0 million, respectively) includes the completion of an equity financing, net of issue costs, in May 2016.

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 Common Share amounts	**Q3–2016**	**Q2–2016**	**Q1–2016**	**Q4–2015**	**Q3–2015**	**Q2–2015**	**Q1–2015**	**Q4–2014**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Net income (loss)	**(1,836)**	408	353	(7,543)	(10,198)	186	(10,421)	(23,338)
Basic and diluted income (loss) per Common Share	**(0.01)**	0.003	0.003	(0.06)	(0.08)	0.001	(0.08)	(0.18)

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

The Company's exploration, development and small-scale mining 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 September 30, 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. 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 and sales resulting from the pre-production activities at the small-scale Yaraguá mine.

On May 25, 2016, the Company completed the offering of 11,500,000 units ("Units") at a price of C$2.50 per Unit (the "Offering"), for aggregate gross proceeds of C$28.75 million ($22.0 million). Each unit consisted of one Common Share and one-half of one warrant ("Warrant").

For the three and nine months ended September 30, 2016, the Company received $2.2 million and $7.9 million, respectively (three and nine months ended September 30, 2015 – $nil and $3.4 million, respectively) relating to the sale of gold, net of advances.

As at In thousands of U.S. dollars	**September 30, 2016**	December 31 2015
	$	$
Cash and cash equivalents	**28,529**	28,053

The Company's financial position at September 30, 2016 included $28.5 million in cash and cash equivalents, compared to $28.1 million at December 31, 2015 and $35.0 at June 30, 2016. The Company maintains its surplus funds in cash with three major banks in Canada and certain Colombian banks. As at November 10, 2016, cash and cash equivalents amounted to approximately $24.0 million and 600 ounces of gold doré in inventory with a realizable value of $0.8 million based on a closing gold price of $1,268 per ounce.

The Company had working capital of $29.3 million as of September 30, 2016 (December 31, 2015 – $24.3 million). The change in working capital in 2016 is a result the completion of an equity financing in the second quarter, net 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 September 30, 2016, the Company has $9.3 million of capital commitments relating to open contracts and purchase orders expiring or expected for delivery between 2016 and 2017 for the development of the Buriticá project. The Company's working capital and future gold sales from the Company's small-scale mining operation will be used to meet these commitments.

As at September 30, 2016, 8,130,293 stock options were outstanding at an average exercise price of C$4.28 per Common Share and 5,750,000 Warrants were outstanding with an exercise price of C$4.75. The exercise in full of the outstanding Warrants and stock options would raise a total of approximately $47.4 million. 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 security 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 is 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, Warrants 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 small-scale mining operation from exploration work and drifting in ore. Cash receipts from aggregate gold sales and advances for the three and nine months ended September 30, 2016 were $2.2 million and $7.9 million, respectively (three and nine months ended September 30, 2015 – $nil and $3.4 million, respectively). Gold sales are used as another source of funding the Company's exploration program and are viewed as a recovery of expenses. Therefore, 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 three and nine months ended September 30, 2016, the Company capitalized costs related to mineral properties in the amount of $4.7 million and $13.5 million, respectively (three and nine months ended September 30, 2015 – $10.7 million and $23.1 million, respectively). 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 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 September 30, 2016, total shareholders' equity (managed capital) was approximately $241.5 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. 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 September 30, 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 September 30, 2016.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**September 30, 2016**	December 31, 2015
Common Shares issued	**141,629**	129,550
Stock options outstanding [1]	**8,130**	8,695
Warrants outstanding [2]	**5,750**	–
	155,509	138,245

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

On May 25, 2016, the completion of the Offering of 11,500,000 Units, at a price of C$2.50 per Unit, raised net proceeds of $20.5 million ($22.0 million gross proceeds, net of total share issue costs of $1.5 million). Share issue costs included $1.1 million paid to the underwriters of the Offering, representing a 5% commission on the gross proceeds of the Offering. $1.4 million of the share issue costs were recognized as a reduction to equity. $0.05 million of the share issue costs, representing the allocation of costs relating to the issuance of the Warrants, were recognized as an expense in the consolidated statements of operations and comprehensive loss.

As at November 10, 2016, there were 141,629,345 Common Shares outstanding. As at September 30, 2016, the exercise in full of outstanding Warrants and stock options would raise a total of approximately $47.4 million, of which in-the-money stock options would raise approximately $13.8 million. 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.

Warrants

On May 25, 2016, 5,750,000 Warrants were issued upon completion of the Offering. Each Warrant has an exercise price of C$4.75 and an expiry date of November 25, 2017. If the closing price of the Common Shares on the TSX is greater than C$6.00 per share for a period of 20 consecutive days at any time after May 25, 2016, the Company may accelerate the expiry date of the Warrants to 30 days after the date on which notice is given by the Company to the holders of the Warrants. As at September 30, 2016, no such notice has been given by the Company.

The Warrants trade on the TSX under the symbol “CNL.WT.A”. As a result, fair value estimates are based on quoted market prices and are therefore classified as level 1 within the fair value hierarchy.

As at September 30, 2016, the exercise in full of the outstanding Warrants would raise a total of approximately $20.8 million. 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 Warrant holders and the market price of the Common Shares.

As at November 10, 2016, 5,750,000 Warrants were 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 September 30, 2016, 8,130,293 stock options were outstanding at an average exercise price of C$4.28 (December 31, 2015 – 8,695,293 options at an average exercise price of C$5.40), of which 6,055,210 stock options (December 31, 2015 – 6,236,543) were exercisable. The exercise in full of the outstanding stock options would raise a total of approximately $26.6 million. 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 and nine months ended September 30, 2016, nil and 179,717 RSUs, respectively, were granted and vested.

As at November 10, 2016, there were 8,169,043 stock options and nil DSUs and 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 and nine months ended September 30, 2016.

CONTRACTUAL OBLIGATIONS

As at September 30, 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]	**968**	**328**	**439**	**201**	**–**
Rehabilitation obligations[2]	**13,664**	**1,041**	**3,054**	**952**	**8,617**
Capital commitments[3]	**9,268**	**9,268**	**–**	**–**	**–**
Wealth Tax [4]	**370**	**370**	**–**	**–**	**–**
Total	**24,270**	**11,007**	**3,493**	**1,153**	**8,617**

[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 September 30, 2016.

As at September 30, 2016, a rehabilitation provision of $6.3 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 September 30, 2016, the Company had cash and cash equivalents of $28.5 million (December 31, 2015 – $28.1 million) to settle current liabilities of $5.4 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 resulting from 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 peso 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 10% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at September 30, 2016, would affect net income (loss) and comprehensive income (loss) by approximately $2.7 million.

As at December 31, 2015, the Company held a total of $2,250,000 of COP non-deliverable forward foreign currency contracts at an average US$:COP rate of 1:3,098, resulting in the recognition in the consolidated statement of financial position as at December 31, 2015 of a derivative liability of $0.1 million, representing an unrealized loss on the contracts. As at September 30, 2016, all such contracts were settled and no derivative asset or liability recognized in the consolidated statement of financial position as at September 30, 2016. For the three and nine months ended September 30, 2016, a loss of $0.01 million and a gain of $0.2 million, respectively, was recognized in the consolidated statement of operations and comprehensive loss relating to the revaluation of outstanding contracts and the settlement of contracts expiring in the current period.

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 September 30, 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 September 30, 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 September 30, 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 closing gold price during the nine months ended September 30, 2016 was between $1,077 and $1,366 per ounce ($1,080 and $1,296 per ounce during the nine months ended September 30, 2015), for an average price for the nine months ended September 30, 2016 of $1,260 per ounce (nine months ended September 30, 2015: $1,114 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 nine months ended September 30	**1,260**	**1,178**
Closing market gold price as at September 30	**1,323**	**1,115**

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**	
	September 30 2016	December 31 2015	**September 30 2016**	December 31 2015
Canadian dollar/US dollar	**0.7624**	0.7225	**0.7568**	0.7833
Colombian peso /US dollar	**0.00035**	0.00032	**0.00033**	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 September 30, 2016, the Company held $14.7 million in U.S. dollars, which represents approximately 51.4% 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 November 10, 2016, the Company held approximately $24.0 million in cash and cash equivalents, of which $11.4 million was in U.S. dollars, representing approximately 48% of total cash balances. In addition, the Company held 600 ounces of gold doré in inventory as at November 10, 2016 with a realizable value of $0.8 million based on a closing gold price of $1,268 per ounce.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

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

CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

The following revised standards and amendments have not been applied in preparing the consolidated financial statements. Management has not yet considered the potential impact of their adoption 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 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 18, Revenue 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. 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 September 30, 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 September 30, 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 entitled "Buriticá Project NI 43-101 Technical Report Feasibility Study Antioquia, Colombia" 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 the Company's website at www.continentalgold.com and under the Company's profile on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company's common shares should be considered highly speculative due to the nature of its business and the present stage of exploration and development, and the location of its properties in Colombia. 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.
- 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 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 risks disclosed in this MD&A and in the Company's most recent annual consolidated financial statements and annual information form, as well as in other publicly-filed documentation regarding the Company available under the Company's SEDAR profile at www.sedar.com and on the OTCQX at www.otcmarkets.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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