

Continental Gold Secures Senior Debt Facility for the Buriticá Project from RK Mine Finance

Highlights:

- Definitive Credit Agreement signed with RK Mine Finance for a secured debt facility of US\$250 million
- The secured debt facility provides for immediate access to US\$100 million to advance the Buriticá project development, subject to satisfying certain customary conditions precedent
- Red Kite to invest up to US\$25 million in equity
- No hedging, cash sweeps, cash collateralization or offtake agreement
- Interest and principal payment holiday for 42 months
- Carve out for equipment financing for up to US\$30 million

Toronto, Ontario, January 10, 2017 - Continental Gold Inc. (TSX:CNL; OTCQX:CGOOF) (“Continental Gold” or the “Company”) is pleased to announce that it has, through its wholly-owned subsidiary Continental Gold Limited, entered into a definitive senior Credit Agreement (the “Agreement”) with a special purpose vehicle of RK Mine Finance Master Fund I Limited (“Red Kite”) to provide a secured project debt facility for a total of US\$250 million. The project debt facility will be used for the development, construction and working capital requirements for the Company’s Buriticá project in Antioquia, Colombia. Prior to the execution of the Agreement, Red Kite conducted substantial technical and legal due diligence and, therefore, the Agreement is not subject to further due diligence.

“We are excited to partner with Red Kite to complete the debt financing for the Buriticá project. Throughout the course of 2016, the Company conducted an extensive process of reviewing its debt financing alternatives. The Red Kite senior secured debt facility best met the Company’s objectives, providing maximum flexibility and a low cost of capital relative to other private debt deals executed over the past few years, with no hedging, offtake agreements or royalty attached,” commented Ari Sussman, CEO of Continental Gold. “With sufficient capital now in place for the bulk of 2017 planned expenditures, the Company will now accelerate detailed engineering and will commence construction and securing the long lead time items in the first half of 2017.”

Harry Tefoglou, CIO of Red Kite, stated: “We are delighted to be supporting Continental Gold to develop the Buriticá project, which represents a major milestone for precious metals mining in Colombia.”

Senior Facility Agreement – Key Terms

- Term of 7.25 years;
- US\$250 million Agreement structured in three tranches:
 - First advance of US\$25 million is available immediately with the next portion of the first tranche, being US\$75 million, available on satisfaction of certain customary conditions precedent;
 - Second tranche of US\$100 million is available to the Company once it secures an additional US\$100 million in net equity financing and satisfies certain other customary conditions precedent;
 - Red Kite has committed to investing up to an additional US\$25 million in equity (which is not included in the US\$100 million net equity financing referred to above); and
 - Third tranche of US\$50 million is available to the Company when the project is at least 65% complete and the Company has sufficient capital (including the final tranche of US\$50 million) to complete the Buriticá project;
- Agreement bears interest at 3-month LIBOR plus 8%, with a 1% minimum LIBOR rate;
- 3% arrangement fee payable upon execution of the Agreement;
- 42-month principal and interest payment holiday whereby interest payments are added to principal;

- Quarterly principal repayments and monthly interest payments thereafter;
- Repayable after the fifth year with no penalty; 2.5% prepayment fee between years three and five and 5% prepayment fee in the first two years;
- Fixed production-linked payment of US\$20 per ounce of gold on the first 1.25 million ounces produced from the Buriticá project (no payment made on ounces produced thereafter), with the number of ounces subject to the payment to be pro-rated in the event that the Company does not drawdown the full US\$250 million project debt facility. The production-linked payments are to be financially settled on a monthly basis and can be terminated at any time by the Company by payment of an early termination fee calculated as the then present value of the outstanding obligation using a 7.5% discount rate; and
- 3,000,000 warrants issued to Red Kite having a four-year term and an exercise price of US\$3.67 (equivalent to CDN\$4.93 and representing a 25% premium to the volume-weighted average price of the Company's common shares on the Toronto Stock Exchange (the "TSX") for a 20-day period prior to the closing date). The warrants can be accelerated by the Company in the event the share price of the Company's common shares on the TSX exceed 200% of the exercise price for a period of not less than 40 consecutive trading days.

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.otcm Markets.com and on the Company website at www.continentalgold.com. Additional details on Continental Gold's suite of gold exploration properties are also available at www.continentalgold.com.

About RK Mine Finance

RK Mine Finance provides bespoke financing solutions to base and precious metals focussed mining companies including bridge finance, construction finance, expansion funding, working capital and acquisition facilities.

The fund has a strong track record of supporting mining companies with their financing needs and since its inception has provided committed capital of over \$1.4bn.

RK Mine Finance is part of the Red Kite group of funds. Red Kite operates across the global metals industry from offices in Bermuda, Hong Kong, London, New York, Shanghai and Toronto. Investors in Red Kite funds include college endowments, foundations, family offices, pensions and other institutional investors.

Further information on RK Mine Finance can be found at www.rkminefinance.com.

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Forward-Looking Statements

This news release contains or refers to forward-looking information under Canadian securities legislation, including statements regarding the development, construction and working capital requirements of the Buriticá project, the availability of the funds under the Agreement and the related conditions precedent for the funds in each tranche, including additional equity financing requirements, completion of the permitting process for the Buriticá project, advancing the Buriticá project, the economic effect of the mine, and future plans and objectives of the Company, 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 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 news 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.

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