MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three months ended March 31, 2017

CONTINENTAL GOLD

TSX:CNL OTCQX:CGOOF

TABLE OF CONTENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following management’s discussion and analysis (“MD&A”) of the activities, consolidated financial condition and consolidated results of the operations of Continental Gold Inc. (the “Company” or “Continental Gold”) constitutes management’s review of the factors that affected the Company’s consolidated financial and operating performance for the three months ended March 31, 2017. This MD&A should be read in conjunction with the interim consolidated financial statements of the Company for the three months ended March 31, 2017, 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 May 11, 2017 and information contained herein is presented as of such 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; obtaining necessary permits; 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 (“CSR”) program; conclusion of economic evaluations; requirements for additional capital; other statements relating to the financial and business prospects of the Company; and other future events and information as to the Company’s strategy, plans or future financial or operating performance.

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

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

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

Differences in Reporting of Mineral Resource Estimates

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

DESCRIPTION OF BUSINESS

The Company is an advanced-stage development and exploration entity engaged in the development, acquisition, exploration and evaluation 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 (the "Common Shares") trade on the Toronto Stock Exchange (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 develop and explore one advanced-stage gold project and explore three early-stage projects in Colombia totaling approximately 76,870 hectares of exploration and exploitation rights and has pending concession applications totaling approximately 104,527 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 its Buriticá project.

The focus of the Company for 2017 is the continued advancement of development and exploration programs for its flagship high-grade gold project, Buriticá, located in Antioquia, Colombia. Major objectives and milestones for 2017 include:

- Initiation of a minimum 12,000-metre infill drilling program in Q2 2017 for (i) increasing mineral resources from the inferred to indicated category and (ii) growing the mineral resources with step-out drilling;

- Complete the second phase of the six-kilometre access road which connects the Buriticá property entrance to the future plant and infrastructure site in the Higabra valley. The second phase is expected to upgrade the road to accommodate plant and infrastructure equipment deliveries and is expected to be completed in Q4 2017;

- Commence detail engineering with focus expected to be on procurement of long-lead time equipment and completing designs to begin construction;

- Mobilize earth moving equipment to the Higabra valley in Q2 2017 with site excavation scheduled to begin in Q3 2017, followed by the initial concrete pours in Q4 2017; and

- Initiate underground mine development, with development anticipated to begin on the Yaraguá ramp in the second half of 2017. The Company expects 30% of the underground mine development equipment to be delivered in Q3 2017. As equipment arrives, underground development activities will begin to ramp-up approximately six months ahead of schedule.

The Company has a need for equity capital and other financing to fund working capital in the development and exploration of its properties. The Company's ability to continue as an active mineral property developer and explorer 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 in the future.

2017 Highlights

- On January 3, 2017, the Company announced the appointment of James Gallagher to the Board of Directors;
- On January 10, 2017, the Company announced that it had entered into a definitive senior credit agreement with RK Mine Finance Master Fund I Limited ("Red Kite") to provide a secured project debt facility for a total of US$250 million (the "Credit Facility"). The Credit Facility is to be used for the development, construction and working capital requirements for the Buriticá project. The Credit Facility has a term of 7.25 years, bears interest at LIBOR plus 8%, with a minimum 1% LIBOR rate and is repayable quarterly at the end of the 42nd month of the first drawdown. See "Debt Financing – January 2017" in this MD&A; and
- On February 9, 2017, the Company announced the appointment of Christopher Sattler to the Board of Directors.

Subsequent to quarter-end:

- On April 3, 2017, the Company announced that Merit Consultants International Inc. had been awarded the construction management contract and M3 Engineering & Technology Corp. the engineering and procurement contract for the Buriticá project; and
- On May 11, 2017, the Company announced that Newmont Mining Corporation ("Newmont") has entered into a binding agreement to purchase 37,383,844 Common Shares in a non-brokered private placement at a price of C$4.00 per share for a total investment of US$109 million. Concurrently with Newmont's investment in the Company, Red Kite has also agreed to purchase 8,589,375 Common Shares of the Company on a private placement basis at a price of C$4.00 per share for a total investment of US$25 million as contemplated in the Credit Facility (collectively, the "Private Placement"). After giving effect to the Private Placement, Newmont and Red Kite will own approximately 19.9% and 4.6%, respectively, of the issued and outstanding Common Shares of the Company on a non-diluted basis. The private equity placements are expected to close on or about May 18, 2017 post receipt of regulatory approvals. The closing of the Private Placement will satisfy the Equity Financing Condition (as defined below), one of the conditions precedent to accessing the second tranche of financing under the Credit Facility. See "Debt Financing – January 2017" in this MD&A. Transaction costs are estimated to be approximately $1.3 million.

DEVELOPMENT AND EXPLORATION SUMMARY

Construction, development and exploration expenditures, net of gold sales, are summarized as follows:

Three months ended March 31 In thousands of U.S. dollars	**2017**	2016
	$	$
Capitalized:		
Construction in progress – Buriticá project	**6,566**	–
Exploration and evaluation assets – Buriticá project	**–**	4,839
Exploration and evaluation assets – Gran Buriticá project *	**7**	28
	6,573	4,867

* Comparative amounts were previously grouped with Buriticá project expenditures, which were subsequently renamed as the Gran Buriticá project upon the reclassification of Buriticá project expenditures to construction in progress.

Buriticá Project

The Buriticá project encompasses an aggregate area of 70,764 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 41 concession applications totalling 40,952 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.

Development

On January 10, 2017, the Company secured the Credit Facility with Red Kite, providing the necessary capital to begin formal development activities.

During the first quarter of 2017, the Company advanced the development of the Buriticá project with the following activities:

- Project Management – Key personnel were hired with an initial focus on project management and cost control roles;

- Construction Management and Engineering and Procurement – Proposals for the construction management and engineering and procurement roles were received and evaluated. Subsequent to quarter end, the Company announced that the construction management and engineering and procurement contracts were awarded to Merit Consultants International Inc. and M3 Engineering & Technology Corp., respectively;

- Engineering – Basic engineering continued with initial efforts focusing on long lead process plant equipment and associated infrastructure. Proposals for detailed engineering were obtained and evaluated;

- Procurement – Purchase orders were issued for long lead items, including underground mobile equipment, SAG and ball mills, tailing filters, thickeners and a water handling and treatment plant. Several other long lead items are currently in the evaluation stage. The Company's goal is to issue all purchase orders for long lead items by the end of Q3 2017;

- Site Construction Progress – Construction was completed for the first phase of the six-kilometre access road, connecting the Buriticá property entrance to the future plant and infrastructure site in the Higabra valley. The second phase of the access road has commenced and is expected to be completed in Q4 2017. The second phase will upgrade the road to accommodate plant and infrastructure equipment deliveries. Forestry clear-cutting for infrastructure and plant sites and the installation of modular office buildings at site (which will support the project and mine development activities) have begun;

- Mine Operations Training – The Company finalized a mine training work plan and secured the services of a number of jumbo operator-trainers; and

- Mine Development – Mine development preparation continued with the Company's current mobile underground equipment.

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 CSR model is aligned with international performance standards, aiming to protect the environment, deliver effective and sustainable community development, and improve the quality of life for its employees and contractors, their families, and the immediate community.

The Company's responsibility to the sustainable development of Buriticá and surrounding communities is reflected in the following initiatives implemented or sustained during the three months ended March 31, 2017, 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;
- Collaborated with SENA (the national training agency) to enroll 60 local community members in technical mining training;
- Provided training and seed funding to individuals for local entrepreneurship;
- Held information sessions to support the local future procurement of goods and services from local suppliers;
- Granted post-secondary scholarships;
- Improvement of infrastructure at local schools, sports recreation centres, roads 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 coffee farmers in the area of influence of the Buriticá project;
- Support of other local businesses through partnerships, awarding contracts, donations and co-hosting events;
- Provided a training program for the development of skills in the agricultural and livestock fields as well as training in leadership and values;
- Communicated with local communities through formal meetings regarding the formalization process, reconnaissance exploration and various other projects underway in local communities; and
- Conducted a joint initiative with Antioquia military leaders on promoting respect for human rights was held. The Company recently held a seminar on the Voluntary Principles on Security and Human Rights, a set of non-binding principles designed to assist extractive companies to balance security concerns with human rights.

In 2017, the Company plans to begin formal construction activity at Buriticá and continue to support the various sustainability programs and bolster local employment and business opportunities by focusing on creating opportunities in construction and mining supply chain and initiatives in agriculture.

2017 Expenditures

During the three months ended March 31, 2017, the Company incurred $8.9 million of construction and development costs (three months ended March 31, 2016 – $7.5 million of deferred exploration and development costs), including $0.3 million (three months ended March 31, 2016 – $0.2 million) of capitalized share-based payments. Gold sales resulting from drifting in ore at the Buriticá project amounted to $2.3 million for the three months ended March 31, 2017 (three months ended March 31, 2016 – $2.7 million). Gold sales are treated as a capital credit as they support ongoing development of the Buriticá project and, accordingly, are not included as a revenue item in the Company's interim consolidated statements of operations and comprehensive loss. As a result, net project expenditures for three months ended March 31, 2017 totaled $6.6 million (three months ended March 31, 2016 – $4.9 million).

Reclassification to Construction in Progress

As at December 31, 2016, the Company determined that the Buriticá project had demonstrated technical feasibility and commercial viability as the Company was in the final stages of closing the Credit Facility, had received the approval of the Environmental Impact Assessment and issued a positive feasibility study. As a result, exploration and evaluation assets of $233.3 million were transferred to construction in progress within property, plant and equipment in the consolidated statement of financial position at December 31, 2016. Comparative amounts for the Buriticá project prior to December 31, 2016 are classified in exploration and evaluation assets.

The remaining $4.7 million in exploration and evaluation assets at December 31, 2016 represent exploration licenses surrounding the main Buriticá project that are early stage exploration targets and were renamed as the Gran Buriticá project. Comparative amounts for 2016 for the Gran Buriticá project have been presented separately from the Buriticá project.

Berlin Project

The Berlin project covers an aggregate area of 48,437 hectares of exploration rights. The project is comprised of 11 registered concessions totaling 22,851 hectares and 14 pending registration concessions totaling 25,586 hectares. The project area is located 90 kilometres north of Medellín in the Antioquia Department.

Due to historical 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.

In late 2016, the government of Colombia reached a peace agreement with Colombia's largest rebel group. As part of this agreement, certain areas around the Berlin titles were designated to be a post-conflict settlement area which, combined with the continued advancement of a major infrastructure project in the immediate vicinity, resulted in conditions that provide the ability to begin exploration work. As a result, the Company began reconnaissance exploration at Berlin during the first quarter of 2017. The Company continues to monitor the situation.

Dojura Project

The Dojura project covers an aggregate area of 38,982 hectares of exploration rights. It is located in the western cordillera in the Choco Department, 30 kilometres southeast of the Departmental capital city of Quibdó. The Dojura project is comprised of five registered concessions totaling 18,617 hectares and 13 concession applications totaling 20,365 hectares.

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

The Company is currently evaluating its options with respect to the Dojura project. No exploration activities were undertaken on the property during the first quarter of 2017.

Dominical Project

The Dominical project encompasses an aggregate area of 23,214 hectares of exploration rights and is located in southern Colombia in the Cauca Department. The Dominical project area is comprised of four registered concessions totaling 5,590 hectares and 18 concession applications covering 17,624 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 the first quarter of 2017.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

As at In thousands of U.S. dollars	**March 31 2017**	December 31 2016
	$	$
Consolidated Financial Position		
Cash and cash equivalents	**22,554**	19,214
Property, plant and equipment	**251,491**	244,598
Exploration and evaluation assets	**4,711**	4,704
Total assets	**306,644**	276,760
Loan payable	**22,221**	–
Shareholders’ equity	**247,113**	238,075
Three months ended In thousands of U.S. dollars	**March 31 2017**	March 31, 2016
		$
Consolidated Operating Results		
Foreign exchange gain (loss)	**42**	383
Net income	**2,151**	353
Consolidated Cash Flow		
Acquisition of and investment in development assets, net of gold sales and advances	**5,275**	3,980
Net cash outflow	**3,128**	(7,582)

The Company’s total assets at March 31, 2017 of $306.6 million increased from total assets of $276.8 million as at December 31, 2016, resulting from the closing of the Credit Facility in January 2017 and the receipt of $17.0 million representing the first draw, net of the arrangement fee and lender’s costs.

Cash and cash equivalents at March 31, 2017 was $22.6 million, compared to $19.2 million as at December 31, 2016. The increase is primarily a result of the receipt of the first draw from the Credit Facility net of expenditures for the construction and development of the Buriticá project.

As at March 31, 2017, the Company had a loan payable balance and a production-linked liability of $22.2 million and $2.0 million, respectively, resulting from the first draw from the Credit Facility (see “Debt Financing – January 2017 in this MD&A). The Company also has $45.2 million in total capital purchase commitments relating to construction of the Buriticá project.

Excluding the impact of revaluations for financial assets and liabilities, foreign exchange on Canadian-dollar cash balances and the impact of foreign exchange on deferred taxes for Colombian peso-denominated tax balances, the Company expects to continue to incur losses until commercial mining operations from its development and exploration assets have commenced.

Net income for the three months ended March 31, 2017 was $2.7 million, compared to $0.4 million for the three months ended March 31, 2016. The change in 2017 is mainly due to foreign exchange impact on deferred taxes relating to Colombian peso-denominated tax balances and the revaluation of the Company's financial instruments.

Net cash inflow for the three months ended March 31, 2017 of $3.1 million increased from the $7.6 million cash outflow for the three months ended March 31, 2016 due to the receipt of the first draw from the Credit Facility, net of expenditures for the development of the Buriticá project.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating results for the three months ended March 31, 2017 and 2016:

Three months ended March 31	**2017**	2016
Tonnes milled (tonnes)	**2,090**	1,852
Average grade (g/t)	**25.25**	43.68
Gold production (ounces)	**1,495**	2,396
Gold sales (ounces)	**1,906**	4,791
Realized gold price(U.S.$)	**1,219**	1,138

In thousands of U.S. dollars, except per share amounts	**2017**	2016
	$	$
Net income	**2,151**	353
Net income per share, basic	**0.02**	0.003
Net income per share, fully diluted	**0.01**	0.003

Three months ended March 31 In thousands of U.S. dollars, except per share amounts	**2017**	2016
	$	$
Capitalized development and exploration expenditures, net of gold sales and recoveries (see "Development and Exploration Summary")	**6,843**	4,867
Operating activities	**(2,679)**	(2,251)
Investing activities	**(11,108)**	(5,331)
Financing activities	**16,915**	–
	3,128	(7,582)
Foreign exchange on cash and cash equivalents	**212**	398
Net increase (decrease) in cash and cash equivalents	**3,340**	(7,184)

Pre-Production Activities

For the three months ended March 31, 2017, the Company produced 1,495 ounces (three months ended March 31, 2016 – 2,396 ounces) of gold and sold 1,906 ounces (three months ended March 31, 2016 – 4,791 ounces) of gold for an average realized price of $1,219 per ounce (three months ended March 31, 2016 – $1,138 per ounce). The decrease is a result of delayed shipments in 2015 due to a change in the Company's refiner.

As at March 31, 2017, the Company held 602 ounces (December 31, 2016 – 1,016 ounces) of gold doré in inventory with a net realizable value of $0.7 million based on a closing gold price of $1,245 per ounce (December 31, 2016 - $1.2 million based on a closing gold price of $1,146 per ounce). Inventory was recorded at a cost of $0.8 million (December 31, 2016 - $1.3 million) and was classified as part of construction in progress as the small-scale mine is necessary for development activities.

Operating Results

The Company’s net income for the three months ended March 31, 2017 amounted to $2.2 million ($0.02 per share), compared to a net income of $0.4 million ($0.003 per share) for the same period in 2016. The change for the quarter compared to the same period in 2016 was primarily from the following:

- Corporate administration for the three months ended March 31, 2017 was $2.9 million (three months ended March 31, 2016 – $2.4 million), including share-based payments. The increase relates to costs not considered to directly support construction and development activities being expensed.
- Compensation costs related to share-based payments during the three months ended March 31, 2017 were $1.0 million (three months ended March 31, 2016 – $0.7 million), of which $0.7 million (three months ended March 31, 2016 – $0.5 million) was expensed and $0.3 million (three months ended March 31, 2016 – $0.2 million) was capitalized to exploration and evaluation assets.
- Changes related to share-based payments relate to the issuance of 1,565,500 stock options during the three months ended March 31, 2017, with an average grant date fair value of $1.57 per share compared to 1,215,000 stock options during the three months ended March 31, 2016 with average grant date fair value of $0.53 per share. The valuation of share-based payments relating to options is subjective and can impact net income (loss) significantly. In addition, 105,579 Common Shares were issued upon the grant and vesting of restricted share units (“RSUs”) during the three months ended March 31, 2017 (three months ended March 31, 2016 – 179,717). The valuation of share-based payments relating to RSUs is based on the share price on the vesting date.
- Foreign exchange gain for the three months ended March 31, 2017 was $0.04 million, compared to a gain of $0.4 million for the same period in 2016.
- Gain on marketable securities during the three months ended March 31, 2017 was $1.7 million, compared to a gain of $1.2 million for the same period in 2016. The change resulted from the revaluation of securities held.
- Deferred tax recovery for the three months ended March 31, 2017 was $1.9 million, compared to $1.1 million for the same period in 2016. Deferred tax expense is mainly related to foreign exchange on the translation of foreign tax balances at current rates net of changes in income tax rates in Colombia.

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 development and exploration assets have commenced.

Cash Flow Items

Operating Activities

Operating activity expenditures for the three months ended March 31, 2017 of $2.7 million is consistent with $2.3 million for the three months ended March 31, 2016.

Investing Activities

Investing activity expenditures for the three months ended March 31, 2017 of $11.1 million (three months ended March 31, 2016 – $5.3 million) relate primarily to the initiation of construction activities at the Buriticá project, net of capitalized gold sales revenues relating to such assets.

Financing Activities

Financing activity for the three months ended March 31, 2017 of $17.0 million (three months ended March 31, 2016 – $nil million) mainly relate to receipt of the first draw from the Credit Facility, net of transaction costs to the lender.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The Company currently capitalizes its development and exploration expenditures as deferred expenses included in property, plant and equipment or exploration and evaluation assets.

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

In thousands of U.S. Dollars, except per share amounts	Q1–2017	Q4–2016	Q3–2016	Q2–2016	Q1–2016	Q4–2015	Q3–2015	Q2–2015
	$	$	$	$	$	$	$	$
Net income (loss)	**2,151**	(3,736)	(1,836)	408	353	(7,543)	(10,198)	186
Basic income (loss) per share	**0.02**	(0.03)	(0.01)	0.003	0.003	(0.06)	(0.08)	0.001
Diluted income (loss) per share	**0.01**	(0.03)	(0.01)	0.003	0.003	(0.06)	(0.08)	0.001

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.

DEBT FINANCING – JANUARY 2017

On January 10, 2017, the Company announced that it had entered into the Credit Facility of $250 million for use in the development, construction and working capital requirements for the Buriticá project. Key terms of the Credit Facility included:

- Term of 7.25 years;
- $250 million Credit Facility structured in three tranches:
  - The first tranche of $100 million is available in two parts. The first drawdown of $25 million was available immediately upon closing of the Credit Facility with the remaining portion, being US$75 million, available on satisfaction of certain customary conditions precedent;
  - The second tranche of $100 million is available to the Company once it secures an additional $100 million in net equity financing (the "Equity Financing Condition") from third parties and satisfies certain other customary conditions precedent. The Equity Financing Condition will be satisfied upon closing of the Private Placement on May 11, 2017. Please see "2017 Highlights – Subsequent to quarter-end" in this MD&A;
  - Red Kite has committed to investing up to an additional $25 million in equity (which is not included in the Equity Financing Condition referenced above. The additional $25 million investment will be received upon closing of the Private Placement on May 11, 2017. Please see "2017 Highlights – Subsequent to quarter-end" in this MD&A; and
  - The third tranche of $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 $50 million) to complete the Buriticá project;
- The Credit Facility bears interest at the 3-month LIBOR rate plus 8%, with a 1% minimum LIBOR rate;
- 3% arrangement fee payable to Red Kite upon execution of the Credit Facility;

- Quarterly principal and interest payments to Red Kite commencing at the end of the 42nd month after the first advance, with quarterly accrued interest prior to the first payment added to the principal;
- 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;
- Production-linked payment of $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 total payment pro-rated based on the portion of Credit Facility drawn. 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 (the “Private Warrants”) issued to Red Kite having a four-year term and an exercise price of $3.67 (equivalent to C$4.93 and representing a 25% premium to the volume-weighted average price of the Common Shares on the TSX for a 20-day period prior to the closing date). The Private Warrants can be accelerated by the Company in the event the share price of the Common Shares on the TSX exceed 200% of the exercise price for a period of not less than 40 consecutive trading days. The Private Warrants are not listed for trading on any stock exchanges.

The Credit Facility is considered to be a hybrid financial instrument, containing liability components, derivative components and an equity component. The liability components are made up of the loan payable and the production-linked liability. The derivative components are made up of the early repayment fees and the interest minimum 1% LIBOR rate. The equity component is represented by the Private Warrants.

The loan payable is measured at amortized cost on the date of each draw under the Credit Facility, net of attributable transaction costs, and is accreted over the expected term to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the liability. The derivative components are made up of the production-linked liability, the early repayment fees and the interest minimum 1% LIBOR rate. The production-linked liability is measured at fair value on the date of each draw and re-measured at each reporting period. The fair value for the early repayment fee and the interest minimum 1% LIBOR rate were determined to be insignificant on the date of the draw and on March 31, 2017 and, as a result, were not recognized. The Private Warrants were measured at fair value on the date of the warrant issue based on the Black-Scholes option pricing model and are not subsequently re-measured.

Upon closing of the Credit Facility, the first drawdown of $25.0 million was received net of the arrangement fee of $7.5 million and lender’s costs of $0.5 million, resulting in $17.0 million in net cash receipts from the Credit Facility. In addition, transaction costs of $0.3 million were incurred. The fair value of the Private Warrants on the date of issue was determined to be $5.7 million and the fair value of the production-linked liability resulting from the draw and relating to 125,000 ounces of production was valued at $2.0 million, resulting in total transaction costs of $15.9 million. The attributable portion of the transaction costs relating to the draw was $3.3 million and was classified as a reduction to loan payable. Remaining transaction costs of $12.6 million were classified as deferred financing charges and will be reclassified to loan payable upon receipt of the future draws from the Credit Facility based on the attributable portion to the draw.

As at March 31, 2017, the loan payable balance of $22.2 million is made up of the draw of $25 million, less $3.3 million of attributable transaction costs plus accrued interest, calculated using the effective interest rate, of $0.5 million. Accrued interest was capitalized as borrowing costs as part of construction in progress.

On April 24, 2017, the Company received an additional draw of $25.0 million and recognized an additional production-linked liability for 125,000 ounces, valued at $1.9 million, as part of transaction costs. Attributable transaction costs in respect of the draw were $3.3 million, resulting in a net increase to loan payable of $21.7 million upon receipt of the draw.

PRODUCTION-LINKED LIABILITY

Each draw from the Credit Facility will result in a production-linked liability for a portion of the maximum 1.25 million ounces of production based on the proportion of the draw to the total Credit Facility.

As a result of the first draw from the Credit Facility, the Company is required to pay $20 per ounce of gold for the Company's first 125,000 ounces of production from the Buriticá project. The fair value of the liability on the date of the draw of $2.0 million was calculated as the present value of the future payments using a discount rate of 7.5% in accordance with the Credit Facility agreement. As at March 31, 2017, the liability was revalued at $2.0 million, resulting in a derivative loss recognized in the interim consolidated statement of earnings and comprehensive income of $0.03 million for the three months ended March 31, 2017.

On April 24, 2017, an additional liability of $1.9 million was recognized upon receipt of an additional draw and resulting in a liability in respect of an additional 125,000 ounces of production.

CONTINGENCIES

The Company's construction, development, small-scale mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are subject to change and may generally become more restrictive. As of March 31, 2017, 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, future 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. However, in January 2017, the Company entered into the Credit Facility of $250 million. The Credit Facility included the issuance of the 3,000,000 Private Warrants to acquire Common Shares at an exercise price of $3.67 and an expiry date of January 10, 2021. In addition, on May 25, 2016, the Company closed a bought deal financing for aggregate gross proceeds of C$28.75 million ($22.0 million) resulting from the issuance of 11,500,000 Common Shares and 5,750,000 warrants, listed on the TSX under the symbol "CNL.WT.A", to acquire additional Common Shares at an exercise price of C$4.75 (the "Public Warrants"). The Public Warrants expire on November 25, 2017.

As at In thousands of U.S. dollars	**March 31** **2017**	December 31 2016
	$	$
Cash and cash equivalents	**22,554**	19,214

The Company's financial position at March 31, 2017 included $22.6 million in cash and cash equivalents, compared to $19.2 million at December 31, 2016. The Company maintains its surplus funds in cash with two major banks in Canada and certain Colombian banks. The Company also held 602 ounces (December 31, 2016 – 1,014 ounces) of gold doré in inventory with a net realizable value of $0.7 million (December 31, 2016 - $1.2 million) based on a closing gold price of $1,245 per ounce (December 31, 2016 - $1,146 per ounce). As at May 11, 2017, cash and cash equivalents amounted to approximately $41.1 million and 1,185 ounces of gold doré in inventory with a net realizable value of $1.4 million based on a closing gold price of $1,223 per ounce.

The Company had working capital of $21.6 million as of March 31, 2017 (December 31, 2016 – $14.1 million). The change in working capital in 2017 is a result of the receipt of the first draw from the Credit Facility, net of expenditures for the construction and development of the Buriticá project, and a reduction in the fair value of the Public Warrant liability relating to Canadian-dollar denominated warrants issued as part of the equity financing completed in May 2016.

The Company has lease agreements expiring between 2017 to 2020 for office and warehouse facilities in Toronto and Colombia. The Company's estimated annual rent is approximately $0.5 million, depending upon the actual annual operating costs for the Company's premises. In addition, as at March 31, 2017, the Company has $45.2 million of capital commitments relating to open contracts and purchase orders expiring or expected for delivery in 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 March 31, 2017, 8,400,534 stock options were outstanding at an average exercise price of C$3.86 per Common Share, 5,750,000 Public Warrants were outstanding with an exercise price of C$4.75 and an expiry date of November 25, 2017 and 3,000,000 Private Warrants were outstanding with an exercise price of $3.67 and an expiry date of January 10, 2021. The exercise in full of the outstanding Public, Private Warrants and stock options would raise a total of approximately $56 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.

In January 2017, the Company entered into the Credit Facility to provide a secured project debt facility for a total of $250 million for the construction of the Buriticá project. As at March 31, 2017, the loan payable balance, based on the effective interest method, was $22.2 million. On April 24, 2017, the receipt of an additional draw of $25.0 million resulted in a net increase to loan payable of $21.7 million. Principal and interest payments of the loan commence on July 31, 2020.

As at March 31, 2017, the Company's production-linked liability was $2.0 million in respect of the first 125,000 ounces of production at the Buriticá project. On April 24, 2017, the receipt of an additional draw resulted in an increase to production-linked liability of $1.9 million in respect of an additional 125,000 ounces of production.

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

The Company has no operating cash flow and therefore must utilize its current cash reserves, draws from the Credit Facility, income from short-term investments, funds obtained from the exercise of stock options and warrants and other financing transactions to maintain its capacity to meet working capital requirements and planned expenditures. 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 Buriticá project includes gold production from its small-scale mining operation from development work and drifting in ore. Aggregate gold sales (net of advances received in prior periods) received for the three months ended March 31, 2017 were $2.4 million (three months ended March 31, 2016 – $2.8 million). Gold sales are used as another source of funding the Company's construction and development activities and are viewed as a recovery of expenses. Therefore, gold sales net of costs are treated as a capital credit and netted against construction in progress costs that have been incurred to-date on the Buriticá project.

For the three months ended March 31, 2017, the Company capitalized costs related to mineral properties in the amount of $6.6 million (three months ended March 31, 2016 – $4.9 million). See “Development and Exploration Summary” in this MD&A.

MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its shareholders’ equity. When managing capital, the Company’s objectives are to ensure the entity continues as a going concern and to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management team to sustain the future development of the business. As at March 31, 2017, total shareholders’ equity (managed capital) was approximately $247.1 million (December 31, 2016 – $238.1 million).

The Company’s Buriticá project is currently in the development stage and the remaining 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 development and exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. In January 2017, the Company entered into the Credit Facility of $250 million for the Buriticá project.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company’s approach to capital management during the quarter ended March 31, 2017.

The Company is not subject to any externally imposed capital requirements other than the minimum working capital requirement of $15 million under the Credit Facility. The Company believes that its current capital resources were sufficient to discharge its liabilities and capital commitments relating to open contracts and purchase orders as at March 31, 2017.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**March 31 2017**	March 31 2016
Shares issued	**141,885**	129,729
Stock options outstanding[(1)]	**8,400**	8,978
Share Warrants outstanding[(2)]	**5,750**	–
Credit Facility Warrants outstanding[(2)]	**3,000**	-
	159,035	138,707

[(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 a bought deal financing raised net proceeds of $20.5 million ($22.0 million gross proceeds, net of total share issue costs of $1.5 million) from the issuance of 11,500,000 Common Shares and 5,750,000 Public Warrants. $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 Public Warrants, were recognized as an expense in the consolidated statements of operations and comprehensive loss.

On January 10, 2017, 3,000,000 Private Warrants were issued upon closing of the Credit Facility.

As at March 31, 2017, the exercise in full of outstanding Public Warrants, Private Warrants and stock options would raise a total of approximately $56 million, of which in-the-money securities would raise approximately $21 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.

As at May 11, 2017, there were 141,885,295 Common Shares outstanding.

Warrants

On May 25, 2016, 5,750,000 Public Warrants were issued upon completion of a bought deal financing. Each Public 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 Share Warrants to 30 days after the date on which notice is given by the Company to the holders of the Share Warrants. As at March 31, 2017, no such notice has been given by the Company.

Fair value estimates for the Public Warrants are based on quoted market prices and are therefore classified as level 1 within the fair value hierarchy.

On January 10, 2017, the Company issued 3,000,000 Private Warrants in connection with the Credit Facility. The Private Warrants have a four-year term, an exercise price of $3.67 and can be accelerated by the Company in the event the share price of the Common Shares on the TSX exceed 200% of the exercise price for a period of not less than 40 consecutive trading days. The Private Warrants are not listed for trading on any stock exchanges.

As at March 31, 2017, the exercise in full of the outstanding Private Warrants and Public Warrants would raise a total of approximately $32 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 holders of the Credit Facility Warrants and Share Warrants and the market price of the Common Shares.

As at May 11, 2017, 5,750,000 Public Warrants and 3,000,000 Private 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 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.

During the three months ended March 31, 2017, 105,379 (three months ended March 31, 2016 – 179,717) RSUs were granted and vested.

As at March 31, 2017, 8,400,534 options were outstanding at an average exercise price of C$3.86 (December 31, 2016 – 8,066,093 options at an average exercise price of C$4.24), of which 5,747,117 were exercisable (December 31, 2016 – 6,236,080 were exercisable). The exercise in full of the outstanding stock options would raise a total of approximately $24 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. As at March 31, 2017, there were no DSUs or RSUs outstanding.

As at May 11, 2017, there were 8,400,534 stock options and no 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, without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, being the price agreed between the parties. The following is a summary of related party transactions for the three months ended March 31, 2017:

(a) During the three months ended March 31, 2017, legal fees relating to the closure of the Credit Facility of $13,000 were charged from a law firm in which a director of the Company is a partner and are included in transaction costs for the Credit Facility (three months ended March 31, 2016 - $nil).

CONTRACTUAL OBLIGATIONS

As at March 31, 2017, the Company had the following payments due on its contractual obligations and commitments:

Contractual Obligations In thousands of U.S. dollars	**Total**	**< 1 year**	**2-3 years**	**4-5 years**	**>5 years**
	$	**$**	**$**	**$**	**$**
Operating lease obligations [1]	**1,011**	**488**	**433**	**90**	**–**
Rehabilitation obligations[2]	**10,458**	**1,179**	**2,849**	**832**	**5,598**
Capital commitments[3]	**45,233**	**37,561**	**7,672**	**–**	**–**
Credit Facility principal and interest payments [4]	**25,504**	**–**	**–**	**12,497**	**13,007**
Gold production payments [5]	**2,500**	**–**	**347**	**2,153**	**–**
Total	**84,706**	**39,228**	**11,301**	**15,572**	**18,605**

[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 draws received under the Credit Facility and capitalized interest.
[3] Represents payments of $20 per ounce of production resulting from draws received under the Credit Facility.

As at March 31, 2017, a rehabilitation provision of $5.9 million (December 31, 2016 – $5.8 million) was recorded, representing the discounted value of the expected future cash flows.

FINANCIAL INSTRUMENTS AND RELATED RISKS

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

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company has treasury policies designed to support managing liquidity risk by proactively mitigating exposure through cash management, including forecasting its liquidity requirements with available funds and anticipated cash flows. As at March 31, 2017, the Company had cash and cash equivalents of $22.6 million (December 31, 2016 – $19.2 million) to settle current liabilities of $9.8 million (December 31, 2016 – $7.8 million). The Company's loan payable and production-linked payments are long-term financial liabilities with maturities greater than one year. The liability relating to the Public Warrants has an expiry date of less than one year. The majority of the Company's remaining financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company continues to examine its options to secure additional sources of funds including public issuances, private placements and the exercise of outstanding stock options.

Market Risk

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

Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the U.S. dollar and major purchases are transacted primarily in U.S. dollars and Colombian pesos. The Company funds certain operations, exploration and administrative expenses in Colombia on a cash-call basis using Colombian pesos converted from its Canadian and/or U.S. dollar bank accounts held in Canada. The Company maintains Canadian and U.S. dollar bank accounts in Canada, a U.S. dollar bank account in Bermuda and Colombian pesos bank accounts in Medellín, Colombia. The Company is subject to gains and losses due to fluctuations in the Colombian peso and the Canadian dollar against the Company's U.S. dollar functional currency. Sensitivity to a plus or minus 20% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at March 31, 2017, would affect net loss and comprehensive loss by approximately $2.1 million.

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 majority of amounts receivable are current and consist of receivables from unrelated parties as of March 31, 2017. Management believes that the credit risk concentration with respect to amounts receivable is minimal based on the Company's history with these unrelated parties.

Fair Value

As at March 31, 2017, the carrying and fair value amounts of the Company's financial instruments were approximately equivalent. The fair value of the majority of the Company's financial instruments at March 31, 2017 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 daily closing spot gold price during the three months ended March 31, 2017 was between $1,151 and $1,258 per ounce ($1,077 and $1,277 per ounce during the three months ended March 31, 2016) for an average price for the three months ended March 31, 2017 of $1,219 per ounce (three months ended March 31, 2016: $1,183 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)	**2017**	2016
Average market gold price for the three months ended March 31	**1,219**	1,183
Closing market gold price as at March 31	**1,245**	1,237

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 2017. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

	Closing Rate as at		Average Rate three months ended	
	March 31 2017	March 31 2016	**March 31 2017**	March 31 2016
Canadian dollar/US$	**0.7519**	0.7700	**0.7555**	0.7290
Colombian peso /US$	**0.00035**	0.00033	**0.00034**	0.00030

During 2017, the Company will have significant U.S. dollar and Colombian peso requirements due to exploration and development activities, the majority being expenditures to advance the Buriticá project. As at March 31, 2017, the Company held $11.2 million in U.S. dollars, which represents approximately 49.5% of total cash balances to protect against currency volatility in 2017 and which the Company believes is sufficient to fund remaining planned exploration expenditures for 2017. As at May 11, 2017, the Company held approximately $41.1 million in cash and cash equivalents, of which $35.6 million was in U.S. dollars, representing approximately 86.6% of total cash balances. In addition, the Company held 1,185 ounces of gold doré in inventory as at May 11, 2017 with a net realizable value of $1.4 million based on a closing gold price of $1,223 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 annual consolidated financial statements. The accounting estimates considered to be significant are the valuation of the Company's mineral resource assets and equity instruments, the factors considered in determining the Company's functional currency, and the inputs used in determining the balances recorded for the rehabilitation provision, commitments and contingencies. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

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

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

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

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

CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

The following revised standards and amendments have not been applied in preparing the consolidated financial statements. Management 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.

The Company is in the process of determining impact of the adoption of this standard on the consolidated financial statements, if any.

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.

The Company expects the impact as a result of the new requirements to not be material as the Company's properties will not be in commercial production prior to the effective date. All future operating mines will adopt IFRS 15 upon achieving commercial production.

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.

The Company is in the process of determining the impact this standard will have on the consolidated financial statements, if any.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting, as those terms are defined in National Instrument 52-109 for the Company. The Company's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission (2013) framework.

There were no significant changes in the Company's disclosure controls and procedures and internal control over financial reporting, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation as of March 31, 2017, nor were there any significant deficiencies or material weaknesses in the Company's internal controls identified requiring corrective actions.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2017, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods.

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

QUALIFIED PERSON

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

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

RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties, including those described below. 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 and the present stage of exploration, development and production and the location of its properties in Colombia. Readers should carefully consider the information below as well as the risks disclosed in the Company's annual audited consolidated financial statements, management's discussion and analysis and in other publicly-filed documentation regarding the Company available under the Company's profile on SEDAR at www.sedar.com. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations and any of these risk elements could have a material adverse effect on the business of the Company.

ADDITIONAL INFORMATION

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

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