

Continental Gold Announces Strategic Investment by Newmont Mining and Investment by RK Mine Finance

Toronto, Ontario, May 11, 2017 - Continental Gold Inc. (TSX:CNL; OTCQX:CGOOF) (“Continental” or the “Company”) is pleased to announce that Newmont Mining Corporation (“Newmont”) has agreed to purchase 37.38 million common shares of the Company at a price of C\$4.00 per share for a total investment of US\$109 million in a non-brokered private placement (the “Newmont Private Placement”). Concurrently with Newmont’s investment in Continental, RK Mine Finance Master Fund I Limited (“Red Kite”) has also agreed to purchase 8.59 million 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 Continental’s secured project credit facility (the “Credit Facility”) with Red Kite. After giving effect to the private equity placements, Newmont and Red Kite will own approximately 19.9% and 4.6%, respectively, of the issued and outstanding common shares of Continental on a non-diluted basis. The private placements will not close before May 18, 2017 post receipt of regulatory approvals, including by the Toronto Stock Exchange.

Ari Sussman, CEO of Continental, commented: “After completing a formal process in which a number of alternatives (including multiple equity financing offers) were evaluated, we are pleased to be welcoming Newmont and Red Kite as investors in Continental. Newmont is our first choice for a cornerstone investor with its best-in-class balance sheet, excellent operating team and recent track record of delivering projects on schedule and under budget. We look forward to capitalizing on Newmont’s experience to successfully kick-off formal construction at the Buriticá project later this year. With Newmont as a partner and the completion of this financing, Continental will be well-positioned to build Buriticá and create significant value for our shareholders with first gold pour on track for early 2020.”

In connection with the Newmont Private Placement, Newmont and Continental have entered into a binding Investment Agreement, the provisions of which include:

- a standstill until the Buriticá project goes into commercial production;
- a twelve-month lock-up on share dispositions;
- participation rights in any future equity financings to maintain pro rata ownership interest;
- ‘backstop rights’ to subscribe for any unsold portion of future equity financings;
- a right of first offer for any non-equity financing greater than US\$30 million;
- the formation of joint management technical, exploration, and sustainability committees; and
- one seat for a Newmont nominee on the Continental Board of Directors.

Newmont and Continental will also form a strategic alliance to evaluate opportunities to partner on exploration of Continental’s other properties in Colombia.

The CAPEX of US\$389 million, outlined in the 2016 feasibility study for the Buriticá project, will be fully-funded with US\$403 million of available cash and debt allocated. The Company intends to use the proceeds of Newmont’s investment to develop the Buriticá project and such proceeds satisfy the funding condition required to draw the second tranche of US\$100 million under the Credit Facility. Additional financing, if required, may be fulfilled through equipment lease financing, exercise of outstanding warrants and other non-dilutive alternatives (Table 1).

Table 1	(US\$ million)
CAPEX for Buriticá Project (March 2016 Feasibility Study)	\$389
Financing Completed	
Cash position (January 1, 2017)	\$19
Red Kite Credit Facility	\$250
Equity Financing with Newmont and Red Kite	\$134
TOTAL	\$403
Potential Future Financing Alternatives	
Warrants at C\$4.75 Expiring Nov 25, 2017 (if exercised in full)	\$20
Warrants at US\$3.67 Expiring Jan 10, 2021 (if exercised in full)	\$11
Equipment Lease Financing	Up to \$30
Other non-dilutive financing alternatives	Negotiable

RBC Capital Markets is acting as financial advisor to the Continental Board of Directors in connection with the Newmont Private Placement.

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 fully-permitted high-grade Buriticá gold project to production with first gold pour on track for early 2020.

For information on the Buriticá project, please refer to the technical report, prepared in accordance with NI 43–101, entitled “Buriticá Project NI 43–101 Technical Report Feasibility Study, Antioquia, Colombia” and dated March 29, 2016 with an effective date of February 24, 2016, led by independent consultants JDS Energy & Mining Inc. The technical report is available on SEDAR at www.sedar.com, on the OTCQX at www.otcmarkets.com and on the Company website at www.continentalgold.com. Additional details on Continental Gold’s suite of gold exploration properties are also available at www.continentalgold.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, completion of the Newmont and Red Kite private equity financings, the availability of the funds under the project credit facility 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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