MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three and six months ended June 30, 2017

CONTINENTALGOLD

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 and six months ended June 30, 2017. This MD&A should be read in conjunction with the interim consolidated financial statements of the Company for the three and six months ended June 30, 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 August 3, 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 wsuch 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 Public 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 104,436 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 construction, 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 15,000-metre drilling program to (i) move mineral resources from the inferred to indicated category and (ii) increase mineral resources with step-out drilling;
- Complete the six-kilometre access road connecting the Buriticá property entrance to the future plant and infrastructure site in the Higabra valley;
- 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 with site excavation scheduled to begin in Q3 2017, followed by 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.

Q2 2017 Highlights

- During the quarter, the Company awarded the construction management contract and the engineering and procurement contract to Merit Consultants International Inc. ("Merit") and M3 Engineering & Technology Corp. ("M3"), respectively;
- On April 25, 2017, the Company provided an operational update announcing, among other items, that the first phase of the six-kilometre access road was complete and that the second phase of

the road, which will upgrade the road to accommodate plant and infrastructure equipment deliveries, had commenced and is expected to be completed by Q4 2017. In addition, the Company updated the procurement schedule of long lead items, various developments at site and announced plans to resume the exploration drilling program;

- On May 18, 2017, Newmont Mining Corporation ("Newmont") purchased 37.38 million Common Shares at a price of C$4.00 per share for a total investment of $109 million in a non-brokered private placement (the "Newmont Private Placement"). Concurrent with Newmont's Private Placement, RK Mine Finance Master Fund I Limited ("Red Kite") also purchased 8.59 million Common Shares on a private placement basis at a price of C$4.00 per share for a total investment of $25 million as contemplated in the Credit Facility (as defined below; see the "Loan Payable" section of this MD&A) (the Newmont Private Placement and the Red Kite private placement collectively referred to herein as the "Private Placement"). The closing of the Private Placement satisfied one of the conditions precedent to accessing the second tranche of financing under the Credit Facility. After giving effect to the Private Placement, Newmont and Red Kite owned approximately 19.9 percent and 4.6 percent of the Company, respectively;
- In connection with the Newmont Private Placement, Newmont and the Company entered into a binding Investment Agreement (the "Investment Agreement"), the provisions of which include (subject to certain exceptions and qualifications):
  - A standstill until the earlier of June 30, 2020 and the date 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 $30 million;
  - The formation of joint management technical, exploration, and sustainability committees; and
  - One seat for a Newmont nominee on the Company's Board of Directors (the "Board of Directors") (and a second seat if Newmont's ownership percentage increases to 25% in accordance with the Investment Agreement).

  Newmont and the Company will also form a strategic alliance to evaluate opportunities to partner on exploration of Continental's other properties in Colombia; and
- On June 12, 2017, the Company announced the appointment of Stephen Gottesfeld to the Board of Directors and Audit Committee of the Company, pursuant to the Investment Agreement.

Subsequent to quarter-end:

- On July 24, 2017, the Company announced the commencement of a 15,000-metre phase 1 expansion underground drilling program as part of the 2017 exploration program at the Buriticá project (the "Phase I Expansion Program"). The Phase I Expansion Program will include: infill drilling of both probable reserves and inferred resources in order to move them into higher classification categories; step-out drilling to target high-grade extensions along both probable mineable reserve blocks and inferred mineral resources located at or below the elevation of the Higabra Valley Tunnel; and testing, towards the end of the Phase 1 Expansion Program, of multiple new targets with high-grade gold potential, identified from grassroots exploration conducted around the Buriticá project during the past two years.
- On July 29, 2017, the Company announced that six security contractors ("Contractors") providing services to the Company perished during an incident in an illegal mine located away from the Company's current operations at the Buriticá Project. The Contractors were performing routine underground inspections of a government-closed illegal mine as ordered by the National Government of Colombia in order to maintain its post-intervention strategy. According to available information, upon entering the underground mine, the Contractors were accosted by illegal miners and, subsequently, an explosion occurred. A seventh Contractor managed to escape and

immediately notified all relevant authorities. Rescue efforts were led by the ANM (National Mining Agency of Colombia, the top mining authority under the Ministry of Mines) and DAPARD (the government´s disaster recovery agency), with assistance by Continental Gold. The government took immediate control of the area while they investigate the tragedy and the Company's operations remain unaffected. The Company is working with government agencies to provide full support to the families of the victims and will continue to cooperate with the government to intensify efforts to ensure security and legality in the region.

DEVELOPMENT AND EXPLORATION SUMMARY

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

	Three months ended June 30		Six months ended June 30	
In thousands of U.S. dollars	**2017**	2016	**2017**	2016
	$	$	**$**	$
Capitalized:				
Construction in progress – Buriticá project	**21,212**	–	**27,778**	–
Exploration and evaluation assets – Buriticá project	**–**	3,864	**–**	8,703
Exploration and evaluation assets – Gran Buriticá project *	**65**	61	**74**	89
	21,277	3,925	**27,852**	8,792

***** 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 70,693 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 42 concession applications totalling 40,881 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

The closing of the Private Placement and a $250 million secured project debt facility with Red Kite (the "Credit Facility") provides the Company with the necessary capital to begin formal development activities.

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

- Project Management – Additional personnel were hired to augment the existing team with initial focus on project management and cost control roles;

- Construction Management and Engineering and Procurement – During the quarter, the Company announced that the construction management and engineering and procurement contracts were awarded to Merit and M3, respectively;

- Engineering – Basic engineering continued with initial focus on long lead process plant equipment and associated infrastructure, as well as completing initial site excavation drawings to begin construction.

- Mill and Infrastructure Procurement – Purchase orders were issued for long lead equipment and for items required to advance detail engineering. Procurement is ongoing; the Company intends to issue all purchase orders for long lead items by the end of Q3 2017;

- Site Construction Progress – The second phase of the six-kilometre access road, connecting the Buriticá property entrance to the future plant and infrastructure site in the Higabra valley, 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 clearing for plant and infrastructure sites and portions of the tailing storage facility were completed in Q2 2017; minor earth work for site stormwater diversion channels began in the second quarter;

- Mine Equipment Procurement – The Company placed orders for additional underground mining equipment, including development jumbos, bolting machines, loaders and haul trucks. Equipment deliveries are planned to meet requirements for mine development ramp-up and personnel training to ensure pre-production development meets milestone objectives;

- Mine Operations Personnel and Training – The Company continues to hire locally and has begun transitioning miners from conventional development and mining areas into the mechanized development. To support this transition, the Company initiated a mine training program, which included retaining jumbo operator-trainers. This program will be expanded as additional underground development equipment arrives; and

- Mine Development – Development has been ongoing since the start of 2017 and, using existing mobile underground equipment, the Company advanced further lateral development in the Yaraguá vein system during the quarter. The Company also began enlarging the Veta Sur ramp from the portal. Development advance will continue to increase in 2017 as additional mining equipment arrives.

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 June 30, 2017, aimed at strengthening the community and improving health, education, infrastructure and the environment:

- Continued promoting education by sponsoring courses for adult basic training for various community members, including employees of the Company;

- Provided training and seed funding to individuals for local entrepreneurship;

- Held information sessions to ensure that the impacts of the project are understood by local communities and to ensure that they have an opportunity to express their views and expectations;

- Held information sessions to support future local procurement of goods and services from local suppliers;

- Continued support of the small-scale mining formalization process by helping to establish various procedures and controls focused on health and safety, environmental compliance and mine planning;

- Supported several local business initiatives: purchase of uniforms and materials, community works and infrastructure, as well as accommodation of employees in local houses;

- Provided training programs for skill development in the agricultural and livestock fields as well as training in leadership and values; and

- Communicated with local communities through formal meetings about the formalization process, reconnaissance exploration and various other projects underway in local communities.

In 2017, the Company plans to continue to support 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 and six months ended June 30, 2017, the Company incurred $22.7 million and $31.6 million, respectively, of construction and development costs (three and six months ended June 30, 2016 – $6.9 million and $14.5 million, respectively, of deferred exploration and development costs), including $0.3 million and $0.6 million for the same respective periods (three and six months ended June 30, 2016 – $0.2 million and $0.4 million, respectively) of capitalized share-based payments. Gold sales resulting from drifting in ore at the Buriticá project amounted to $1.5 million and $3.8 million, respectively, for the three and six months ended June 30, 2017 (three and six months ended June 30, 2016 – $3.0 million and $5.7 million, respectively, including advances). 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 and six months ended June 30, 2017 totaled $21.2 million and $27.9 million, respectively (three and six months ended June 30, 2016 – $3.9 million and $8.8 million, respectively).

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 48,417 hectares of exploration rights. The project is comprised of 11 registered concessions totaling 22,851 hectares and 14 pending registration concessions totaling 25,566 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 commenced reconnaissance exploration during the first and second 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 second 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 second 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	**June 30** **2017**	December 31 2016
	$	$
Consolidated Financial Position		
Cash and cash equivalents	**150,166**	19,214
Property, plant and equipment	**272,454**	244,598
Exploration and evaluation assets	**4,778**	4,704
Total assets	**468,679**	276,760
Loan payable	**45,063**	–
Shareholders’ equity	**375,003**	238,075

	Three months ended June 30		**Six months ended June 30**	
In thousands of U.S. dollars	**2017**	2016	**2017**	2016
	$	$	**$**	$
Consolidated Operating Results				
Foreign exchange (loss) gain	**(148)**	300	**(106)**	683
Net (loss) income	**(5,315)**	408	**(3,164)**	761
Consolidated Cash Flow				
Acquisition of and investment in development assets, net of gold sales	**10,634**	3,729	**15,909**	7,709
Cash flows from financing activities	**157,445**	20,587	**174,360**	20,587
Net cash inflow	**127,685**	13,793	**130,813**	6,211

The Company's total assets as at June 30, 2017 of $468.7 million increased from total assets of $276.8 million as at December 31, 2016 and $306.6 million as at March 31, 2017. The increase is primarily a result of the receipt of $132.5 million, net of share issue costs, from the closing of the Private Placement in May 2017 and the receipt of $41.7 million, net of the arrangement fee and lender's costs, relating to draws from the Credit Facility.

Cash and cash equivalents at June 30, 2017 was $150.2 million, compared to $19.2 million as at December 31, 2016 and $22.6 million at March 31, 2017. The increase is primarily a result of the receipt of proceeds from the Private Placement and draws from the Credit Facility, net of construction and development expenditures.

As at June 30, 2017, the Company had a loan payable balance and a production-linked liability of $45.1 million and $3.9 million, respectively, relating to draws from the Credit Facility (see the "Loan Payable" section in this MD&A). The Company also has $40.3 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 loss for the three and six months ended June 30, 2017 was $5.3 million and $3.2 million, respectively, compared to net income of $0.4 million and $0.8 for the same respective periods in 2016. The change is primarily a result of foreign exchange on the translation of foreign tax balances. (See "Operating Results" in this MD&A).

Net cash inflow for the three and six months ended June 30, 2017 was $127.7 million and $130.8 million, respectively, compared to net cash inflow of $13.8 million and $6.2 million for the same respective periods in 2016. The change is primarily a result of the receipt of proceeds from the Private Placement and draws from the Credit Facility, net of construction and development expenditures.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company's consolidated operating results for the three and six months ended June 30, 2017 and 2016:

	Three months ended June 30		**Six months ended June 30**	
	2017	2016	**2017**	2016
Tonnes milled (tonnes)	**2,491**	2,248	**4,581**	**4,100**
Average grade (g/t)	**20.95**	29.63	**22.90**	**35.98**
Gold production (ounces)	**1,504**	2,006	**2,999**	**4,402**
Gold sales (ounces)	**1,176**	1,598	**3,082**	**6,389**
Realized gold price ($)	**1,234**	1,240	**1,225**	**1,163**

In thousands of U.S. dollars, except per Common Share amounts	**2017**	2016	**2017**	2016
	$	$	**$**	$
Net (loss) income	**(5,315)**	408	**(3,164)**	761
Net (loss) income per share, basic and fully diluted	**(0.03)**	0.003	**(0.02)**	0.01

In thousands of U.S. dollars	Three months ended June 30 2017	2016	Six months ended June 30 2017	2016
	$	$	**$**	$
Capitalized development and exploration expenditures, net of gold sales and recoveries (see “Development and Exploration Summary”)	**21,277**	3,925	**27,852**	8,792
Operating activities	**(2,266)**	(1,572)	**(4,945)**	(3,823)
Investing activities	**(27,494)**	(5,222)	**(38,602)**	(10,553)
Financing activities	**157,445**	20,587	**174,360**	20,587
	127,685	13,793	**130,813**	6,211
Foreign exchange on cash and cash equivalents	**(73)**	323	**139**	721
Net increase in cash and cash equivalents	**127,612**	14,116	**130,952**	6,932

Pre-Production Activities

For the three and six months ended June 30, 2017, the Company produced 1,472 ounces and 3,831 ounces of gold, respectively (three and six months ended June 30, 2016 – 2,006 and 4,402 ounces, respectively) and sold 1,176 and 3,082 ounces of gold, respectively (three and six months ended June 30, 2016 – 1,598 and 6,398 ounces, respectively) for an average realized price of $1,234 and $1,225 per ounce (three and six months ended June 30, 2016 – $1,240 and $1,163 per ounce, respectively).

As at June 30, 2017, the Company held 932 ounces (December 31, 2016 – 1,014 ounces) of gold doré in inventory with a net realizable value of $1.2 million based on a closing gold price of $1,242 per ounce (December 31, 2016 - $1.2 million based on a closing gold price of $1,146 per ounce). Gold doré inventory was recorded at a cost of $1.5 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 loss for the three and six months ended June 30, 2017 amounted to $5.3 million ($0.03 per Common Share) and $3.2 million ($0.02 per Common Share), respectively, compared to net income of $0.4 million ($0.003 per Common Share) and $0.8 million ($0.01 per Common Share) for the same respective periods in 2016. The change compared to the same respective periods in 2016 was primarily from the following:

- Corporate administration expenses for the three and six months ended June 30, 2017 was $2.4 million and $5.4 million, respectively (three and six months ended June 30, 2016 – $1.7 million and $4.2 million, respectively), 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 and six months ended June 30, 2017 were $0.7 million and $1.4 million, respectively (three and six months ended June 30, 2016 – $0.7 million and $1.4 million, respectively), of which $0.4 million and $0.8 million, respectively (three and six months ended June 30, 2016 – $0.4 million and $1.0 million, respectively) were expensed and $0.3 million and $0.6 million, respectively (three and six months ended June 30, 2016 – $0.2 million and $0.4 million, respectively) were capitalized to exploration and evaluation assets.
- Changes related to share-based payments during the three and six months ended June 30, 2017 result from the issuance of 120,000 and 1,685,000 stock options, respectively, with average grant date fair values of $1.57 and $1.54 per Common Share, respectively, compared to 495,000 and 1,710,000 stock options, respectively, during the three and six months ended June 30, 2017, with average grant date fair values of $0.96 and $0.63 per Common Share, respectively. In addition, during the three and six months ended June 30, 2017, 13,000 and 118,579 restricted share unit (“RSUs”), respectively, were granted (six months ended June 30, 2016 – 179,717). The valuation

of share-based payments relating to options is subjective and can impact net income (loss) significantly. The valuation of share-based payments relating to RSUs is based on the share price on the grant date and are amortized over the expected vesting period.

- Foreign exchange loss for the three and six months ended June 30, 2017 was $0.1 million and $0.1 million, respectively, compared to a $0.3 million and $0.7 million gain for the same respective periods in 2016.
- Deferred tax for the three and six months ended June 30, 2017 was a $1.6 million expense and a $0.3 million recovery, respectively, compared to a recovery of $2.3 million and $3.4 million, respectively, for the same periods in 2016. Deferred tax expense (recovery) 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 and foreign tax 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 and six months ended June 30, 2017 were $2.3 million and $4.9 million, respectively, compared to $1.5 million and $3.8 million for the same respective periods in 2016.

Investing Activities

Investing activity expenditures for the three and six months ended June 30, 2017 were $27.5 million and $38.6 million, respectively (three and six months ended June 30, 2016 – $5.3 million and $10.6, respectively). The increase is primarily to the initiation of construction activities, including the payment of advances on the order of long-lead equipment, at the Buriticá project, net of capitalized gold sales revenues relating to such assets.

Financing Activities

Financing activity for the three and six months ended June 30, 2017 of $157.4 million $174.4 million, respectively (three and six months ended June 30, 2016 – $20.6 million and $20.6 million, respectively) relate to receipt of proceeds from the Private Placement, net of share issue costs, and draws from the Credit Facility, net of transaction costs.

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	**Q2–2017**	**Q1–2017**	**Q4–2016**	**Q3–2016**	**Q2–2016**	**Q1–2016**	**Q4–2015**	**Q3–2015**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Net income (loss)	**(5,315)**	2,151	(3,736)	(1,836)	408	353	(7,543)	(10,198)
Basic income (loss) per share	**(0.03)**	0.02	(0.03)	(0.01)	0.003	0.003	(0.06)	(0.08)
Diluted income (loss) per share	**(0.03)**	0.01	(0.03)	(0.01)	0.003	0.003	(0.06)	(0.08)

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.

PRIVATE PLACEMENT – MAY 2017

On May 18, 2017, the Company completed the Private Placement whereby the Company issued 37,383,844 Common Shares to Newmont in a non-brokered private placement at a price of C$4.00 per share, for total gross proceeds of $108.9 million. Concurrently, Red Kite also purchased 8,589,375 Common Shares of the Company on a private placement basis at a price of C$4.00 per share for total gross proceeds of $25.0 million, as contemplated in the Credit Facility. Transaction costs in respect of the Private Placement were $1.5 million. The closing of the Private Placement satisfied an equity financing condition under the Credit Facility in order to access the second $100 million tranche of the Credit Facility.

The Company intends to use the proceeds of the Private Placement to develop the Buriticá project.

LOAN PAYABLE

On January 10, 2017, the Company entered into the Credit Facility of $250 million, subject to certain conditions precedent, for use in the development, construction and working capital requirements for the Buriticá project. Conditions precedent for the drawdown of the first $200 million have been satisfied as at June 30, 2017. The remaining $50 million will be available when the project is at least 65% complete and the Company has sufficient capital (including the final $50 million tranche) to complete the project.

The key components of the Credit Facility recognized in the interim consolidated financial statements are as follows:

- Term of 7.25 years;
- 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 on July 31, 2020, 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 liability (see "Production-Linked Liability" in this MD&A); and
- 3,000,000 warrants (the "Private Warrants") issued to Red Kite (see "Warrants" in this MD&A).

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 finance charges, 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 June 30, 2017 and, as a result, were not recognized. The Private Warrants were measured at fair value on the date of issue based on the Black-Scholes option pricing model and are not subsequently re-measured.

For the three and six months ended June 30, 2017, draws from the Credit Facility resulted in cash receipts of $25.0 million and $41.7 million, net of transaction costs incurred, respectively. Transactions costs incurred were charged to deferred finance charges in the interim consolidated statement of financial position. In addition, the receipt of the draws resulted in the recognition of production-linked liabilities as at June 30, 2017 in respect of 250,000 ounces of production with fair values, determined on the date of each draw, totaling $3.8 million and charged to deferred finance charges. The fair value of the Private Warrants on the date of issue of $5.7 million was also charged to deferred finance charges, resulting in total deferred finance charges of $17.8 million as at June 30, 2017. The attributable portion of the deferred finance charges relating to draws received as at June 30, 2017 was $6.6 million and was transferred from deferred finance charges as a reduction to loan payable. The remaining balance of deferred finance charges of $11.2 million will be reclassified to loan payable upon receipt of future draws from the Credit Facility based on the attributable portion of the draw.

As at June 30, 2017, the loan payable balance of $45.1 million is made up of total draws of $50 million, less $6.6 million of attributable finance charges plus accrued interest, calculated using the effective interest rate, of $1.7 million. Accrued interest was capitalized as borrowing costs as part of construction in progress.

PRODUCTION-LINKED LIABILITY

Each draw from the Credit Facility will result in a required payment of $20 per ounce of gold production and the portion of the maximum 1.25 million ounces that is determined based on the proportion of the draw to the total Credit 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.

As a result of draws received from the Credit Facility as at June 30, 2017, the Company is required to pay $20 per ounce of gold for the Company’s first 250,000 ounces of production from the Buriticá project. The fair value of the production-linked liability, determined on the date of each draw, of $3.8 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 June 30, 2017, the liability was revalued at $3.9 million, resulting in a an accretion expense recognized in the interim consolidated statement of (operations) earnings and comprehensive (loss) income of $0.06 and $0.09 million, respectively, for the three and six months ended June 30, 2017.

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 June 30, 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 pre-production activities at the small-scale Yaraguá mine. However, in January 2017, the Company entered into the $250 million Credit Facility. 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 18, 2017, the Company closed the Private Placement for gross proceeds of approximately $132.5 million, net of share issue costs, resulting from the issuance of a total of 45,973,219 Common Shares and, 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	**June 30** **2017**	December 31 2016
	$	$
Cash and cash equivalents	**150,166**	19,214

The Company's financial position at June 30, 2017 included $150.2 million in cash and cash equivalents, compared to $19.2 million at December 31, 2016 and $22.6 at March 31, 2017. The Company maintains its surplus funds in cash with two major banks in Canada and certain Colombian banks. The Company also held 932 ounces (December 31, 2016 – 1,014 ounces) of gold doré in inventory with a net realizable value of $1.2 million (December 31, 2016 - $1.2 million) based on a closing gold price of $1,242 per ounce (December 31, 2016 - $1,146 per ounce). As at August 2, 2017, cash and cash equivalents amounted to approximately $142.7 million and 822 ounces of gold doré in inventory with a net realizable value of $1.0 million based on a closing gold price of $1,270per ounce.

The Company had working capital of $143.5 million as of June 30, 2017 (December 31, 2016 – $14.1 million). The change in working capital in 2017 is a result of the receipt of proceeds from the Private Placement and draws 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 May 2016 equity financing.

The Company has lease agreements expiring between 2017 and 2020 for office and warehouse facilities in Toronto and Colombia. The Company's estimated annual rent is approximately $0.5 million, depending upon the actual annual operating costs for the Company's premises. In addition, as at June 30, 2017, the Company has $40.3 million of capital commitments relating to open contracts and purchase orders expiring or expected for delivery prior to June 30, 2018 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 June 30, 2017, 8,203,034 stock options were outstanding at an average exercise price of C$3.72 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 $55.6 million. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the option 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 of a total of $250 million for the construction of the Buriticá project. As at June 30, 2017, the loan payable balance, based on the effective interest method, was $45.1 million.

As at June 30, 2017, the Company's production-linked liability was $3.9 million in respect of the first 250,000 ounces of production at the Buriticá project.

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 received for the three and six months ended June 30, 2017 were $1.5 million and $3.8 million, respectively (three and six months ended June 30, 2016 – $3.0 million and $5.7 million, respectively). 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 and six months ended June 30, 2017, the Company capitalized costs related to mineral properties in the amount of $21.2 million and $27.9 million, respectively (three and six months ended June 30, 2016 – $3.9 million and $8.8 million, respectively). 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 June 30, 2017, total shareholders' equity (managed capital) was approximately $376.6 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. On May 18, 2017, the Company completed the Private Placement for total gross proceeds of approximately $132.5 million, net of share issue costs, and on January 10, 2017, the Company entered into the $250 million Credit Facility 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 June 30, 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 June 30, 2017.

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**June 30 2017**	December 31 2016
Shares issued	**187,859**	141,629
Stock options outstanding(1)	**8,203**	8,066
RSUs outstanding(2)	**13,000**	–
Public Warrants outstanding(3)	**5,750**	5,750
Private Warrants outstanding(3)	**3,000**	–
	217,812	155,445

(1) Each stock option is exercisable for one Common Share
(2) Each RSU is exercisable for one Common Share
(3) 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.

On May 18, 2017, a total of 45,973,219 Common Shares were issued upon closing of the Private Placement for gross proceeds of approximately $132.5 million, net of share issue costs.

As at June 30, 2017, the exercise in full of outstanding Public Warrants, Private Warrants and stock options would raise a total of approximately $55.6 million, of which in-the-money securities would raise approximately $9.6 million. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the option holder and the market price of the Common Shares.

As at August 2, 2017, there were 188,058,514 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 June 30, 2017, no such notice had been given by the Company. Fair value estimates for the Public Warrants are based on quoted market prices.

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 exchange.

As at June 30, 2017, the exercise in full of the outstanding Private Warrants and Public Warrants would raise a total of approximately $32.1 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 Private Warrants and Public Warrants and the market price of the Common Shares.

As at August 2, 2017, 5,750,000 Public Warrants and 3,000,000 Private Warrants were outstanding.

Share-Based Compensation

The Company has the following share-based compensation programs in place: (i) a stock option plan (the “Option Plan”), (ii) a deferred share unit plan (the “DSU Plan”) and (iii) a restricted share unit plan (the “RSU Plan”). 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 and six months ended June 30, 2017, 13,000 and 118,579 RSUs, respectively, were granted, of which nil and 105,579 RSUs vested, respectively (three and six months ended June 30, 2016 – nil and 179,717 RSUs granted and vested, respectively).

As at June 30, 2017, 8,203,034 options were outstanding at an average exercise price of C$3.72 (December 31, 2016 – 8,066,093 options at an average exercise price of C$4.24), of which 5,687,534 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 $23.5 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 June 30, 2017, there were no DSUs and 13,000 RSUs outstanding.

As at August 2, 2017, there were 8,003,034 stock options, no DSUs and 13,000 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 and six months ended June 30, 2017:

(a) During the three and six months ended June 30, 2017, legal fees relating to the closure of the Credit Facility of $nil and $13,000, respectively (three and six months ended June 30, 2016 - $nil) were charged from a law firm in which a director of the Company is a partner and are included in deferred financing charges for the Credit Facility.

(b) During the three and six months ended June 30, 2017, $70,000 (three and six months ended June 30, 2016 - $nil) was paid to a non-profit organization responsible for community programs in Colombia in which an officer of the Company is related and is included in corporate administration expenses on the consolidated statement of (operations) earnings and comprehensive (loss) income.

CONTRACTUAL OBLIGATIONS

As at June 30, 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]	930	450	443	37	–
Rehabilitation obligations[2]	18,510	2,323	4,197	3,301	8,689
Capital commitments[3]	39,628	34,744	4,265	619	–
Credit Facility principal and interest payments [4]	51,519	–	–	27,820	23,699
Gold production payments [5]	5,000	–	1,465	3,535	–
Total	115,587	37,517	10,370	35,312	32,388

(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 June 30, 2017, a rehabilitation provision of $11.7 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 June 30, 2017, the Company had cash and cash equivalents of $150.2 million (December 31, 2016 – $19.2 million) to settle current liabilities of $12.4 million (December 31, 2016 – $11.4 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 peso bank accounts in Medellín, Colombia. The Company is subject to gains and losses due to fluctuations in the Colombian peso and the Canadian dollar against the Company's U.S. dollar functional currency. Sensitivity to a plus or minus 20% change in all foreign currencies (Colombian pesos and Canadian dollars) against the U.S. dollar, with all other variables held constant as at June 30, 2017, would affect net loss and comprehensive loss by approximately $0.1 million.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings, assets and liabilities. 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 and the loan payable in respect of the Credit Facility. Interest rate risk in respect of cash and cash equivalents is minimal, as the Company's interest-bearing instruments have fixed interest rates. The Credit Facility bears interest at the 3-month LIBOR rate plus 8%, with a minimum 1% LIBOR rate. The Company's future cash flows and future loan payable balances in respect of the Credit Facility is impacted by fluctuations in the LIBOR rate when it is greater than 1%.

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 June 30, 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 June 30, 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 June 30, 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 six months ended June 30, 2017 was between $1,151 and $1,284 per ounce ($1,077 and $1,324 per ounce during the six months ended June 30, 2016) for an average price for the six months ended June 30, 2017 of $1,237 per ounce (six months ended June 30, 2016: $1,222 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 six months ended June 30	**1,237**	1,222
Closing market gold price as at June 30	**1,242**	1,320

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 six months ended**	
	June 30 2017	December 31 2016	**June 30 2017**	June 30 2016
Canadian dollar/US$	**0.7706**	0.7225	**0.7496**	0.7530
Colombian peso /US$	**0.00034**	0.00032	**0.00034**	0.00032

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 June 30, 2017, the Company held $145.1 million in U.S. dollars, which represents approximately 97% 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 August 2, 2017, the Company held approximately $142.7 million in cash and cash equivalents, of which $138.5 million was in U.S. dollars, representing approximately 97.1% of total cash balances. In addition, the Company held 822 ounces of gold doré in inventory as at August 2, 2017 with a net realizable value of $1.0 million based on a closing gold price of $1,270 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 June 30, 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 June 30, 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 entitled "Buriticá Project NI 43-101 Technical Report Feasibility Study Antioquia, Colombia" dated March 29, 2016 with an effective date of February 24, 2016, led by independent consultants JDS Energy & Mining, Inc. The technical report is available on the Company's website at www.continentalgold.com and under the Company's profile on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The 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.

CONTINENTAL GOLD INC
155 Wellington Street West, Suite 2920
Toronto, Ontario, Canada M5V 3H1
Telephone: +1 416 583 5610
Toll Free: +1-877-273-8228
Fax: +1 416 595 9918

COLOMBIA BRANCH OFFICE
Continental Gold Limited Sucursal Colombia
Calle 7 No 39-215, #1208, El Poblado, Medellin, Antioquia, Colombia
Teléfono: +57 4 3121026
Fax: +57 4 312 1093

www.continentalgold.com