



MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND
CONSOLIDATED RESULTS OF OPERATIONS

For the year ended December 31, 2018



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the activities, consolidated financial condition and consolidated results of the operations of Continental Gold Inc. (the "Company" or "Continental Gold") constitutes management's review of the factors that affected the Company's consolidated financial and operating performance for the year ended December 31, 2018. This MD&A should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2018, 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 March 15, 2019 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.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements within the meaning of applicable U.S. securities laws. Forward-looking information includes, but is not limited to: statements with respect to the potential of the Company's properties; the estimation of mineral resources and mineral reserves; exploration results; potential mineralization; exploration and mine development plans; obtaining necessary permits; timing of the commencement of operations; the future price of gold and other mineral commodities; the realization of mineral resource and mineral reserve estimates; success of exploration activities; cost and timing of future exploration and development; continued advancement of the Company's Corporate Social Responsibility ("CSR") program; conclusion of economic evaluations; requirements for additional capital; other statements relating to the financial and business prospects of the Company; and other future events and information as to the Company's strategy, plans or future financial or operating performance.

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

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management considered reasonable at the date the statements are made in light of management's experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that it believes to be relevant and reasonable in the circumstances at the date that such statements are made. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the actual results of exploration activities; the inherent risks involved in the exploration and development of mineral properties; changes in project parameters as plans continue to be refined; delays in obtaining government approvals; the uncertainties of project cost overruns or unanticipated costs and expenses; uncertainties inherent in conducting operations in a foreign country; title risks related to the ownership of the Company's projects and the related surface rights and to the boundaries of the Company's projects; risks relating to the Company's pending concession applications; the Company's limited operating history; uncertainties related to the availability and costs of financing needed in the future; risks arising from the Company's ability to satisfy covenants in the credit facility for the development of the Buriticá Project; 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 and the effect of mineral extraction by third parties without title; risks arising from the closure of illegal mines; security risks; risks arising from the formalization process for small-scale 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; uncertainty relating to decommissioning and reclamation costs; unreliable historical data for projects; reliance on adequate infrastructure for mining activities; health and safety risks; compliance with government regulation and anti-corruption laws; 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.

Material Forward-Looking Information

The annual consolidated financial statements of the Company for the year ended December 31, 2018 were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The assumption is based on the anticipation of obtaining additional sources of financing to fund its construction, exploration and operating activities for the foreseeable future. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Management’s current total project cost estimate (including scope changes) is in the range of \$475-\$515 million (including contingency but excluding working capital). The Company believes that the estimate, determined internally, is accurate within +/-10%. However, the estimate is subject to change and is based on assumptions which can affect the accuracy of the cost estimates, including but not limited to data on which engineering assumptions are made, accuracy of equipment and construction cost estimates, unanticipated changes in grade and tonnage to be mined and processed and mining plans. Unanticipated factors can also impact the cost estimate, including but not limited to difficulty or failure to meet scheduled construction completion dates, facility or equipment commissioning dates; poor or unsatisfactory construction quality resulting in failure to meet completion, commission or production dates; capital overrun related to the completion of any construction phase including capital overrun associated with demobilization of construction workers; labour negotiations; unanticipated costs relating to the commencement of operations, ramp up and production sustainment; changes in government regulations (including regulations relating to prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas or exportation of the Company’s products and changes in commodity input costs and quantities).

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 (“Common Shares”) trade on the Toronto Stock Exchange (the “TSX”) and OTCQX under the symbols “CNL” and “CGOOF”, respectively.

The Company currently holds the rights to develop and explore one advanced-stage gold project (the Buriticá Project) and explore three early-stage projects in Colombia (the “Colombia Projects”) totaling approximately 75,414 hectares of exploration and exploitation rights and has pending concession applications totaling approximately 131,336 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 flagship high-grade Buriticá gold project located in Antioquia, Colombia.

The focus of the Company for 2018 was the continued advancement of construction, development and exploration programs for the Buriticá Project, with the goal of first gold pour in H1 2020. Major objectives and milestones for 2018 included: advancing construction and development activities; continuing exploration and definition drilling; and ongoing cooperation and collaboration with the communities in which the Company explores and develops to create opportunities and improve living conditions.

The Company requires equity capital and other financing to fund working capital and 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. There is no assurance that financing efforts will be successful or sufficient, or if the Company will attain profitable levels of operation in the future.

2018 Highlights

- Advancement of the exploration program at the Buriticá Project:
 - The Company completed its 2018 exploration drill program that included 59,871 metres of core drilling from both surface and underground. Drilling during the year successfully expanded the Yaraguá and Veta Sur vein systems, infilled various sections of the vein systems and defined a number of newly discovered broad mineralized zones ("BMZ") within the Yaraguá and Veta Sur vein systems. These results, along with drilling results from prior periods, were included in an updated Mineral Resource Estimate for the Buriticá Project, released early in 2019 (see "Buriticá Project – Updated Mineral Resource Estimate" in this MD&A).
- Development activities at the Buriticá Project:
 - On January 8, 2018, the Company announced positive gold reconciliation results from approximately 600 tonnes of extracted trial mining test ore using the mechanized long-hole mining method. The results were significantly better than the 2015 mineral resource block model on grade, tonnes and ounces.
 - As of December 31, 2018, the Buriticá Project was approximately 47% complete, with mill and surface infrastructure engineering and procurement at 94% complete. The Buriticá Project remains on schedule for construction completion and first gold pour in H1 2020. Ramp-up to commercial production is anticipated approximately six months thereafter.
- Corporate and exploration activities:
 - On July 4, 2018, the Company entered into an option agreement with a third party to earn up to a 75% ownership interest in six early-stage projects located in southern Colombia over a period of 6.5 years.
 - On August 7, 2018, RK Mine Finance Master Fund I Limited ("Red Kite") agreed to waive the conditions precedents in respect of the final \$50 million tranche of the Credit Facility (see "Loans Payable" in this MD&A) in exchange for the acceleration of draws for the remaining \$125 million of the Credit Facility, resulting in the utilization of the full Credit Facility of \$275 million by the end of 2018.
- Sustainability
 - On February 21, 2018, the Company announced the graduation of 53 students from Servicio Nacional de Aprendizaje (SENA), the Colombia National Learning Service, as part of the Company's joint underground mining training initiative with the Colombian government. Notably, 19 graduates were hailed as the first women in the country to be certified as Underground Mining Technicians.

- On September 4, 2018, the Company announced the publication of its 2017 Sustainability Report, highlighting the Company's achievements and challenges in the areas of health and safety, environmental, social and governance issues.
- On September 5, 2018, the Company announced a security incident in the Town of Buriticá. Two employees were attacked while leaving the town of Buriticá, resulting in one serious injury and one fatality. Subsequent to the attack, management has undergone a thorough review of its security protocols in order to ensure the safety of its employees and contractors. The following changes were made aimed at strengthening the security department:
 - Reviewed and updated the Company's risk matrix.
 - Continued to promote joint coordination between the public forces.
 - Made various changes to the security organizational structure.
- Management and director resignations and appointments:
 - On February 21, 2018, the Company announced the resignation of Timothy Warman from the Board of Directors (the "Board").
 - On May 2, 2018, the Company announced the appointment of Luis German Meneses as Colombia Country Manager.
 - On November 26, 2018, the Company announced the resignation of Mateo Restrepo, President of the Company, effective November 30, 2018.
- Subsequent to year-end:
 - On January 7, 2019, the Company announced the resignation of James Gallagher from the Board.
 - On January 15, 2019, the Company announced the appointment of Captain Jairo Ivan Ariza as Vice-President, Protection.
 - On January 30, 2019, the Company issued an updated mineral resource estimate for the Buriticá Project (the "2019 Resource Estimate") based on 356,053 metres of drilling and 9,294 metres of underground sampling (as at January 26, 2019) and include:
 - Measured & Indicated mineral resources of **5.67 million gold equivalent ounces** (16.02 million tonnes at 11 g/t AuEq)
 - Inferred mineral resources of **4.8 million gold equivalent ounces** (15.6 million tonnes at 9.5 g/t gold AuEq).

See "Buriticá Project" in this MD&A for additional information on the updated mineral resource estimate.
 - On March 15, 2019, the Company signed a binding agreement with Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag") whereby the Company will receive \$100 million in exchange for the delivery of the Company's silver production, equal to 1.84 times gold production, for the life of mine and 2.1% of the Company's life of mine gold production for 5% and 10%, respectively, of the relevant metal market price on the date of delivery (the "Streaming Agreement"). The Streaming Agreement includes a buy back option of \$80 million for the gold portion of the agreement, expiring on December 31, 2021. The closing of the Streaming Agreement requires the completion of certain customary conditions precedents.

- On March 15, 2019, the Company closed a \$75 million convertible debenture financing agreement (the “Convertible Debenture”) with third party investors (the “Debenture Holders”). Newmont Mining Corporation (“Newmont”) subscribed for \$50 million of the Convertible Debenture. Interest of 5% is payable semi-annually, beginning on September 15, 2019. The Convertible Debenture is convertible to Common Shares based on a conversion price of C\$3.00 per share and matures on May 15, 2024.
- On March 15, 2019, the Credit Facility (see “Loans Payable” in this MD&A) was amended to facilitate the closing of the Streaming Agreement and Convertible Debenture transactions which resulted in a change to the interest rate to LIBOR + 9%. All other terms of the Credit Facility were unchanged.

DEVELOPMENT AND EXPLORATION SUMMARY

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

Year ended December 31	2018	2017
In thousands of U.S. dollars	\$	\$
Capitalized:		
Construction in progress – Buriticá Project	248,721	115,414
Exploration and evaluation assets – Gran Buriticá Project	2,484	213
	251,205	115,627

Buriticá Project

The Buriticá Project encompasses an aggregate area of 2,122 hectares of exploration and exploitation rights and is located approximately 75 kilometres northwest of Medellín in the Antioquia Department in northwestern Colombia. The project area is comprised of three concessions covering 2,060 hectares and three concession applications totalling 62 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 two most extensively explored areas at the project (the Yaraguá and Veta Sur systems) are central to this land package. The Yaraguá system has been drill-outlined along 1,350 metres of strike and 1,800 vertical metres and partially sampled in underground developments. The Veta Sur system has been drill-outlined along 1,300+ metres of strike and 1,800 vertical metres and has been partially sampled in underground developments. Both systems are characterized by multiple, steeply-dipping veins and broader, more disseminated mineralization and both remain open at depth and along strike, at high grades. 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. During 2018, the Company established a new type of gold and silver mineralization, named the BMZ, consisting of a group of modelled precious metal-bearing veins in the January 2019 mineral resource estimate block model with mineralization occurring between these veins, generally in the form of veinlets at oblique angles to strike. The majority of the mineralization between modelled veins is not in the 2019 Resource Estimate, providing potential upside both in terms of identifying significantly broader and more productive zones for mining and increased mineral resources. To date, the Company has identified up to seven BMZ targets for testing and will systematically drill each target zone as underground mine development advances.

In 2016, the Company filed on SEDAR a technical report on the results from an independent Feasibility Study (the “Feasibility Study”) for the Buriticá Project entitled “Buriticá Project NI 43-101 Technical Report Feasibility Study, Antioquia, Colombia” dated March 29, 2016 with an effective date of February 24, 2016 and led by JDS Energy & Mining Inc. (“JDS”). The Feasibility Study, prepared in accordance with NI 43-101, utilized the 2015 mineral resource estimate and was managed by JDS. JDS was also responsible for the mine plan and project execution planning and M3 Engineering & Technology Corporation was responsible for the process engineering and infrastructure design work. The Feasibility Study is available on the Company’s website at www.continentalgold.com and under the Company’s profile on SEDAR at www.sedar.com.

Initial capital costs in the Feasibility Study were \$389.2 million, including contingency but excluding working capital. The capital costs in the Feasibility Study is a Class 3 cost estimate, which is considered accurate up to -10%/+20%.

During the second quarter of 2018, the Company finalized scope changes of approximately \$74 million, which include: an enhanced water treatment process plant and related infrastructure to meet new Colombian water discharge regulations; a pipeline to discharge treated water to the Cauca river; a tailings tram (transferred from sustaining capital); and the cost for a 110 kV power transmission line (transferred from sustaining capital). The Company does not currently envision any additional major scope changes to the project infrastructure as detailed engineering is well advanced.

Management’s current total project cost estimate (including scope changes), determined internally and subject to change, is in the range of \$475-\$515 million (including contingency but excluding working capital), which the Company believes is accurate within +/-10%.

In Q1 2019, the Company released the 2019 Resource Estimate for the Buriticá Project. At this point in time, the financial model and mineral reserves for the Buriticá Project have not been updated for the new Mineral Resource. However, work to-date indicates that the 2019 Resource Estimate does not significantly affect the mineral resource inventory that formed the basis of the mineral reserve and subsequent financial model as reported in the Mineral Resource Estimate for the Yaraguá and Veta Sur vein systems, with an effective date of May 11, 2015, (the “2015 Mineral Reserve”). The basis for the reserve estimates and financial model is the 2015 Mineral Reserve, which is different than the updated 2019 Resource Estimate. The primary differences between the 2015 Mineral Reserve and the 2019 Resource Estimate model is the increase of additional information from mapping of the underground workings to increase confidence in the interpretation of the geological framework used in modelling, a significant increase in the number of boreholes used, inclusion of new and relevant underground channel samples, and the refinement of modelling to focus on the dominant veins as well as the inclusion of the BMZ. The Company is in the process of updating the 2015 Mineral Reserve and financial model using the updated mineral resource and will report the results at a later date to be confirmed.

The Company intends to fund project funding shortfall identified from the project budget review process, working capital, corporate overhead costs, Yaraguá small-scale mining costs (net of gold sales), exploration and other costs relating to advancing other properties through equity financing, additional debt financing, a sale of a stream and/or royalty on the Buriticá Project or through the sale or joint venture of other non-core mineral properties. There is no assurance that the Company will be able to secure additional financing on terms acceptable to the Company or at all (see the “Risks and Uncertainties” section in this MD&A).

Development

During 2018, the Company advanced the development of the Buriticá Project with the following activities:

- Underground development remains ahead of schedule and is approximately 55% complete. Since the beginning of 2018, monthly advance consistently exceeded planned development and, as of December 31, 2018, 7,864 metres of lateral underground development has been completed. Crews are advancing daily at the Yaraguá and Veta Sur ramps and the Higabrá Tunnel and development is advancing on vein-in-stope areas. Additionally, definition drilling continues as an integral part of mine development. Monthly definition drilling will continue to increase into 2019 as the mine is being prepared for first gold pour in H1 2020.

- Top sill development is advancing well for 10 stopes in the Yaraguá system and two stopes in the Veta Sur system; ground conditions within these areas continue to meet design expectations.
- Engineering – Mill and surface infrastructure detail engineering and procurement advanced throughout the year and was almost complete as of December 31, 2018.
- Site Construction Progress – Major earthworks continued through 2018 and was almost complete at as December 31, 2018.
- Concrete work has been advancing rapidly and mechanical installation and structural steel erection will begin imminently in key areas, including crushing, grinding and tailing filtration. Leach tank construction is also well advanced. Concrete work will be focused in other mill circuits such as Merrill Crowe, where mechanical and structural steel work is anticipated to start mid-year.
- Construction of the 32-kilometre 110-kV powerline also continues on schedule for completion in 2019.
- Major mill and infrastructure equipment components have arrived in country and have been delivered to either the Buriticá Project's laydown facility or to site. Approximately 80% of the structural steel has been fabricated and delivered.
- The Buriticá Project remains on schedule for construction completion and first gold pour in H1 2020. Ramp-up to commercial production is anticipated approximately six months thereafter.

Exploration

During the fourth quarter of 2018, the Company continued to execute on its drilling plan, drilling 13,325 metres during the quarter for a year-to-date total of 59,871 metres. The focus of the exploration program is to increase and upgrade mineral resources to higher classification categories by testing for high-grade and BMZs within the mineral reserve and resource envelopes.

The BMZ consists of a group of modelled precious metal-bearing veins in the 2019 Resource Estimate block model (see "Buriticá Project – Updated Mineral Resource Estimate" in this MD&A) with mineralization occurring between these veins, generally in the form of veinlets at oblique angles to strike. These new areas provide potential upside in terms of identifying significantly broader and more productive zones for mining. To date, the Company has identified up to seven BMZ targets for testing and will systematically drill each target zone as underground mine development advances.

The Company presently has seven diamond drill rigs in operation; six rigs are being utilized for the recently-started stope definition drilling program and one rig is conducting infill and resource expansion drilling at the Yaraguá and Veta Sur deposits.

Drilling during 2018 successfully accomplished the following objectives:

- The 2018 drilling campaign provided a better understanding of the mineralized systems at the Buriticá Project. This comprehensive work has led to a simplification of the gold-bearing bodies into 27 vein packages (previously 89 veins) and three BMZ bodies. The geology and resource domains will provide the framework for mine production planning.
- Drilling results from the BMZs were successful in defining broad zones of mineralization over extensive vertical metres. BMZ1, localized into the Yaraguá system, has been successfully extended vertically from upper levels of Yaraguá to the elevation of the Higabra Tunnel, which is located at the base of the mountain at the same elevation of the future mine-related facilities; BMZ1's total vertical extent now totals more than 400 metres and it remains open at depth for expansion.
- Drilling results from the Veta Sur system also successfully extended the mineral resource envelope and confirmed the Laurel System as a major discovery.

Updated Mineral Resource Estimate

On January 30, 2019, the Company issued the 2019 Resource Estimate for the Buriticá Project. Results from the 2015-2018 exploration program, consisting of 85 kilometres of drilling and 2 kilometres of additional underground channel sampling, were successful in converting additional mineral resources to the Measured and Indicated categories at both the Veta Sur and Yaraguá systems. Also, the results successfully outlined extensions to the Veta Sur system and provided initial mineral resources within the BMZs. The following highlights are headlined from Table 1 in relation to the new mineral resource and a comparison with the previous mineral resource estimate completed May 11, 2015 (see the Feasibility Study):

- Measured and Indicated mineral resources for the combined vein systems have increased by approximately 19% to 5.58 million gold equivalent ounces (15.45 million tonnes grading 10.54 grams per tonne gold and 41.8 grams per tonne silver).
- Inferred mineral resources for the combined vein systems has increased by approximately 30% to 6.24 million gold equivalent ounces (20.36 million tonnes grading 8.87 grams per tonne gold and 39.3 grams per tonne silver).
- An initial mineral resource has been stated for mineralized material existing between modelled veins within the BMZ and totals 90,000 gold equivalent ounces in the Measured and Indicated mineral resource category (0.58 million tonnes grading 4.64 grams per tonne gold and 12.3 grams per tonne silver) and 220,000 gold equivalent ounces in the Inferred mineral resource category (1.51 million tonnes grading 4.41 grams per tonne gold and 9.4 grams per tonne silver). Growth potential exists for this BMZ mineralization with additional infill and definition drilling from underground development currently advancing at the Buriticá Project.
- There has been a significant increase in silver grades and contained silver ounces in all mineral resource categories as compared to the 2015 Mineral Reserve. This relates to the inclusion of high-grade hanging wall veins in the Veta Sur system and modification of the assaying procedures for silver to include a gravimetric finish for higher grade samples. Re-assaying was also undertaken on historical high-grade silver samples used in prior mineral resource estimates.
- Results from geological mapping of extensive underground development, re-logging of approximately 40% of historical drill core and the new drilling campaign have provided a better understanding of the mineralized systems at the Buriticá Project. This comprehensive work has led to a simplification of the gold-bearing bodies into 27 vein packages (previously 89 veins) and three BMZ bodies. These geology and resource domains will provide the framework for mine production planning.
- All mineral resources were estimated using ordinary kriging methodologies and specific and appropriate grade capping procedures for each domain and high-grade subdomains were utilized. A conservative approach was adopted in the delineation of subdomain boundaries in order to restrict the influence of high-grades, particularly around areas where there were clustered high-grade sampling results.
- Both the Yaraguá and Veta Sur systems are still open in high-grade mineralization along strike and at depth. There are opportunities for future mineral resource expansion and conversion. Exploration priorities for 2019 include delineation and definition of new and existing high-grade BMZ shoots. In addition, the exploration will provide sufficient information for the estimation of Indicated mineral resources within high grade pay shoots currently classified as Inferred mineral resources in both vein systems.

**Table 1: Buriticá Project Mineral Resource Estimate effective January 26, 2019
(based on a cut-off grade of 3 grams per tonne gold)**

Buriticá Project Resource Statement - 3g/t Au cut-off								
	Resource		Grades			Metal		
	Category	Tonnes (M)	Gold (g/t)	Silver (g/t)	Gold Equivalent (g/t)	Gold (Moz)	Silver (Moz)	Gold Equivalent (Moz)
Yaraguá & Veta Sur Vein System	Measured	1.28	14.50	61.2	15.5	0.60	2.5	0.64
	Indicated	14.16	10.18	40.1	10.9	4.63	18.3	4.94
	M&I	15.45	10.54	41.8	11.2	5.23	20.8	5.58
	Inferred	20.36	8.87	39.3	9.5	5.81	25.8	6.24
Broad Mineralized Zone (BMZ)	Measured	0.12	5.15	14.7	5.4	0.02	0.1	0.02
	Indicated	0.46	4.50	11.6	4.7	0.07	0.2	0.07
	M&I	0.58	4.64	12.3	4.8	0.09	0.2	0.09
	Inferred	1.51	4.41	9.4	4.6	0.21	0.5	0.22
Total	Measured	1.40	13.70	57.2	14.7	0.62	2.6	0.66
	Indicated	14.62	10.00	39.2	10.7	4.70	18.4	5.01
	M&I	16.02	10.32	40.8	11.0	5.32	21.0	5.67
	Inferred	21.87	8.56	37.3	9.2	6.02	26.2	6.46

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
2. The quantity and grade of reported Inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred mineral resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading the Inferred mineral resource to an Indicated or Measured mineral resource category.
3. Contained metal and tonnes figures in totals may differ due to rounding.
4. Gold equivalent grades and ounces was calculated at silver/gold ratio of 60:1. This formula is consistent with the May 11, 2015 mineral resource estimate and is produced for comparative purposes only.
5. Mineral resources have been prepared to a minimum 1 metre mining width.

The 2019 Resource Estimate was prepared by Continental under the guidance and supervision of Mr. Ivor W.O. Jones, M.Sc., FAusIMM, CPGeo, P.Geo, who is an independent Qualified person (QP) under NI 43-101 guidelines. The 2019 Resource Estimate will be detailed in a technical report prepared in accordance with NI 43-101 and filed on SEDAR.

The input data for the 2019 Resource Estimate comprises information from 1,083 diamond drill-holes totalling 356,053 metres and 9,294 metres of underground channel sampling.

Continental used the new drilling and additional underground development to update and adjust its interpretation of the mineralization at the Buriticá Project. The 27 new vein and vein package interpretations that form the basis of the updated mineral resource are largely consistent with those of the 2015 geological model but represent only the most significant gold-bearing zones of the 89 veins modelled in 2015.

All data was composited to the nominal sample length of 1.5 metres prior to analysis and estimation. Grade estimation was completed using Ordinary Kriging (OK) into 10x10x10-metre parent cells.

Sustainability

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 sustainability 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 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 in 2018, aimed at managing the impacts of

the Buriticá Project and strengthening the community and improving health, education, infrastructure and the environment:

- Continued promotion of education by sponsoring courses for adult basic training for various community members, including employees of the Company;
- Updated the social baseline study and shared results with both the community members and government;
- Continued support of the progression of another round of training students through the National Vocational Training Agency (“SENA”); the new program is focused on mill operations and plant maintenance;
- Continued support of various infrastructure improvements including education and improvement of rural pathways leading to local towns and villages;
- Ongoing construction of the Los Asientos aqueduct, which will provide safe drinking water to the local community;
- Continued optimization of water supply and sewage systems in local villages to improve water resource management standards;
- Provided training and funding to individuals for local entrepreneurship through our supply chain integration program and entrepreneurship revolving fund;
- Created and maintained strategic alliances with local and international institutions to boost the economic capabilities of underprivileged communities in our area of influence;
- Conducted information sessions to ensure the impacts of the Buriticá Project are understood by local communities and to ensure they have an opportunity to express their views and expectations;
- Conducted training programs to support future local procurement of goods and services from local suppliers;
- Promoted a mental health program within the communities aimed at highlighting the dangers of substance abuse;
- Ongoing support of the small-scale mining formalization process by helping to establish various procedures and controls focused on health and safety, environmental compliance, mine planning and compliance with laws and regulations;
- Continued promotion of *Future Harvest*, a program to support the agricultural development of western Antioquia by the creation of an agricultural development fund and a technical assistance scheme aiming to encourage the use of the best agricultural practices to help develop sustainable economic activity in the region, while protecting the environment;
- Leveraged the coffee industry, one of the most important sectors in Western Antioquia, by deploying an alliance with the Colombia National Federation of Coffee Growers to renew coffee plantations, construct coffee-drying setups, ecological stoves and develop specialty coffees with local farmers;
- Supported several local business initiatives: purchase of uniforms and materials; community works and infrastructure; and accommodation of employees in local houses;
- Encouraged construction contractors to support several local business initiatives, maximizing the benefit to the local community;
- Solicited feedback from the communities on their perception of the Company;

- Provided training programs for skill development in environmental maintenance, agricultural and coffee farms, as well as training in leadership and values; and
- Through formal meetings, communicated with local communities about the formalization process, reconnaissance exploration and various other projects underway in local communities.

In September 2018, the Company issued its 2017 Sustainability Report, highlighting the Company's achievements and challenges in the area of health and safety, environmental, social and governance issues. Key 2017 achievements included:

- Conducted rigorous gap-closure process to establish a risk-based and integrated environmental and social management system in line with widely-accepted international standards on sustainability.
- Obtained board approval of a Corporate Sustainability Policy and launch of an implementation strategy based on five pillars: aiming for high operational standards, supporting the development of our human resource, managing community impacts and supporting local development, environment and institutional strengthening.
- Issued a Contractor's Sustainability Guide to ensure appropriate conduct and maximized community benefits during the construction phase of the Buriticá Project.

The Company plans to continue support of various sustainability programs in 2019 and bolster local employment and business opportunities by focusing on creating opportunities in construction and mining supply chains and initiatives in agriculture.

Gran Buriticá Project

The Gran Buriticá Project represents exploration targets within a 22-square kilometre area of interest surrounding the Buriticá Project in northwestern Colombia. The project covers an aggregate area of 73,461 hectares of exploration rights and is comprised of 19 concessions covering 26,254 hectares and 55 concession applications totalling 47,207 hectares.

The exploration targets are considered greenfield in nature and related expenditures have therefore been capitalized and classified as exploration and evaluation assets in the annual consolidated statement of financial position.

Capitalized exploration expenditures for the three months and year ended December 31, 2018 of \$0.2 million and \$2.5 million, respectively (three months and year ended December 31, 2017 - \$0.1 million and \$0.2 million, respectively) primarily relate to drilling at the Poseidón-Medusa targets, located 4–10 kilometres northwest of the Higabra valley.

Berlin Project

The Berlin Project covers an aggregate area of 66,000 hectares of exploration rights. The project is comprised of 11 concessions totaling 22,893 hectares and 22 pending registration concessions totaling 43,107 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 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. Reconnaissance exploration commenced in the first half of 2017 and continued through the third quarter of 2018. Tragically,

in September 2018, a security incident occurred at the Berlin Project resulting in three employee fatalities. Consequently, all exploration activities at the Berlin Project have been halted and the Company has no immediate plans to recommence exploration activities in Berlin.

On December 29, 2017, the Company entered into an option agreement with a third party (the “Berlin Optionor”) to acquire by January 20, 2021, or earlier, a mining title for approximately 3,795 hectares within the Berlin Project for a total of \$5 million plus the cost of maintaining the licences in good standing (the “Berlin Option Agreement”). The majority of the amounts payable to the Berlin Optionor are subject to the satisfaction of certain conditions precedent and/or at the option of the Company. For the three months and year ended December 31, 2018, \$nil and \$0.9 million, respectively, was paid in respect of the Berlin Option Agreement. As at December 31, 2018, the properties within the Berlin Option Agreement were under force majeure.

Exploration costs during the three months and year ended December 31, 2018 of \$0.1 million and \$1.3 million, respectively (three months and year ended December 31, 2017 - \$0.1 million and \$0.2 million, respectively) were incurred in respect of the Berlin Project and were expensed in the annual consolidated statement of operations and comprehensive loss, including payments relating to the Berlin Option Agreement.

Dojura Project

The Dojura Project covers an aggregate area of 42,575 hectares of exploration rights, comprised of five concessions totaling 18,617 hectares and 14 concession applications totaling 23,958 hectares. It is located in the western cordillera in the Choco Department, 30 kilometres southeast of the Departmental capital city of Quibdó.

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.

During the fourth quarter of 2017, the Company engaged the local community to gauge their acceptance of conducting exploration and drilling activities. Based on the positive feedback received, the Company has maintained engagement with the local community during 2018 and continued planning early-stage reconnaissance exploration activities. The Company continues to closely monitor the situation.

Exploration costs during the three months and year ended December 31, 2018 of \$nil and \$0.2 million, respectively (three months and year ended December 31, 2017 - \$0.03 million and \$0.04 million), were incurred in respect of the Dojura Project and were expensed in the annual consolidated statement of operations and comprehensive loss.

Dominical Project

The Dominical Project encompasses an aggregate area of 22,592 hectares of exploration rights and is located in southern Colombia in the Cauca Department. The Dominical Project area is comprised of four concessions totaling 5,590 hectares and 14 concession applications covering 17,002 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 significant exploration activities were undertaken at the project during 2018.

Southern Colombia Projects

On July 4, 2018, the Company signed an option agreement with a third party to earn up to a 75 percent ownership interest in six early-stage projects located in southern Colombia over six-and-a-half years (the “South Option Agreement”). The agreement specifies that the Company must initially spend \$1.0 million over an 18-month period on any of the six projects. Thereafter, the Company must specify which projects

it wishes to earn a 51 percent ownership interest by spending an additional \$1.0 million over an 18-month period on each identified project. Once the Company earns a 51 percent ownership interest in the selected project(s), it has the right to increase its ownership interest to 75 percent in such project(s) by completing a preliminary economic assessment on a minimum mineral resource of 1.0 million gold equivalent ounces over three-and-a-half years.

During the three months and year ended December 31, 2018, the Company incurred \$0.2 million in respect of the South Option Agreement which were expensed in the annual consolidated statement of operations and comprehensive loss.

TRENDS AND RISKS THAT HAVE AFFECTED THE COMPANY'S FINANCIAL CONDITION

Please see the "Market Trends" and "Risks and Uncertainties" sections of this MD&A for information regarding known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Company's business and industry and economic factors affecting the Company's performance.

SELECTED ANNUAL 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	December 31	December 31	December 31
In thousands of U.S. dollars	2018	2017	2016
	\$	\$	\$
Consolidated Financial Position			
Cash and cash equivalents	80,299	91,382	19,214
Restricted cash	8,000	–	–
Property, plant and equipment	606,513	359,981	244,598
Exploration and evaluation assets	7,288	4,917	4,704
Total assets	717,023	488,647	276,760
Loans payable	266,813	47,917	–
Shareholders' equity	344,310	371,926	238,075

Year ended	December 31	December 31	December 31
In thousands of U.S. dollars	2018	2017	2016
	\$	\$	\$
Consolidated Operating Results			
Foreign exchange loss	(1,145)	(303)	(192)
(Loss) gain on write-down or disposal of assets	(788)	(5)	15
Net loss	(30,454)	(7,843)	(4,811)
Consolidated Cash Flow			
Acquisition of and investment in development assets, net of gold sales	(212,662)	(77,469)	(20,612)
Cash flows from financing activities	215,917	174,361	21,401
Net cash (outflow) inflow	(9,984)	72,001	(8,664)

The Company's total assets of \$717.0 million as at December 31, 2018 increased in comparison to total assets of \$488.6 million and \$276.8 million, respectively, as at December 31, 2017 and 2016. The increase in 2018 is a result of proceeds received from draws from the Credit Facility (see "Loans Payable" in this MD&A) and construction, development and exploration activities.

Cash and cash equivalents at December 31, 2018 was \$80.3 million, compared to \$91.4 million and \$19.2 million, respectively, as at December 31, 2017 and 2016. The change is a result of draws from the Credit Facility, net of continued investment in construction, development and exploration for the Buriticá Project during the year. Restricted cash as at December 31, 2018 of \$8.0 million (December 31, 2017 - \$nil)

represents collateral deposits held in a restricted bank account in respect of simultaneous non-deliverable put and call option currency contracts (the “Currency Contracts”) entered into by the Company (see Financial Instruments section in this MD&A) (the “Collateral Deposits”). Collateral Deposits are released on a quarterly basis upon expiry of the Currency Contracts. Future collateral cash requirements may increase or decrease based on the extent of additional Currency Contracts entered into.

Property, plant and equipment of \$606.5 million as at December 31, 2018 increased compared to \$360.0 million and \$244.6 million, respectively, as at December 31, 2017 and 2016 due to construction activities at the Buriticá Project.

Exploration and evaluation assets at December 31, 2018 of \$7.3 million increased from \$4.9 million and \$4.7 million, respectively, as at December 31, 2017 and 2016. The increase in 2018 relates to drilling at certain targets in the Gran Buriticá Project.

As at December 31, 2018, the Company had a loans payable balance of \$266.8 million and a production-linked liability of \$19.7 million (December 31, 2017 - \$47.9 million and \$4.1 million, respectively), relating to draws from the Credit Facility (see the “Loans Payable” section in this MD&A). The Company also has \$109.1 million in total capital purchase commitments relating to the construction and development 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 months and year ended December 31, 2018 was \$16.5 million and \$30.5 million, respectively, compared to net loss of \$4.4 million and \$7.8 million for the same respective periods in 2017. The increase is a result of increased administration and exploration costs expensed, the impact of foreign exchange on deferred tax and the revaluation of derivative financial instruments (see “Operating Results” in this MD&A).

Net cash outflow for the year ended December 31, 2018 was \$10.0 million compared to net cash inflow of \$72.0 million and net cash outflow of \$8.7 million, respectively, for the years ended December 31, 2017 and 2016. The change is a result of increasing construction activities in each of the comparative years, net of financing proceeds received from the Credit Facility (in 2018 and 2017), the issuance of shares (in 2017 and 2016) and the transfer of Collateral Deposits to restricted cash in 2018.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company’s consolidated operating results for the years ended December 31, 2018 and 2017:

Year ended December 31	2018	2017
Tonnes milled (tonnes)	6,709	8,778
Average grade (g/t)	10.12	18.91
Gold production (ounces)	1,943	4,779
Gold sales (ounces)	1,953	5,292
Realized gold price (US\$)	1,280	1,243
Year ended December 31		
In thousands of U.S. dollars, except per share amounts	2018	2017
	\$	\$
Net loss	(30,454)	(7,843)
Net loss per share, basic and fully diluted	(0.16)	(0.05)

Year ended December 31		
In thousands of U.S. dollars, except per share amounts	2018	2017
	\$	\$
Capitalized construction in progress, net of gold sales	248,721	115,627
Operating activities	(13,805)	(10,008)
Investing activities	(212,096)	(92,352)
Financing activities	215,917	174,361
	(9,984)	72,001
Foreign exchange on cash and cash equivalents	(1,099)	167
Net (decrease) increase in cash and cash equivalents	(11,083)	72,168

Pre-Production and Development Planning Activities

For the three months and year ended December 31, 2018, the Company produced 432 ounces and 1,943 ounces of gold, respectively (three months and year ended December 31, 2017 – 737 ounces and 4,779 ounces, respectively) and sold 288 ounces and 1,953 ounces of gold, respectively (three months and year ended December 31, 2017 – 957 ounces and 5,292 ounces, respectively) for an average realized price of \$1,231 and \$1,280 per ounce, respectively (three months and year ended December 31, 2017 – \$1,281 and \$1,243 per ounce, respectively). The change in pre-production is a result of reduced grade in 2018 and a general reduction in operating activity at the small-scale Yaraguá mine within the Buriticá Project as the Company increases its focus on construction activities. In addition, 2017 included pre-production from two long-hole mining test stopes.

As at December 31, 2018, the Company held 298 ounces (December 31, 2017 – 503 ounces) of gold doré in inventory with a net realizable value of \$0.4 million based on a closing gold price of \$1,282 per ounce (December 31, 2017 – \$0.7 million based on a closing gold price of \$1,291 per ounce) and was recorded at a cost of \$1.1 million (December 31, 2017 - \$1.4 million). Inventory is 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 months and year ended December 31, 2018 amounted to \$16.5 million (\$0.09 per Common Share) and \$30.5 million (\$0.16 per Common Share), respectively, compared to net loss of \$4.4 million (\$0.02 per share) and \$7.8 million (\$0.05 per share) for the same respective periods in 2017. The change compared to the same respective periods in 2017 was primarily from the following:

- Corporate administration expenses for the three months and year ended December 31, 2018 were \$4.0 million and \$15.1 million, respectively (three months and year ended December 31, 2017 – \$3.3 million and \$11.6 million, respectively), including share-based payments.
- Compensation costs related to share-based payments during the three months and year ended December 31, 2018 were \$0.9 million and \$3.7 million, respectively (three months and year ended December 31, 2017 – \$0.7 million and \$3.0 million, respectively), of which \$0.7 million and \$2.4 million, respectively (three months and year ended December 31, 2017 – \$0.6 million and \$2.0 million, respectively) were expensed and \$ 0.2 million and \$1.3 million, respectively (three months and year ended December 31, 2017 – \$0.2 million and \$1.0 million, respectively) were capitalized to construction in progress.
- Changes related to share-based payments during the three months and year ended December 31, 2018 result from the issuance of 30,000 and 2,347,500 stock options, respectively, with average grant date fair values of \$0.76 and \$1.46 per Common Share, respectively (three months and year ended December 31, 2017 – 60,000 and 1,855,500 stock options, respectively, with average grant date fair values of \$1.25 per share and \$1.53 per Common Share, respectively). In addition, during the three months and year ended December 31, 2018, nil and 338,307 restricted share units ("RSUs"), respectively (three months and year ended December 31, 2017 – nil and 118,579 RSUs, respectively) and nil and 90,000 deferred share units ("DSUs"), respectively (three months and year

ended December 31, 2017 – nil DSUs) were granted. The valuation of share-based payments relating to RSUs and DSUs are based on the share price on the grant date.

- Exploration expense for the three months and year ended December 31, 2018 was \$0.5 million and \$2.5 million, respectively, compared to \$0.2 million and \$0.3 million for the same respective periods in 2017. The increase is a result of the initiation of exploration activities at the Berlin, Dojura and Southern Colombia projects in late 2017, including \$nil and \$0.9 million, respectively, incurred for the three months and year ended December 31, 2018 regarding the Berlin Option Agreement.
- Foreign exchange for the three months and year ended December 31, 2018 was a \$0.1 million gain and a \$1.1 million loss, respectively, compared to \$0.3 million for each of the same respective periods in 2017.
- Deferred tax expense for the three months and year ended December 31, 2018 was \$9.1 million and \$7.5 million, respectively, compared to a \$0.04 million expense and a \$1.8 million recovery, respectively, for the same periods in 2017. Deferred tax expense is mainly related to foreign exchange on the translation of foreign tax balances at current rates. As at December 31, 2018, the COP:USD rate was 3,250:1 in comparison to 2,984:1 as at December 31, 2017. Deferred tax expense for 2018 is net of the tax effect of changes in tax rates in Colombia.
- As part of the adoption of IFRS 9 on January 1, 2018, the Company elected to present marketable securities in other comprehensive income (“OCI”). The adoption has been applied on a retrospective basis, without having to restate prior periods. The revaluation loss on securities held for the three months and year ended December 31, 2018 of \$0.1 million and \$1.2 million, respectively, net of tax, was presented in OCI. Loss on marketable securities for the same respective periods in 2017 of \$0.6 million and \$0.9 million was presented in the annual consolidated statement of operations.

Excluding the effect of the revaluation of financial instruments and foreign exchange on cash balances, the Company will continue to incur losses until commercial mining operations from its development and exploration assets have commenced.

Cash Flow Items

Operating Activities

Operating activity expenditures for the three months and year ended December 31, 2018 were \$4.5 million and \$13.8 million, respectively, compared to \$2.9 million and \$10.0 million for the same respective periods in 2017. The increase in 2018 is mainly due to increased administration and exploration expenses in Colombia.

Investing Activities

Investing activity expenditures for the three months and year ended December 31, 2018 of \$59.4 million and \$212.1 million, respectively (three months and year ended December 31, 2017 – \$32.3 million and \$92.4 million, respectively) relate primarily to continued advancement and acceleration of the Buriticá Project’s exploration and development programs, net of capitalized gold sales revenues relating to such assets.

Financing Activities

Financing activity for the three months and year ended December 31, 2018 of \$46.8 million and \$215.9 million, respectively (three months and year ended December 31, 2017 – \$0.6 million and \$174.4 million, respectively) relate primarily to receipt of draws from the Credit Facility, net of transaction costs paid and Collateral Deposits.

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	Q4- 2018	Q3- 2018	Q2- 2018	Q1- 2018	Q4- 2017	Q3- 2017	Q2- 2017	Q1- 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Net income (loss)	(16,494)	(6,648)	(9,518)	2,117	(4,368)	(311)	(5,315)	2,151
Basic income (loss) per share	(0.09)	(0.03)	(0.05)	0.01	(0.02)	(0.002)	(0.03)	0.02
Diluted income (loss) per share	(0.09)	(0.03)	(0.05)	0.01	(0.02)	(0.002)	(0.03)	0.01

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.

As the Company is currently in the development stage, variations in the quarterly results are mainly due to the impact of fluctuation of exchange rates on deferred tax and cash balances and the revaluation of derivative instruments.

LOANS PAYABLE

In 2017, the Company entered into a \$275 million credit facility arrangement (the "Credit Facility") with Red Kite for use in development, construction and working capital requirements for the Buriticá Project.

The Credit Facility is structured in tranches that are subject to certain conditions precedent. Conditions precedent for the drawdown of tranches totaling \$225 million have been satisfied. On August 7, 2018, conditions precedent for the final tranche of \$50 million were waived by Red Kite in exchange for the immediate draw of \$75 million and draws of \$25 million on each of October 1, 2018 and December 17, 2018, which resulted in utilization of the full Credit Facility as at December 31, 2018.

Interest on the Credit Facility is accrued and capitalized until April 30, 2020. Total principal and capitalized interest ("Fully Advanced Principal") and interest on the Fully Advanced Principal are both payable quarterly over 16 consecutive quarters commencing July 31, 2020. The required quarterly repayments range from 4% to 10% of the Fully Advanced Principal.

The loans 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. Accrued interest prior to production is capitalized as borrowing costs as part of construction in progress.

In addition, production-linked payments (see "Production-Linked Liabilities" in this MD&A) of \$20 per ounce of gold on the first 1.25 million ounces produced from the Buriticá Project and 3,000,000 warrants (the "Private Warrants") (see "Warrants" in this MD&A) were issued to Red Kite as part of the Credit Facility. As at December 31, 2018, the Company has the full obligation to pay the production-linked payments as a result of the draw of the full Credit Facility.

Transactions costs incurred are charged to deferred finance charges in the annual consolidated statement of financial position. Total transaction costs as at December 31, 2018 were \$33.9 million (December 31, 2017 – \$18.5 million). The attributable portion of the deferred finance charges relating to draws are transferred from deferred finance charges as a reduction to loans payable. As at December 31, 2018, total

finance charges transferred from deferred finance charges as a reduction to loans payable as a result of draws received was \$33.9 million (December 31, 2017 – \$6.7 million). As at December 31, 2018, all transaction costs have been charged as a reduction to loans payable as a result of the draw of the full Credit Facility.

For the three months and year ended December 31, 2018, draws from the Credit Facility resulted in cash receipts of \$50 million and \$224.4 million, respectively, net of transaction costs incurred (three months and year ended December 31, 2017 - \$nil and \$41.7 million, respectively). As at December 31, 2018, the Fully Advanced Principal balance was \$295.5 million (December 31, 2017 - \$54.0 million).

The loans payable balance, using the effective interest rate method, is made up of:

As at In thousands of U.S. dollars	December 31, 2018	December 31, 2017
	\$	\$
Total draws from Credit Facility	275,000	50,000
Transaction costs attributable to draws	(33,926)	(6,671)
Total loans payable, net of attributable transaction costs	241,074	43,329
Accrued interest	25,739	4,588
Loans payable balance end of period	266,813	47,917

PRODUCTION-LINKED LIABILITY

As at December 31, 2018 and as a result of draws received from the Credit Facility, the Company is required to pay \$20 per ounce of gold for the Company's first 1,250,000 ounces (December 31, 2017 - 250,000 ounces) of production from the Buriticá Project as a result of draws from the Credit Facility.

The production-linked payments are to be financially settled 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. The total present value of the production-linked liabilities, determined on the date of each draw, of \$18.7 million was calculated using a discount rate of 7.5%, in accordance with the Credit Facility. As at December 31, 2018, the liability was revalued to \$19.7 million (December 31, 2017 - \$4.1 million), resulting in an accretion expense recognized in the annual consolidated statement of operations and comprehensive loss of \$0.3 million and \$0.8 million, respectively, for the three months and year ended December 31, 2018 (three months and year ended December 31, 2017 - \$0.1 million and \$0.2 million, respectively).

\$25 million of draws received in 2018 in respect of the Credit Facility do not apply to the production-linked payments.

PRIVATE PLACEMENT

On May 18, 2017, the Company completed a private placement transaction (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.

In connection with the 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 Board (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 Gold's other properties in Colombia.

The Company has used the proceeds of the Private Placement to develop the Buriticá Project and fund corporate and exploration expenditures.

CONTINGENCIES

The Company's exploration, development and small-scale mining activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are subject to change and may generally become more restrictive. Effective January 1, 2018, the Company became subject to new regulations in respect of water discharge limits. The Company is currently in the process of evaluating the impact to the rehabilitation provision in its consolidated financial statements. As of December 31, 2018, the Company did not believe that there were any other significant environmental obligations requiring material capital outlays in the near-term and anticipates that such obligations, if any, will only arise when mine development commences.

During 2018, the Company received correspondence from the Government of Antioquia regarding the fair value used to calculate the registry tax on the mortgage resulting from the Credit Facility. Despite using the maximum mortgage value agreed to by the parties, equivalent to the land's fair market value to register the mortgages, the Government of Antioquia issued a letter stating that they believe the correct value should have been the gross value of the Credit Facility. The Company is disputing this interpretation. Should the Company be unsuccessful, the incremental charge would be approximately \$2.5 million.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

The annual consolidated financial statements of the Company for the three months and year ended December 31, 2018 were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has no operating cash flow from a producing mine and therefore must utilize its current cash reserves, income from short-term investments, funds obtained from the exercise of convertible securities, draws from the Credit Facility and other financing transactions to maintain its capacity to meet working capital requirements and planned expenditures, or to fund any further development activities. It is not possible to predict whether future financing efforts will be available on reasonable terms, or at all (see "Risks and Uncertainties" in this MD&A).

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, forward gold prices, the mining industry, economic conditions and associated risks. To maintain or adjust its capital structure, the Company may

adjust project capital spending, issue new Common Shares, purchase Common Shares for cancellation pursuant to normal course issuer bids or issue new debt.

Historically, the Company's sole source of funding has been the issuance of equity-based securities for cash and sales resulting from pre-production activities at the small-scale Yaraguá mine. In 2017, the Company entered into the Credit Facility of which the full \$275 million has been drawn. In addition, the Credit Facility included the issuance of 3,000,000 Private Warrants to acquire Common Shares at an exercise price of \$3.67. The Private Warrants expire on January 10, 2021. 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.

For the three months and year ended December 31, 2018, the Company received \$0.3 million and \$2.5 million, respectively (three months and year ended December 31, 2017 – \$1.2 million and \$6.7 million, respectively) relating to the sale of gold.

As at	December 31	December 31
In thousands of U.S. dollars	2018	2017
	\$	\$
Cash and cash equivalents	80,299	91,382
Restricted cash	8,000	–

The Company's financial position at December 31, 2018 included \$80.3 million in cash and cash equivalents, compared to \$91.4 million at December 31, 2017. As at December 31, 2018, the Company had drawn the Credit Facility in full. The Company plans to fund additional capital and working capital requirements through equity financing, additional debt financing, a sale of a stream and/or royalty on the Buriticá Project or through the sale or joint venture of other non-core mineral properties. There is no assurance that the Company will be able to secure additional financing on terms acceptable to the Company, if at all (see the "Risks and Uncertainties" section in this MD&A). In addition, as December 31, 2018, the Company held \$8.0 million (December 31, 2017 - \$nil) in restricted cash in respect of Collateral Deposits. Collateral Deposits are released on a quarterly basis upon expiry of the Currency Contracts. Future collateral cash requirements may increase or decrease based on the extent of additional Currency Contracts entered into.

The Company maintains its surplus funds in cash with two major banks in Canada and certain Colombian banks. As at March 14, 2019, cash and cash equivalents and restricted cash amounted to approximately \$26.7 million and \$8.0 million, respectively. An additional \$75 million was received on March 15, 2019 upon closing of the Convertible Debenture and an additional \$100 million from the Streaming Agreement will be received upon completion of certain customer conditions precedents. In addition, as at March 14, 2019, the Company held 160 ounces of gold doré in inventory with a net realizable value of \$0.2 million based on a closing gold price of \$1,296 per ounce.

The Company had working capital of \$57.8 million as of December 31, 2018 (December 31, 2017 – \$68.8 million). The change in working capital during 2018 is a result of continued expenditures for the construction and development of the Buriticá Project.

The Company has lease agreements expiring between 2019 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 December 31, 2018, the Company has \$109.1 million of capital commitments relating to open contracts and purchase orders expiring or expected for delivery in 2019 for the construction and development of the Buriticá Project. The Company's working capital and future draws from the Credit Facility will be used to meet a portion of these commitments and maintain current operations and exploration programs. Additional sources of financing will be required to fund the shortfall as well as all remaining costs required to complete construction. The Company will also need to achieve commercial production at adequate levels of profitability in order to meet its payment obligations in respect of the Credit Facility. As at December 31, 2018, the Company expects to pay a total of \$443.7 million in respect of future Credit Facility principal, interest and gold production payments.

As at December 31, 2018, 8,624,909 options were outstanding at an average exercise price of C\$3.26 per Common Share 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 Private Warrants and stock options would raise a total of approximately \$31.7 million. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the security holder and the market price of the Common Shares.

In 2017, the Company secured the Credit Facility for a total of \$275 million for the construction of the Buriticá Project. As at December 31, 2018, the loans payable balance, based on the effective interest method, was \$266.8 million (December 31, 2017 - \$47.9 million) and the Fully Advanced Principal balance, being total draws from the Credit Facility plus accrued interest, was \$295.5 million (December 31, 2017 - \$54.0 million).

As at December 31, 2018, the Company's production-linked liability was \$19.7 million (December 31, 2017 - \$4.1 million) in respect of the first 1,250,000 ounces (December 31, 2017 – 250,000 ounces) of production at the Buriticá Project.

The Company's credit risk with financial instruments 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'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 months and year ended December 31, 2018 were \$0.6 million and \$2.2 million, respectively (three months and year ended December 31, 2017 –\$1.6 million and \$5.4 million, respectively). Gold sales are used as another source of funding the Company's development and exploration program and are viewed as a recovery of expenses. Therefore, gold sales and advances, net of costs, are treated as a capital credit and netted against deferred expenses that have been incurred, to date, on the Buriticá Project.

The Company does not have any other unused and undisclosed sources of financing.

For the three months and year ended December 31, 2018, the Company capitalized costs net of gold sales credits related to mineral properties in the amount of \$67.9 million and \$248.7 million, respectively (three months and year ended December 31, 2017 – \$66.4 million and \$115.4 million, respectively).

MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its shareholders' equity and debt. When managing capital, the Company's objectives are to ensure the entity continues as a going concern and to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary to support the acquisition, exploration and development of mineral properties. The Board 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 December 31, 2018, the Company's managed capital was made up of total shareholders' equity of \$344.3 million (December 31, 2017 – \$371.9 million) and loans payable of \$266.8 million (December 31, 2017 – \$47.9 million).

The 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. The Company plans to fund the additional capital and working capital requirements through equity financing, additional debt financing, a sale of a stream and/or royalty on the Buriticá Project or through the sale or joint venture of other non-core mineral properties. There is no assurance that the Company will be able to secure additional financing on terms acceptable to the Company, if at all.

During 2017, the Company completed the Private Placement for total gross proceeds of approximately \$132.5 million (net of share issue costs) and entered into the Credit Facility, providing the Company access to a total of \$275 million for the Buriticá Project, subject to the satisfaction of certain conditions precedent.

To carry out its planned construction, development and, corporate overhead costs, Yaraguá small-scale mining costs (net of gold sales), exploration programs and pay for administrative costs and other costs relating to advancing other properties, the Company will spend its existing working capital, draw from the Credit Facility and intends to raise additional amounts as needed.

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

The Company has \$109.1 million in total capital purchase commitments relating to the construction and development of the Buriticá Project. The Company's working capital and future draws from the Credit Facility will be used to meet a portion of these commitments and maintain current operations and exploration programs. The Company plans to fund the shortfall through equity financing, additional debt financing, a sale of a stream and/or royalty on the Buriticá Project or through the sale or joint venture of other non-core mineral properties.

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 December 31, 2018.

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 December 31, 2018. As at December 31, 2018, the Company's working capital was \$57.8 million (December 31, 2017 - \$68.8 million).

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	December 31 2018	December 31 2017
Shares issued	188,557	188,219
Stock options outstanding ⁽¹⁾	8,625	7,923
RSUs outstanding ⁽¹⁾	250	13
DSUs outstanding ⁽¹⁾	80	-
Private Warrants outstanding ⁽¹⁾	3,000	3,000
	200,512	199,155

⁽¹⁾ Each stock option, RSU, DSU or warrant is exercisable for one Common Share

As at December 31, 2018, the exercise in full of outstanding Private Warrants and stock options would raise a total of approximately \$31.7 million, of which in-the-money stock options would raise approximately \$2.4 million. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the option holder and the market price of the Common Shares.

As at March 14, 2019, there were 188,791,359 Common Shares outstanding.

Warrants

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

As at December 31, 2018, the exercise in full of the outstanding Private Warrants would raise a total of approximately \$11.0 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 the market price of the Common Shares. As at December 31, 2018 the closing share price of the Common Shares on the TSX was C\$2.25.

As at March 14, 2019, 3,000,000 Private Warrants were outstanding.

Share-Based Compensation

The Company has in place a stock option and bonus share plan (the "Option Plan"), a deferred share unit plan (the "DSU Plan") and a restricted share unit plan (the "RSU Plan"). The maximum number of Common Shares issuable under all share-based compensation arrangements of the Company is equal to 10% of the issued and outstanding Common Shares from time to time. The Option Plan, the DSU Plan and the RSU plan are rolling plans as the number of shares reserved for issuance pursuant to the grant of stock options, RSUs and DSUs will increase as the Company's issued and outstanding share capital increases.

Under the Option Plan, directors, officers, employees and consultants may be granted stock options to purchase Common Shares; in addition, the Board may issue up to 250,000 Common Shares annually for bonus compensation in lieu of cash for annual or long-term bonus plans (the "Bonus Shares"). The DSU Plan provides that employees and directors of the Company may elect to receive up to 100% of their annual compensation in 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 stock options or DSUs that may be issued to a non-employee director in any one-year period.

During the year ended December 31, 2018, 338,307 RSUs and 90,000 DSUs were granted (year ended December 31, 2017 – 118,579 RSUs and nil DSUs), of which 88,307 RSUs vested and 10,000 DSUs were redeemed (year ended December 31, 2017 – 105,579 RSUs vested and nil DSUs redeemed).

As at December 31, 2018, 8,624,909 stock options were outstanding at an average exercise price of C\$3.26 (December 31, 2017 – 7,923,034 stock options at an average exercise price of C\$3.74), of which 6,478,951 stock options were exercisable (December 31, 2017 – 6,145,784 stock options). The exercise in full of the outstanding stock options would raise a total of approximately \$20.7 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 December 31, 2018, there were 250,000 RSUs and 80,000 DSUs outstanding; no Bonus Shares were issued during the period.

As at March 14, 2019, there were 10,339,667 stock options, 150,000 DSUs and 525,000 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 months and year ended December 31, 2018:

- (a) During the year ended December 31, 2018, \$1.8 million (December 31, 2017 – \$0.6 million) was paid to Empresas Publicas de Medellín ESP (a public utility company in which Dr. Claudia Jiménez, a director of the Company, is also a director) and are included in capitalized expenditures in construction in progress.

- (b) During the year ended December 31, 2018, \$0.3 million (December 31, 2017 – \$nil) was paid to Cementos Argos SA (a company in which Mr. Leon Teicher, the Chairman of the Board of Directors of the Company, is also a director) for operating supplies and are included in capitalized expenditures in construction in progress.

CONTRACTUAL OBLIGATIONS

As at December 31, 2018, the Company had the following payments due on its contractual obligations and commitments:

Contractual Obligations	Total	< 1 year	2-3 years	4-5 years	>5 years
In thousands of U.S. dollars	\$	\$	\$	\$	\$
Operating lease obligations ⁽¹⁾	445	305	140	–	–
Rehabilitation obligations ⁽²⁾	33,541	1,205	1,432	797	30,107
Capital commitments ⁽³⁾	109,093	104,473	4,499	121	–
Credit Facility principal and interest payments ⁽⁴⁾	418,736	–	196,964	172,048	49,724
Production-linked payments ⁽⁵⁾	25,000	–	10,785	10,747	3,468
Value-added tax on major equipment (e)	8,423	176	352	3,869	4,026
Total	595,238	106,159	214,172	187,582	87,325

⁽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 construction and development of the Buriticá Project and exploration activities.

⁽⁴⁾ Represents draws received under the Credit Facility, capitalized interest to December 31, 2018 and contractual interest payable over future periods based on the LIBOR rate in effect on December 31, 2018.

⁽⁵⁾ Represents payments of \$20 per ounce of production resulting from draws received under the Credit Facility.

As at December 31, 2018, a rehabilitation provision of \$12.3 million (December 31, 2017 – \$17.5 million) was recorded, representing the discounted value of the expected future cash flows, of which \$1.1 million (December 31, 2017 - \$2.9 million) was classified as current and presented within accounts payable and accrued liabilities in the annual consolidated statement of financial position.

Construction activities have resulted in contractual obligations and commitments in respect of capital commitments, rehabilitation obligations and value-added tax on major equipment.

Draws from the Credit Facility have resulted in contractual obligations, including the production-linked payments.

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 going concern risk, negative operating cash flow risk, 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. The Board also provides regular guidance for overall risk management.

Going-Concern Risk

The annual consolidated financial statements of the Company for the year ended December 31, 2018 were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. (see “Liquidity Capital Resources and Business Prospects” in this MD&A).

Negative Operating Cash Flows Risk

For the three months and year ended December 31, 2018, the Company recorded a net loss of \$16.5 million and \$30.5 million, respectively (three months and year ended December 31, 2017 – \$4.4 million and \$7.8 million, respectively), a negative cash flow from operations of \$4.5 million and \$13.8 million, respectively (three months and year ended December 31, 2017 – \$0.7 million and \$10.0 million, respectively), negative investing cash flow of \$59.4 million and \$212.1 million, respectively (three months and year ended December 31, 2017 – \$32.3 million and \$92.4 million, respectively), reported an accumulated deficit as at December 31, 2018 of \$249.4 million (December 31, 2017 – \$221.7 million) and a positive working capital balance of \$57.8 million (December 31, 2017 – \$68.9 million). The positive working capital balance is due to advances received from the Credit Facility. However, additional financing will be required to fully fund the Company’s exploration, development and construction programs.

Without the injection of further capital and the further development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

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 December 31, 2018, the Company had cash and cash equivalents of \$80.3 million (December 31, 2017 – \$91.4 million) to settle current liabilities of \$38.1 million (December 31, 2017 – \$27.4 million). The majority of the Company’s current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has begun to examine its options to secure additional sources of funds including additional debt financing, public issuances, private placements and the exercise of outstanding stock options and warrants. In addition, as at December 31, 2018, the Company held restricted cash of \$8.0 million (December 31, 2017 – \$nil) which will be released on a quarterly basis upon expiry of its Currency Contracts.

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 maintains Canadian and U.S. dollar bank accounts in Canada and Colombian peso bank accounts in Medellín, Colombia. The Company funds certain construction, operations, exploration and administrative expenditures 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 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 December 31, 2018, would affect net loss and comprehensive loss by approximately \$2.6 million.

As at December 31, 2018, the Company held simultaneous non-deliverable put and call option currency contracts (the "Currency Contracts") totaling \$48 million as follows:

	COP:USD Contract Range	Contract Value (in thousands of U.S. Dollars)
Expiring January – April 2019	2,750-3,050	\$ 16,000
Expiring May – December 2019	2,950-3,335	32,000
		48,000

As at December 31, 2018, the fair value of the outstanding contracts resulted in the recognition of a \$2.0 million derivative liability, which has been presented on the consolidated statement of financial position as at December 31, 2018 within accounts payable and accrued liabilities. The closing COP:USD rate as at December 31, 2018 was 3,250:1. During the three months and year ended December 31, 2018, changes in fair value in respect of the Currency Contracts of \$2.3 million and \$2.8 million, respectively (three months and year ended December 31, 2017 - \$nil) have been recognized within derivative loss in the annual consolidated statement of operations and comprehensive loss, including \$0.7 million and \$0.8 million, respectively, paid on expiry of certain contracts during the three months and year ended December 31, 2018. As at March 14, 2019, \$8 million of the Company's put and call option contracts outstanding at December 31, 2018 expired, with a realized loss of \$0.1 million.

As at December 31, 2018, the Company held Collateral Deposits of \$8 million (December 31, 2017 - \$nil), which will be released on a quarterly basis upon expiry of the Currency Contracts, all of which will occur within 12 months. Additional collateral payments will be required for any fair value losses on outstanding currency contracts in excess of 60% of the related outstanding Collateral Deposits at any time. Future collateral cash requirements may also increase or decrease based on the extent of additional Currency Contracts.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result of cash and cash equivalents being invested in interest-bearing instruments and loans payable balances being subject to variable interest rates. Interest rate risk is minimal in respect of the Company's interest-bearing instruments as balances are held on a short-term basis. However, significant changes in variable interest rates can have a significant impact on the Company's consolidated statements of financial position and/or consolidated statements of operations and comprehensive loss.

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 December 31, 2018. Management believes that the credit risk concentration with respect to amounts receivable is minimal based on the Company's history with these unrelated parties. The financial assurance provision requiring a collateral deposit in the Company's Currency Contracts provides protection to the counterparty in the event a material adverse credit-related event transpires.

Fair Value

As at December 31, 2018, 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 December 31, 2018 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 volatility, 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 gold price has displayed considerable volatility in the last few years. Continued uncertainties in major markets, specifically in the U.S. and European countries, and increased trade tensions between the U.S. and China were the main driving forces in the demand volatility for gold. The daily closing spot gold price during in 2018 was between \$1,178 and \$1,355 per ounce (\$1,051 and \$1,346 per ounce in 2017), for an average price in 2018 of \$1,268 per ounce (2017: \$1,257 per ounce).

(\$/ounce of gold)	2018	2017
Average market gold price for the year ended December 31	1,268	1,257
Closing market gold price as at December 31	1,279	1,291

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 construction, development and exploration activities. Currencies continued to experience volatility relative to the U.S. dollar in 2018. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

	Closing Rate as at		Average Rate year ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
Canadian dollar/US\$	0.7330	0.7971	0.7721	0.7708
Colombian peso/US\$	0.00031	0.00035	0.00034	0.00034

During 2019, the Company will have significant U.S. dollar and Colombian peso requirements due mainly to construction, development and exploration activities in relation to the Buriticá Project. As at December 31, 2018, the Company held \$47.6 million in U.S. dollars, which represents approximately 53.9% of total cash balances, to protect against currency volatility in 2019 and which the Company will use to fund remaining planned construction, development and exploration expenditures for 2019.

As at March 14, 2019, the Company held approximately \$26.7 million in cash and cash equivalents, of which \$11.2 million was in U.S. dollars, representing approximately 42% of total cash balances. In addition,

the Company held 160 ounces of gold doré in inventory as at March 14, 2019 with a net realizable value of \$0.2 million based on a closing gold price of \$1,296 per ounce.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's annual 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

New Accounting Standards and Interpretations adopted

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") replaces IAS 39, Financial Instruments – Recognition and Measurement and some of the requirements of 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 flow. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted and applied retrospectively. The Company adopted IFRS 9 in its consolidated financial statements on January 1, 2018 on a retrospective basis and was not required to restate prior periods.

The Company has made the irrevocable election to change the classification of its marketable securities from fair value through profit and loss ("FVTPL") to fair value through other comprehensive income ("FVOCI"), which has been applied retrospectively, without having to restate prior periods. Upon adoption of IFRS 9, the Company recorded a change to its opening January 1, 2018 deficit and accumulated other comprehensive income of \$2.7 million to reflect the impact of reclassifying marketable securities designated as FVTPL under IAS 39 to FVOCI under IFRS 9. Cumulative gains and losses previously recognized in the consolidated statements of operations on the marketable securities which existed on January 1, 2018 have been reclassified to OCI.

Other than change in the accounting policy for marketable securities, the adoption of this standard did not have a material impact on the Company's consolidated financial statements, but did result in additional disclosures being provided. For the disclosures and impact of the adoption of IFRS 9, refer to Note 14(a) and Note 3(a)(i) under "Financial Instruments" in the audited annual consolidated financial statements for the three months and year ended December 31, 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) replaces IAS 11, Construction Contracts and IAS 18, Revenue and some revenue-related interpretations. The objective of IFRS 15 is to provide a single comprehensive revenue recognition model that applies to contracts with customers using two approaches to recognizing revenue – at one point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of the revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company adopted IFRS 15 on a prospective basis in its Financial Statements on January 1, 2018. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements as the Company’s properties have not yet achieved commercial production.

Future Accounting Changes

The following revised standards and amendments have not been applied in preparing the annual consolidated financial statements. Management does not plan to adopt these standards in advance of their respective effective dates.

IFRS 16 – Leases

IFRS 16, Leases (“IFRS 16”), replaces IAS 17, Leases, and 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 will adopt IFRS 16 for the annual period beginning January 1, 2019 using the modified retrospective approach. Under the modified retrospective approach, the Company will recognize transition adjustments in deficit on January 1, 2019, the date of initial application, without restating its financial statements on a retrospective basis. The Company expects IFRS 16 will result in the recognition of additional assets and liabilities on the consolidated statement of financial position, and corresponding increases to depreciation and interest expense on the consolidated statement of operations. In addition, the Company expects cash flow from operating and investing cash flow to increase as lease payments for most leases will be recorded as financing outflows in our consolidated statement of cash flows. The Company has completed a significant portion of the compilation and review of contracts that may contain a lease, the compilation of the data necessary for the valuation of the leases and related transition adjustments. The Company has also initiated changes to processes and internal controls necessary for the transition.

IFRIC 23 – Uncertainty Over Income Tax Treatments

IFRIC 23, Uncertainty Over Income Tax Treatments (“IFRIC 23”) explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with early application permitted. The Company does not anticipate the application of IFRIC 23 will result in an impact to the Company’s consolidated financial statements.

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 – *Certification of Disclosure in Issuer’s Annual and Interim Filings* 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 December 31, 2018, 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 December 31, 2018, 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 Feasibility Study, 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. Investment in 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 development, production and exploration and the location of its properties in Colombia. Readers should carefully consider the risks disclosed in this MD&A, the Company's most recent annual information form ("AIF"), audited annual consolidated financial statements for the year ended December 31, 2018 and other publicly-filed documentation regarding the Company available under the Company's profile on SEDAR at www.sedar.com. The AIF is also available upon request from the Company. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or relating to the Company's operations and any of these risk elements could have a material adverse effect on the business of the Company.

Nature of Mineral Exploration

Resource exploration and development is a speculative business and involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Except for the Buriticá Project, the properties in which the Company holds an interest are without a known mineral resource or reserve. Each of the proposed programs on the properties is an exploratory search for resources or additional resources. There is no assurance that commercial quantities of resources will be discovered. There is also no assurance that even if commercial quantities of resources are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade, ground conditions and proximity to infrastructure, community relations, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested

capital. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of economic commercial quantities of ore.

Foreign Country Risk

The Company's principal mineral properties are located in rural Colombia. Over the past 10 to 15 years, the Government of Colombia has made strides in improving the social, political, economic, legal and fiscal regimes. However, operations in Colombia are still subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including, but not limited to, unemployment and inequitable income distribution and unstable neighboring countries. The instability in neighboring countries could result in, but not limited to, an influx of immigrants which could result in a humanitarian crisis and/or increased illegal activities. Colombia is also home to a number of insurgency groups and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping, extortion and thefts and civil unrest in certain areas of the country. Such instability may require the Company to suspend operations on its properties. It is common practice in Colombia to have business arrangements with the police and/or army in exchange for protective services. There is a risk that agreements with the police and/or army cannot be reached on time or on terms that are acceptable to the Company which could result in an increase in security threats or loss of control at the project site which could have a material adverse effect on the Company.

Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, or other matters.

The Government of Colombia reached a peace accord in 2016 with the country's largest guerrilla group. The Government of Colombia also entered into and dissolved formal discussions with the country's second largest guerrilla group due to their unwillingness to cease criminal and violent crimes. There is no certainty that the agreements will be adhered to by all of the members of the guerrilla groups or that a peace agreement will be ultimately reached with the country's second largest guerrilla group. There is a risk that any peace agreement might contain new laws or change existing laws that could have a material adverse effect on the Buriticá Project. Furthermore, the achievement of peace with the country's guerrilla groups could create additional social or political instability in the immediate aftermath, which could have a material adverse effect on the Company.

Foreign Operations

The Company's key asset, the Buriticá Project, and operations are located in Colombia. Colombia's legal and regulatory requirements in connection with companies conducting mineral exploration and mining activities, banking system and controls as well as local business culture and practices are different from those in Canada. The officers and directors of the Company must rely, to a great extent, on the Company's Colombian legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company must rely, to some extent, on the members of management and the Board who have previous experience working and conducting business in Colombia to enhance its understanding of and appreciation for the local business culture and practices in Colombia. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of the Company and may adversely affect its business.

The Company also bears the risk that changes can occur to the Government of Colombia and a new government may void or change the laws and regulations that the Company is relying upon. Currently,

there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Due to its location in Colombia, the Buriticá Project depends in part upon the performance of the Colombian economy. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Colombian economy, price instabilities, currency fluctuations, inflation, interest rates, regulatory changes, taxation changes, social instabilities, political unrest and other developments in or affecting Colombia over which the Company does not have control. Because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect in which an entire region or class of investment is disfavoured by international investors, Colombia could also be adversely affected by negative economic or financial developments in other emerging market countries.

Requirement for Further Financing

The Company has limited financial resources, has earned nominal interest income since commencing operations and has limited sources of operating cash flow. The majority of the Company's activities have limited scope for flexibility in terms of the amount and timing of expenditures. The Company will require additional funds to complete development of the Buriticá Project and finance exploration and future acquisitions. During the fiscal year ended December 31, 2018, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until commercial production is achieved at the Buriticá Project. The exploration and development of the various mineral properties in which the Company holds interests and the acquisition of additional properties depend upon the Company's ability to obtain financing through joint ventures of projects, stream financing, debt financing, equity financing or other means. The perception that security conditions in Colombia have not improved and the decline in the capital markets for the extractive industry could hinder the Company's ability to access capital in a timely or cost-effective manner. Although the Company has been successful in raising funds to date, there can be no assurance that the Company will be able to raise the balance of the financing required or that such financing will be available on terms acceptable to the Company. Failure to obtain additional financing on a timely basis may result in construction delays or an indefinite postponement of exploration, development, or production on any or all of the Company's properties, could cause the Company to reduce or terminate its operations or lose its interest in its properties and cease to continue as a going concern.

In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders. Additional financing needed to continue funding the development and operation of the Buriticá Project may require the issuance of additional securities of the Company. The issuance of additional securities and the exercise of common share purchase warrants, stock options and other convertible securities will result in dilution of the equity interests of any persons who are or may become holders of Common Shares.

Security

Civil disturbances and criminal activities such as trespass, illegal mining, sabotage, theft and vandalism have caused disruptions. The Company suffered two serious security incidents in 2018 and one during 2017 which resulted in multiple fatalities. The Company has taken certain measures to protect their employees, consultants, contractors, property and production facilities from these risks and the Company has engaged armed and unarmed security personnel and installed perimeter fencing, walls and cameras in sensitive areas, such as main entrances and processing plants. The Company has also entered into arrangements with law enforcement agencies to provide policing and law and order in the areas surrounding the applicable site. Incidents of criminal activity, trespass, illegal mining, theft and vandalism have occasionally led to conflict with security personnel and/or police, which in some cases resulted in injuries

and/or fatalities. The measures that have been implemented by the Company will not guarantee that such incidents will not continue to occur and such incidents may halt or delay production and development, increase operating costs, result in harm to employees or trespassers, decrease operational efficiency, increase community tensions or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties, all of which could have a material negative impact on the Company.

Formalization of Small-Scale Miners

During 2014, the Company signed inaugural formalized sub-contract agreements with several small-scale mining associations, paving the way for the implementation of legal and responsible small-scale mining operations at the Buriticá Project. These sub-contracts place legal responsibilities related to technical, environmental and industrial safety and security on the individual small-scale mining associations. While the Company has taken precautions and performed due diligence, there is a risk these formalized groups are associated with illegal activities, criminal organizations, terrorist groups or money laundering and there is a risk that the Company could be implicated as part of these illegal activities. There is also a risk that the formalized groups do not adhere to the contractual terms of the agreements including, but not limited to, limiting the mining of mineralized material to a maximum depth of 50 metres. In 2016 and 2018, the Company cancelled a number of formalization contracts. There is a risk that the Company could be accused of breach of contract or that these groups could become dissatisfied and resort to measures which may impact the Company's activities and operations, all of which could have a material adverse effect on the Company.

In 2016, the Company implemented what the Company refers to as "Formalization 2.0", which included signing new formalized groups. While the Company has designed and implemented new controls with respect to the operations performed by the formalized groups and the process of mining minerals on behalf of the Company, there is a risk that the material is stolen, the material originates from an illegal mine or that the Company is defrauded, all of which could have a material adverse effect on the Company.

Illegal Miners/Mineral Extraction by Third Parties without Title

The Company's mining concessions are held in remote areas of Colombia where artisanal and illegal miners are present. As the Company further explores and advances mining projects towards production, the Government of Colombia must evict or negotiate with illegal miners operating on the Company's mining concessions illegally. There is a risk that such illegal miners may oppose the Company's operations and efforts to evict them from the Company's mining concessions may result in violence including fatalities, the destruction of the Company's property, the physical occupation of the Company's current mine or a disruption to the planned development and/or to mining and processing operations; all of which could have a material adverse effect on the Company.

In 2016, the Government of Colombia led a major intervention to evict illegal miners from the Buriticá Project and continue to evict illegal miners on an ongoing basis. The interventions have been successful in peacefully evicting the majority of illegal miners that are not from the Buriticá area. While the Company does not directly participate in the interventions, it does provide support to the Government of Colombia when requested. Although significant efforts are undertaken to ensure that activities relating to the interventions follow international standards with respect to, but not limited to, human rights, there is a risk that the Government of Colombia and/or the Company is accused of violations including, but not limited to, human rights violations which could have a material adverse effect on the Company. In addition, if the Government of Colombia does not continue to control the Buriticá area, there is a risk that illegal miners return to the Buriticá area which could have a material adverse effect on the Company.

Illegal miners have extracted precious metals from the Company's mining concessions. The areas that have been mined by illegal miners are near surface and have not materially affected the Company's mineral resources. However, there is a risk that the number of illegal miners could increase, their activities could reach depths that materially affect the Company's mineral resources or their method of extraction could change whereby the rate of extraction could increase, all of which could deplete a material portion of the Company's mineral resources and reserves or materially impact the Company's mine plan, in particular, the first few years of the Company's planned production. On occasion, illegal activities have been

discovered adjacent to the Company's underground workings; areas materially impacted have been excluded from the Company's mineral resource and reserve estimates.

Illegal miners that operate on the Company's concessions do not meet proper health and safety standards. Accidents do occur and range from minor to serious, including death. Although these miners are unrelated to CGI and its operations, the Company may be implicated in such accidents, which could have a material adverse effect on the Company's business operating results and financial position.

While the Company takes all formal steps to notify the authorities when illegal miners operate in an unsafe manner and in close proximity to the Company's current operations, illegal miners have, on occasion, advanced within close proximity to the Company's current underground operation. The Company uses explosives to advance underground development and to extract mineralized material for its current operation. While the Company takes precautions with respect to ensuring the safe detonation of explosives, there is a risk that the detonation of explosives could cause an accidental breakthrough to an illegal mine which could lead to an injury or death to an illegal miner and could have a material adverse effect on the Company.

Illegal miners have also used chemicals that are harmful to the environment to separate the precious metals from the mineralized material. While the Company has implemented a course of action to minimize its exposure for environmental liabilities caused by illegal miners, there is no assurance that the Company will not be subject to these environmental liabilities in the future. This could have a material adverse effect on the Company's business, operating results and financial position.

Closure of Illegal Mines

The responsibility to close illegal mines resides with the Government of Colombia and the Company provides assistance at the request of the government. Delays or inaction by the Government of Colombia in closing illegal mines could result in an increase in illegal mining activity, which could have a material adverse effect on the Buriticá Project.

Illegal mines are closed by either the use of explosives or the sealing of the mine openings with concrete. The use of explosives is dangerous and accidents could occur while closing illegal mines which could result in injuries to third parties including, but not limited to, fatalities. There is a risk the Company could be implicated or blamed for accidents or fatalities that occur during or near the time of closing illegal mines. These events could result in, but are not limited to, litigation and/or the loss of community support, which could have a material adverse effect on the Buriticá Project.

Once an illegal mine is controlled by the Government, the Company provides assistance to the Government in patrolling and monitoring the illegal mine while a closure plan is developed and implemented to minimize the possibility that illegal miners return. There is a risk that the Company could sustain injuries including but not limited to fatalities while patrolling the illegal mine as a result of a number of factors including, but not limited to, violence received by third parties, which could have a material adverse effect on the Company.

When illegal mines are closed, there is a risk that the illegal mines are re-opened shortly after being closed. Without proper oversight and monitoring of the area, there is a risk that illegal miners will return to the area and resume activities, which could result in an increase in illegal mining activity and have a material adverse effect on the Buriticá Project.

In addition, many illegal miners who are impacted by the closure of illegal mines may re-establish themselves in other communities that are within the Company's concessions. An increase in illegal miners in other local communities as a result of the closure of illegal mines near the existing operation could create negative sentiments towards the Company and a loss of the Company's social license, which could have a material adverse impact on the Buriticá Project.

Illegal miners could also resist the closure of illegal mines with force or violence which could lead to injury or death to the Company's employees or consultants, which could have a material negative adverse effect on the Company.

Environmental and Other Regulatory Requirements

All phases of the Company's operations are subject to environmental regulation (including environmental impact assessments and permitting). Environmental legislation and international standards are continually evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There have been a number of recent regulatory changes in Colombia and the Company expects additional regulatory changes, new interpretations and possibly enhanced enforcement to occur in the future. There is no assurance that the Company can or will be able to meet all standards on time, which could adversely affect the Company's business, financial condition or operations.

Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at present and which have been caused by artisanal/illegal miners or previous or existing owners or operators of the properties. In addition, the Company operates a small-scale mining operation on such properties which may result in environmental hazards on the properties.

Failure to comply with applicable laws, regulations, permitting and zoning requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration, development or production of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation of existing laws, could have a material adverse impact on the Company and cause an increase in exploration expenses or capital expenditures or require abandonment or delays in the development of new exploration properties.

It is not possible for the Company to accurately predict changes in laws or policy or the extent to which any such developments or changes may have a material adverse effect on the Company's operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of any of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the properties, business, operations or financial condition of the Company. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

The Company cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition. There is no assurance that future changes to environmental regulation, if any, will not adversely affect the Company.

In 2016 and 2017, the Company received environmental permit amendments from Colombia's environmental regulator, ANLA, in connection with building a modern mine at the Buriticá Project. The environmental permit amendments contain usual customary terms and conditions that the Company must meet to maintain a valid environmental permit. The Company does not expect any challenges with meeting these requirements; however, there can be no assurance that the Company will be able to meet these requirements including, but not limited to, factors outside of its control. Failure to meet these conditions could lead to the suspension of its environmental permit which would have a material adverse effect on the Company.

The Company will require, from time to time, various approvals including, but not limited to, the approval from ANLA or the regional environmental authority for further modifications of the EIA. There is no assurance that the Company will receive the various approvals or receive them within a reasonable time period.

Community Relations and Construction Activities

Maintaining a positive relationship with the communities in which the Company operates, including with respect to the Buriticá Project, is critical to continuing successful construction, exploration, development and operations. The Company's current construction activities in the Higabra valley have been increasing and do cause disturbances. The Company is managing these disturbances through policies and procedures, continual dialogue with the community and programs aimed at offsetting the impact that the construction activities are having on the community. There can be no assurances that the Company will be successful at managing these impacts. In addition, increased commercial traffic from the Pan American highway to the Higabra valley increases the risk of an accident which could have a material negative impact on the Company's relationship with the communities. Community support for operations is a key component of a successful operating, exploration or development project. Various international and national laws, codes, resolutions, conventions, guidelines and other materials relating to corporate social responsibility (including rights with respect to health and safety and the environment) may also require government consultation with communities on a variety of issues affecting local stakeholders, including the approval of mining rights or permits. The Company may come under pressure in the jurisdictions in which it explores or develops to demonstrate that other stakeholders benefit and will continue to benefit from its commercial activities. Local stakeholders and other groups may oppose the Company's current and future exploration, development and operational activities through legal or administrative proceedings, protests, roadblocks or other forms of public expression against the Company's activities. Opposition by such groups may have a negative impact on the Company's reputation and its ability to receive necessary mining rights or permits. Opposition may also require the Company to modify its exploration, development or operational plans or enter into agreements with local stakeholders or governments with respect to its projects, in some cases causing considerable project delays. Any of these outcomes could have a material adverse effect on the Company's business, financial condition, results of operations and Common Share price.

Access Road to Industrial Site

The Company's industrial site is accessed from a single road located in steep topography. Access to the industrial site could be restricted or eliminated as a result of a blockade or slope failure which could, if not rectified in time, have a material negative impact on the Company.

Reliability of Mineral Resource and Reserve Estimates

There is no certainty that any of the mineral resources or mineral reserves on the Buriticá Project or any other project with mineral resources or mineral reserves will be realized. Until a deposit is actually mined and processed, the quantity of metal and grades must be considered as estimates only. Until definition drilling is completed, discrepancies in the amount of mineralization in a specific area of the vein systems is expected resulting in variance within the mineral resources and mineral reserve quantities. Any material change in quantity of metal, grade or dilution may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in a large-scale test under on-site conditions or during production.

Fluctuations in gold and base or other precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Estimated mineral resources or mineral reserves for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Any material reductions in estimates of mineral resources or mineral reserves could have a material adverse effect on the Company's results of operations and financial condition. In addition, the grade of minerals ultimately mined, if any, may differ from that indicated by drilling results. In addition, estimating methodologies may ultimately prove to be inaccurate.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to uncertainty that may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured and indicated resources or proven and probable reserves as a result of continued exploration.

There are uncertainties inherent in estimating measured, indicated and inferred resources and proven and probable mineral reserves, including many factors beyond the Company's control. Estimating resources and reserves is a subjective process. Accuracy depends on the number of drill hole intercepts, quantity and quality of available data and assumptions and judgement used in engineering and geological interpretation, which may be unreliable. It is inherently impossible to have full knowledge of particular geologic structures, faults, voids, intrusions, natural variations in and within rock types and other occurrences. Failure to identify such occurrences in the Company's assessment of mineral reserves and mineral resources may have a materially adverse effect on the Company's future cash flows, results of operations and financial condition.

Construction Cost, Construction Schedule and Operating Cost Estimates

Mine development projects require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful studies and environmental assessments, the issuance of necessary governmental permits and availability of adequate financing. The economic viability of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future gold prices, and anticipated capital and operating costs of these projects. The Buriticá Project has no relevant commercial operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and studies that derive estimates of cash operating costs from anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic viability of a project: unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, and the environment), fluctuations in gold prices, and accidents, labour actions and force majeure events.

It is not unusual in new mining operations to experience construction delays or unexpected problems during the start-up phase, and delays can also occur at the start of commercial production. Delays could occur as a result of, but not limited to, importation challenges with respect to equipment or materials, contractor delays, loss and/or damage to key pieces of equipment while transporting them to site and other factors that are beyond the Company's control. It is likely that actual results for the Buriticá Project will differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favourable than currently estimated, the Company's business, results of operations, financial condition and liquidity could be materially adversely affected.

Dependence on Key Management Employees

The Company's development to date has strongly depended, and in the future will continue to depend, on the business and technical expertise of key executives, including the directors of the Company and a small number of highly-skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of any of these individuals or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. The Company does not have key man insurance in place with respect to any of these individuals.

Credit Facility for the Development of the Buriticá Project

In 2017, the Company entered into the Credit Facility with Red Kite to partially fund the development of the Buriticá Project. The Credit Facility includes debt funding up to a maximum of \$275 million which has been fully drawn as at December 31, 2018. The Credit Facility contains certain covenants which the Company must meet on an ongoing basis and the failure to meet these covenants could place the Credit Facility in default which would also have a material adverse effect on the Company.

The Credit Facility also contains certain restrictive covenants including, but not limited to, the creation of certain liens, investing other than investments in businesses related to mining or a business ancillary or complementary to mining, disposing of the Company's material assets and paying dividends. Events beyond the Company's control, including changes in general economic and business conditions, may affect the Company's ability to satisfy these covenants, which could result in a default under the Credit Facility. If an event of default under the Credit Facility occurs, Red Kite could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and it could cause an event of default. In such event, the Company may not have sufficient funds to repay amounts owing under the Credit Facility.

There is a risk that the Buriticá Project does not generate sufficient future cash flows to make the required interest and principal payments under the Credit Facility, which would place it in default and have a material adverse effect on the Company.

Labour and Employment Matters

While the Company has good relations with its employees, these relations may be impacted by changes in labour laws which may be introduced by the relevant governmental authorities in jurisdictions in which the Company carries on business. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's workforce at the Buriticá Project is governed by a minority union and a cooperative agreement. Although labour relations with its employees have historically been good, there is no assurance that this will continue in the future. Any significant disruption in labour arrangements with either the union or cooperative could have a material adverse effect on the Company's reputation and its ability to continue to operate.

Outside Contractor Risks

It is common for certain aspects of mining and development operations, such as construction management, engineering and procurement, drilling, blasting and underground development, to be conducted by outside contractors. As a result, the Company is subject to a number of risks, including: reduced control over the aspects of the tasks that are the responsibility of the contractors; failure of the contractors to perform under its agreement with the Company; inability to replace the contractors if their contracts are terminated; interruption of services in the event that the contractors cease operations due to insolvency or other unforeseen events; failure of the contractors to comply with applicable legal and regulatory requirements; and failure of the contractors to properly manage its workforce resulting in labour unrest or other employment issues.

Health and Safety Risk

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations and development, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. The Company has procedures in place to manage health and safety protocols to reduce the risk of occurrence and the severity of any accident and is continually investing time and resources to enhance health and safety at all operations.

The Company has limited insurance policies in place to cover some accidents and regularly monitors the adequacy of such policies; however, not all risks are covered by insurance policies due to either coverage not being available or not being available at commercially reasonable prices.

Environmentally-Protected Areas/Forest Reserves

Colombia has a number of environmentally-protected areas or forest reserves (“Protected Areas”) that can, in certain circumstances, restrict mining activities. There are varying levels of Protected Areas within the country with different levels of restrictions. Some of the Company’s exploration properties are within local forest reserves and while the Company does not expect any difficulties in obtaining the necessary permits to conduct mining activities in these areas, there can be no assurances that the laws or boundaries will not change or that permits will be granted which could have a material impact on the Company’s operations. In addition, there can be no assurances that the government of Colombia will not declare new environmentally-protected areas or forest reserves that could potentially impact the Buriticá Project or the other Colombian Projects which could have a material negative impact on the Company.

Reliance on a Single Property

The only material property interest of the Company is the Buriticá Project. Unless the Company acquires additional property interests or advances its other exploration properties, any adverse developments affecting the Buriticá Project could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company. While the Company may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Company will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Company or at all. See “Material Mineral Property – Buriticá Project”.

No Assurance of Titles or Boundaries

The Company is not the registered holder of all of the licences or concessions that comprise its Colombia Projects. Some of the licences and concessions that comprise the Colombia Projects are registered in the names of certain entities, including entities controlled by Bullet (as defined herein). The Company’s interest in the Colombia Projects is derived from the Agreement for Sale of Concession Contracts and Applications for Concession Contracts in Colombia, dated December 20, 2007, between Bullet and the Company (the “Concession Sale Agreement”). Under the Concession Sale Agreement, Bullet has agreed to transfer the licences and concessions that comprise such properties to the Company. There can be no assurance, however, that such transfers will be effected. Events may occur that would prevent Bullet or the other entities from being able to transfer such licences and concessions to the Company. In addition, in the event of a dispute between the parties to the Concession Sale Agreement, the Company’s only recourse against Bullet will be to seek enforcement of the terms of the Concession Sale Agreement. If the Company is required to commence legal proceedings to enforce the terms of the Concession Sale Agreement, there is no assurance that the Company will succeed in such proceedings, and, therefore, may never obtain title to such properties.

The Company has obtained in the past a title report from Colombian legal counsel with respect to title to the Buriticá Project and the Colombia Projects held by the Company or Bullet, as applicable, but this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company’s mineral properties or land titles, any of the Company’s properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected encumbrances or defects or governmental actions or errors. A successful challenge to the precise area and location of the Buriticá Project or the Colombia Projects could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties. The Company does not have all of the surface rights at the Colombia Projects and there is no assurance that these surface rights will be available on reasonable terms or at all.

Limited Operating History

The Company has no history of generating profits. The Company expects to continue to incur losses unless and until such time as it develops its properties and commences operations on its properties. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with strategic parties, if any. There can be no assurance that the Company will generate operating revenues or profits in the future.

Special Skill and Knowledge

Various aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning and implementation of exploration and development programs as well as finance and accounting. The Company has been able to recruit and retain employees and consultants with the necessary skills and knowledge. The Company believes it will continue to be able to do so; however, no assurance can be made in that regard.

Decommissioning and Reclamation Costs

The Company is in the process of establishing a decommissioning and reclamation plan for the Buriticá Project. The costs associated with these activities could be significant and subject to change. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than estimates, this could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Fluctuation in Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of same or mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the ability of the Company to attract investors and receive further funds for exploration and development. Metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the Canadian and U.S. dollars and the Colombian peso relative to other currencies), interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for gold are affected by, among other factors, political events, economic conditions and production costs in major gold-producing regions and governmental or central bank policies with respect to gold holdings. Declines in the price of gold may adversely affect the Company's development and mining projects. Although the Company believes that the fundamentals of supply and demand will remain stable in the future and participants in various sectors will continue to support the gold price despite uncertainties in the global economy, there is no guarantee that the gold price will not materially decrease.

Insurance and Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks including, but not limited to, unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the storage and shipment of precious metal concentrates or doré bars, and political and social instability. Such occurrences could result in damage to mineral properties, damage to underground development, damage to production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in the ability to undertake exploration and development, monetary losses and possible legal

liability. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance policies do not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production is not always available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. The Company does not currently maintain insurance or has sufficient limits to cover against all political risks, business interruption or loss of profits, cyber security, theft of doré bars, the economic value to re-create core samples, environmental risks and other risks. Furthermore, insurance limits currently in place may not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Information Technology

The Company is reliant on the continuous and uninterrupted operations of its information technology ("IT") systems. User access and security of all IT systems are critical elements to the operations of the Company. Protection against cyber security incidents and cloud security, and security of all of the Company's IT systems, are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company.

The Company stores all of its proprietary data on servers including, but not limited to, financial records, drilling databases, technical information, legal information, licences and human resource records. The Company utilizes standard protocols and procedures in protecting and backing up electronic records; however, there is no assurance that third parties will not illegally access these records which could have a material adverse effect on the Company.

Newmont Exercises Significant Control over the Company

Newmont currently holds approximately 19.8% of issued and outstanding Common Shares on a non-diluted basis. On March 15, 2019, the Company announced a financing package totalling \$175 million that included a \$50 million unsecured convertible debenture ("Debenture") from Newmont. The Debenture bears interest at 5% and is convertible into common shares of the Company at a conversion price of C\$3.00 per share. Assuming full conversion of the Debenture, Newmont's ownership in the Company would increase to approximately 28%. The Investment Agreement and the Debenture agreement provides Newmont with, among other things: (i) participation rights in any future equity financings to maintain pro rata ownership interest, (ii) a 'Backstop rights' to subscribe for any unsold portion of future equity financings, (iii) a right of first offer for any non-equity financing greater than \$30 million, (iv) the formation of joint management technical, exploration, and sustainability committees, (v) the right to restrict the Company from incurring additional indebtedness other than permitted indebtedness and (vi) one seat for a Newmont nominee on the Board (and a second seat if Newmont's ownership percentage increases to 25% in accordance with the Investment Agreement). As a result, Newmont has the ability to significantly influence the outcome of any matter submitted for the vote or consent of the Company's shareholders or restrict the Company ability to do undertake certain corporate transactions. In some cases, the interests of Newmont may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or its minority shareholders.

Differing Interpretations in Tax Regimes in Foreign Jurisdictions

Tax regimes in foreign jurisdictions may be subject to sudden changes. The Company's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of

applicable tax authorities. As a result, tax treatment of certain operations, actions or transactions may be challenged and reassessed by applicable tax authorities, which could result in adverse tax consequences for the Company, including additional taxes, penalties or interest. See also “Risks of the Business – Bermuda Legal Matters - The Company May Become Subject to Taxes in Bermuda”.

Tax Matters

The Company is subject to income taxes and other taxes in a variety of jurisdictions and the Company's tax structure is subject to review by both Canadian and foreign taxation authorities. The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Land Surface Rights

The Company has purchased the required hectares for future infrastructure and operations at the Buriticá Project; however, there are other surface rights that the Company believes, for a variety of reasons, would be beneficial to own. There is a risk that the Company will not be able to purchase additional hectares from third parties or on terms that are acceptable to the Company. Furthermore, surface rights have been purchased from third parties using historical records. There is a risk that another third party could claim ownership of surface rights which could have a material adverse effect on the Buriticá Project. Additionally, Colombia Law 1448/2011 compensates, with land restitution, communities that have been displaced as a result of political violence. In the event that the Company cannot purchase the remaining hectares, or is impacted by application of Law 1448/2011, it has the right to begin an expropriation process available under Colombian law, although the process could take longer than expected. Although the Company does not expect third party claims, or the effects of Law 1448/2011 to impact the Buriticá Project, there is a risk that land near or on the Buriticá Project could be impacted, which could have a material adverse effect on the Company.

Compliance with Anti-Corruption Laws and ESTMA

The Company is subject to various anti-corruption laws and regulations including, but not limited to, the *Canadian Corruption of Foreign Public Officials Act* and *The Superintendence of Companies External Letter No. 100-000005 of Colombia*. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Colombia and, according to Transparency International, Colombia is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. Likewise, any investigation of any potential violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations, as well as on the market price of the Common Shares. As a consequence of these legal and regulatory requirements, the Company instituted policies with regard to its anti-corruption policies. There can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring the Company's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anti-corruption laws.

In addition, the *Canadian Extractive Sector Transparency Measures Act* (“ESTMA”), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed

in Canada or with business or assets in Canada. Commencing in 2017, mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over C\$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to C\$250,000 (which may be concurrent). If the Company becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties, fines and/or sanctions, which may have a material adverse effect on the Company's reputation.

Competition

The Company may compete with other exploration, development and production companies which may have greater financial resources and technical abilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. The Company's ability to increase the number of properties that it holds in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select, acquire and develop suitable properties or prospects.

Non-Governmental Organization Intervention

The Company's relationship with the communities in which it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. A number of non-governmental organizations are becoming increasingly active in Colombia as the security and safety in Colombia increases and the Government implements the peace accords. These organizations may create or inflame public unrest and anti-mining sentiment among the inhabitants in areas of mineral development. Such organizations have been involved, with financial assistance from various groups, in mobilizing sufficient local anti-mining sentiment to protest and even prevent the issuance of required permits for the development of mineral projects of other companies. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of natural resource exploration, development and production. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required under the *Business Corporations Act* (Ontario) and the Company's by-laws to disclose his interest.

Use of Explosives

The Company uses explosives in development activities and its small-scale operation and assisting the government in closing down illegal mines. The use of explosives is tightly controlled in Colombia; however, accidents can occur including but, not limited to, fatalities. In addition, there is a risk that the Company's explosives could end up in the possession of criminals who use them for illegal or criminal means. The Company could be implicated in illegal activities if it is proven or alleged that the Company's explosives were used in illegal or criminal activities. The Company uses strict protocols in the handling and storing of explosives, however, there can be no assurance that accidents will not occur and/or explosives will not be stolen which could have a material adverse effect on the Company.

Social Media

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace.

Damage to reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to handling of environmental matters or the Company's dealings with community groups), whether true or not. The Company places a great emphasis on protecting its image and reputation, but the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Foreign Subsidiaries

The Company conducts certain of its operations through foreign subsidiaries and some of its assets are held in such entities. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Property Interests

The ability of the Company to carry out successful mineral exploration, development and production activities will depend on a number of factors. The Company has a number of obligations with respect to acquiring and maintaining the Company's interest in certain of its current properties. No guarantee can be given that the Company will be in a position to comply with all such conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that such renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed. A number of the Company's interests are the subject of pending applications to register assignments, extend the term, and increase the area or to convert licenses to concession contracts and there is no assurance that such applications will be approved as submitted.

There is no assurance that the Company's rights and foreign interests will not be revoked or significantly altered to the detriment of the Company.

Foreign Currency Fluctuations

The Company's current and proposed exploration, development and production operations in Colombia render it subject to foreign currency fluctuations, which may materially affect its financial position and results. The Company's reporting currency is the U.S. dollar, which is exposed to fluctuations against other currencies. In addition, the Company maintains its principal office in Canada, maintains cash accounts in Canadian dollars, U.S. dollars and Colombian pesos and has monetary assets and liabilities in U.S. and Canadian dollars and Colombian pesos. The important exchange rates for the Company are currently the rate between the U.S. dollar and the Colombian peso and the Canadian dollar and the U.S. dollar. While the Company is funding work in Colombia, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Common Shares trade on the TSX and OTCQX, a Canadian stock exchange and U.S. Over-the-Counter market, respectively. Prior and future equity financings result in the generation of Canadian dollar proceeds to fund the Company's activities which are principally incurred in U.S. dollars or Colombian pesos. To the extent funds from such financings are maintained in Canadian dollars, the Company's results can be significantly impacted by adverse changes in exchange rates between the Canadian dollar and the U.S. dollar and Colombian peso. From time to time, the Company has undertaken to partially mitigate transactional volatility in the U.S. dollar and Colombian peso by entering into foreign currency instruments in order to partially offset existing currency exposures.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves and credit to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known precisely when the Company will require additional financing in future periods.

Credit Risk

Credit risk arises from cash and cash equivalents, held with banks and financial institutions, and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Global Economic Conditions

There are significant uncertainties regarding the price of gold, other precious and base metals and other minerals and the availability of equity financing for the purposes of mineral exploration and development. Currently, prices of certain commodities such as gold have reflected volatility, which has had an impact on the Company and the mining industry in general. The Company's future performance is largely tied to the development of the Buriticá Project and the Colombia Projects and the commodity and financial markets. There can be no certainty that commodity prices will increase or maintain the same levels. Current financial markets are likely to continue to be volatile in Canada potentially through 2018 and beyond, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in financing activities. As a result, the Company may have difficulty raising financing for the purposes of mineral exploration and development and, if obtained, on terms favourable to the Company and/or without excessively diluting existing shareholders of the Company. These economic trends may limit the Company's ability to develop and/or further explore its mineral property interests.

Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, the Company's business and financial conditions could be adversely impacted.

Unreliable Historical Data

The Company has compiled technical data in respect of the Colombia Projects, some of which was not prepared by the Company. While the data represents a useful resource for the Company, much of it must be verified by the Company before being relied upon in formulating exploration and development programs.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, road blockades, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, development, financial condition and results of operations.

Government Regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, waste disposal, land claims of local people, mine development, and other matters. Although the Company's mining and processing operations and exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing operations

and activities of exploration, mining and milling or more stringent implementation thereof could have an adverse impact on the Company.

The Company's mineral exploration, development and production activities in Colombia may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties or the costs related to the Company's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Company's exploration, development and production activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Company and could have a substantial adverse impact on the Company.

Market Price of Common Shares

Securities of mineral exploration, development and production companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious and base metal mineral prices or the Company's financial condition or results of operations as reflected in its quarterly and annual earnings reports. Other risks unrelated to the Company's performance that may have an effect on the price of the Common Shares include the following: regulatory or economic changes affecting the Company's operations; variations in the Company's operating results; developments in the Company's business or its competitors; the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not continue to follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Common Shares; changes in market sentiment towards the Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

There can be no assurance that an active market for the Common Shares will be sustained. Investors should be aware that the value of the Common Shares may be volatile and investors may, on disposing of the Common Shares, realize less than their original investment or may lose their entire investment.

The Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices of the securities listed thereon and which may be unrelated to the Company's operating performance. Any of these events could result in a decline in the market price of the Common Shares. The Common Shares may, therefore, not be suitable as a short-term investment. In addition, the market price of the Common Shares may not reflect the underlying value of the Company's net assets. The price at which the Common Shares will be traded and the price at which investors may realize their shares are influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the business and geographic sectors in which the Company operates. Such factors could also include the performance of the Company's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Company and general economic conditions.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The

Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dividend Policy

No dividends on the shares of the Company have been paid by the Company to date. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs and Credit Facility covenants. At this time, the Company has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. In addition, shareholders of the Company who have an investment profit in the Common Shares that they own may seek to liquidate their holdings, which could decrease the trading price of the Common Shares and could also impair the Company's ability to raise capital through future sales of Common Shares.

Seizure or Expropriation of Assets

Pursuant to Article 58 of the Colombian constitution, the Government of Colombia can exercise its eminent domain powers in respect of the Company's assets in the event such action is required to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (i) an ordinary expropriation proceeding (expropiacion ordinaria), (ii) an administrative expropriation (expropiacion administrativa) or (iii) an expropriation for war reasons (expropiacion en caso de guerra). In all cases, the Company would be entitled to a fair indemnification for expropriated assets. However, indemnification may be paid in some cases years after the asset is effectively expropriated. Furthermore, the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with IFRS applicable to publicly-accountable enterprises. In preparing financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's annual consolidated financial statements. The Company has implemented and continues to assess its internal control systems for financial reporting in order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. Although the Company believes its financial reporting and annual consolidated financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Passive Foreign Investment Corporation

If the Company is or becomes a passive foreign investment company ("PFIC") for any year during a U.S. shareholder's holding period of the Common Shares, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of Common Shares, or any "excess distribution" received on its Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distribution, unless the shareholder makes a timely and effective "qualified electing fund" election ("QEF Election") or a "mark-to-market" election with respect to the Common Shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. However, U.S. shareholders should be aware that there can be no

assurance that the Company will satisfy the record-keeping requirements that apply to a qualified electing fund, or that the Company will supply U.S. shareholders with information that such U.S. shareholders require to report under the QEF Election rules, in the event that the Company is a PFIC and a U.S. shareholder wishes to make a QEF Election. Thus, U.S. shareholders may not be able to make a QEF Election with respect to their Common Shares. A U.S. shareholder who makes a mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the taxpayer's adjusted tax basis therein. U.S. shareholders should consult with their own tax advisors concerning the U.S. federal income tax consequences of holding Common Shares if the Company is classified as a PFIC for any tax year.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, the litigation process could take away from management time and efforts and the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's financial position, results of operations or the Company's property development.

Unknown Liabilities in Connection with Acquisitions

As part of the Company's acquisitions, the Company has assumed certain liabilities and risks. While the Company conducted due diligence in connection with such acquisitions, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Company was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company's financial position and results of operations.

Acquisitions and Integration

From time to time, it can be expected that the Company will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, social, operating, financial and geological risks. The Company's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisition would typically be accompanied by risks. If the Company chooses to raise debt capital to finance any such acquisitions, the Company's leverage will be increased, along with potential additional performance and covenant requirements which may increase the risk of default or reduced capital. If the Company chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Company may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Indigenous Peoples

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. The Company holds exploration rights located in some areas presently or previously inhabited or used by indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. The Company's current or future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development on those projects or operations on which the Company holds an exploration right. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public

expression against the Company or the owner/operator's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous people may disrupt or delay activities of the owners/operators of the Company's exploration assets.

Impairment of Mineral Properties

The Company assesses at the end of each reporting period whether there are any indicators, from external and internal sources of information, that an asset may be impaired and requiring an adjustment to the carrying value in order not to exceed its recoverable amount. External sources of information considered could include changes in market conditions, the economic and legal environment in which the Company operates that are not within its control and the impact these changes may have on the recoverable amount. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used, results and/or interpretations of exploration activities and indications of the economic performance of the assets. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs and reductions in the amount of recoverable reserves and resources are each examples of factors and estimates that could each result in a write-down of the carrying amount of the Company's mineral properties. Although management makes its best estimates, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties. Any impairment estimates, which are based on applicable key assumptions and sensitivity analysis, are based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Company. Any impairment charges on the Company's mineral projects could adversely affect its results of operations.

Enforcement of Legal Rights

The Company's material subsidiaries are organized under the laws of foreign jurisdictions and certain of the Company's directors, management personnel and experts are located in foreign jurisdictions. Given that the Company's material assets and certain of its directors, management personnel and experts are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its directors, officers and experts, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Bermuda Legal Matters

Old Continental was incorporated and existed under the Bermuda Act until November 13, 2015, when it discontinued from Bermuda and continued as a corporation under the laws of the Province of Ontario, Canada. Old Continental was continued from the Province of Ontario back into Bermuda as an exempted company on December 21, 2015 and is thereby subject to the laws of Bermuda. The following is a non-exhaustive summary of certain laws of Bermuda which are relevant to the operations of Old Continental.

Enforcement of Judgments in Bermuda May be Difficult

The current position with regard to enforcement of judgments in Bermuda is set out below but this may be subject to change. A final and conclusive judgment of a foreign court against Old Continental, under which a sum of money is payable (not being a sum of money payable in respect of multiple damages, or a fine, penalty tax or other charge of a like nature) may be the subject of enforcement proceedings in the Supreme Court of Bermuda under the common law doctrine of "obligation by action" on the debt evidenced by the foreign court's judgment. On general principles, such proceedings would be expected to be successful provided that:

- (a) the court which gave the judgment was competent to hear the action in accordance with private international law principles as applied in Bermuda; and

- (b) the judgment is not contrary to public policy in Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice, and is not based on an error in Bermuda law.

Enforcement of such a judgment against assets in Bermuda may involve the conversion of the judgment debt into Bermuda dollars, but the Bermuda Monetary Authority (the “BMA”) has indicated that its present policy is to give the consents necessary to enable recovery in the currency of the obligation.

No stamp duty or similar or other tax or duty is payable in Bermuda on the enforcement of a foreign judgment. Court fees will be payable in connection with proceedings for enforcement.

Old Continental May Become Subject to Taxes in Bermuda

Bermuda currently has no income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in respect of capital gains realized on a disposition of Old Continental’s common shares or in respect of distributions by Old Continental with respect to common shares other than the application of Bermuda taxes to persons ordinarily resident in Bermuda. The Bermuda Minister of Finance, under the *Exempted Undertakings Tax Protection Act 1966, as amended*, has given Old Continental assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to Old Continental or any of Old Continental’s operations, shares or other obligations until March 31, 2035.

Exemption from Exchange Controls

Old Continental is designated as “non-resident” for exchange control purposes by the BMA. Where a company is so designated, it is free to deal in currencies of any other country outside the Bermuda exchange control area which are freely convertible into currencies of any other country.

Limitations on Carrying on Business

Under Bermuda law, exempted companies are companies formed for the purpose of conducting business outside Bermuda from a principal place in Bermuda. As a result, they are exempt from Bermuda laws restricting the percentage of share capital that may be held by non-Bermudians, but they may not participate in certain business transactions, including:

- (a) the acquisition or holding of land in Bermuda (except that required for their business and held by way of lease or tenancy for terms of not more than 50 years) without the express authorization of the Bermuda legislature;
- (b) the taking of mortgages on land in Bermuda to secure an amount in excess of \$50,000 Bermuda dollars without the consent of the Minister of Finance of Bermuda or such other Minister as may be appointed to administer the Bermuda Act (the “Minister”);
- (c) the acquisition of any bonds or debentures secured by any land in Bermuda, other than certain types of Bermuda government securities; or
- (d) the carrying on of business of any kind in Bermuda, except in furtherance of their business carried on outside Bermuda or under license granted by the Minister.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company’s AIF, is available under the Company’s profile on SEDAR at www.sedar.com and on the OTCQX at www.otcm Markets.com, and is available upon request from the Company.

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