MANAGEMENT'S DISCUSSION AND ANALYSIS

OF CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the three and six months ended June 30, 2019

CONTINENTAL GOLD

TSX:CNL OTCQX:CGOOF

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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 three and six months ended June 30, 2019. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and six months ended June 30, 2019, together with the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts in this MD&A are in United States ("U.S.") dollars ("US$"), unless stated otherwise. References to C$ and COP are to Canadian dollars and Colombian pesos, respectively. This MD&A is dated August 8, 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 (as defined below); 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 interim consolidated financial statements of the Company for the three and six months ended June 30, 2019 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 $512 million (including contingency but excluding working capital). The Company believes that the estimate, determined internally, is accurate within -5%/+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”). Until recently, the CIM Standards differed significantly from standards in the U.S. The U.S. Securities and Exchange Commission (the “SEC”) has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). These amendments became effective February 25, 2019 (the “SEC Modernization Rules”) with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. In addition, the SEC has amended its definitions of “proven mineral reserves” and “probable mineral reserves” to be “substantially similar” to the corresponding definitions under the CIM Standards, as required under NI 43-101. Accordingly, during this period leading up to the compliance date of the SEC Modernization Rules, information regarding mineral resources or mineral reserves contained or referenced in this MD&A may not be comparable to similar information made public by United States companies.

Readers are cautioned that “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”. Readers should not 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.

DESCRIPTION OF BUSINESS

The Company is an advanced-stage development and exploration entity engaged in the development, acquisition, exploration and evaluation of principally gold resource properties in highly-prospective areas with known historical high-grade gold production in Colombia. The Company is led by an international management team with a successful track record of discovering and developing large high-grade gold deposits in Latin America.

The Company was incorporated under the provisions of the *Business Corporations Act* (Ontario) and is a reporting issuer in Canada under applicable securities legislation in each of the provinces of Canada (except Quebec). It carries on its operations through a corporate office in Toronto, Canada and a foreign company branch office in Medellín, Colombia. The Company’s issued and outstanding common shares (the “Common Shares”) trade on the Toronto Stock Exchange (the “TSX”) and OTCQX under the symbols “CNL” and “CGOOF”, respectively.

The Company 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 133,884 hectares of exploration rights. There is no guarantee that the Company will be granted the pending concession applications (see “Risks and Uncertainties” 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 2019 is the completion of construction of mining and mill facilities and related infrastructures, and the advancement of development and exploration programs for the Buriticá Project, with the goal of first gold pour in H1 2020.

The Company has a need for equity capital and other financing to fund construction and development activities, working capital, corporate overhead costs, exploration and other costs relating to the advancement of exploration and mining properties. The Company's ability to continue as an active mineral property developer and explorer is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful, sufficient, or on terms acceptable to the Company, or if the Company will attain profitable levels of operation in the future.

Q2 2019 Highlights

- The Company continued to advance the Buriticá Project exploration program during the second quarter of 2019. Announcements included:
  - Drilling results over broad widths in broad mineralized zone ("BMZ")1.
  - Channel sampling results from stope development drifts.
  - Discovery of BMZ4 located in the eastern-most part of the Yaraguá system.
  - Drilling results including visible gold in all holes targeting the Centena vein.
- Development activities at the Buriticá Project remain on schedule for first gold pour in H1 2020. Major activities during the second quarter of 2019 included:
  - Project-to-date underground lateral development, which continued to advance satisfactorily, totaled 14,255 metres.
  - Backreaming advanced 206 metres for a 4.1-metre diameter ventilation raise in the Veta Sur system.
  - Mill area and infrastructure construction significantly advanced during Q2 2019. Concrete placement and structural steel installations were well advanced, and most major mechanical equipment was either installed or preparations were well advanced for installation in Q3 2019. Piping and electrical commenced, with preparations underway for instrumentation to begin in Q3 2019.
  - All towers were constructed and cable installation was nearly complete for the approximately 31-km transmission line.
- Financing:
  - On June 24, 2019, the Company announced a $25 million strategic investment by Eric Sprott.
  - On June 25, 2019, the Company announced the closing of the previously-announced $100 million stream transaction with Triple Flag Mining Finance Bermuda Ltd.
- Management appointments:
  - The Company announced the appointment of Ana Milena Vasquez as Senior Vice-President, External Affairs and Sustainability effective April 1, 2019.
- Subsequent to quarter-end:
  - The Company closed the previously-announced $25 million private placement with Eric Sprott at a price of C$3.10 per share, representing a 2.9% discount to the five-day volume-weighted average

share price ended June 21, 2019. As a result, the Company issued 10,645,200 common shares to a company beneficially owned by Eric Sprott.

- The Company issued 3,038,765 common shares to Newmont Goldcorp Corporation ("Newmont Goldcorp") at a price of C$3.10 per share for gross proceeds of approximately $7.2 million resulting from Newmont Goldcorp exercising its right to maintain its pro rata ownership, which was triggered by the non-brokered private placement with Eric Sprott.

- The Company released drilling results from BMZ2 and BMZ4 and master veins.

DEVELOPMENT AND EXPLORATION SUMMARY

Change in Accounting Policy – Exploration and Evaluation Expenditures

Effective January 1, 2019, the Company elected to change its accounting policy in respect of exploration and evaluation expenditures (see "Changes in Accounting Policies" in this MD&A) whereby costs incurred prior to the establishment of technical feasibility and commercial viability for a project are expensed. The voluntary change in accounting policy has been adopted retrospectively and, accordingly, comparative information has been restated as if the policy had always been applied.

As a result of the change, construction in progress, exploration and evaluation assets and deferred tax liability as at December 31, 2018 have been reduced by $217.4 million, $7.3 million and $28.7 million, respectively, with an increase in inventories and accumulated deficit of $6.8 million and $189.3 million, respectively.

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 north-western 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 Buriticá Project includes the Yaraguá mine, which is under small-scale production by the Company.

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 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 referred to as BMZs. The BMZ consist of a group of modelled precious metal-bearing veins in the current Buriticá Project 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 current mineral 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, prepared in accordance with NI 43-101, 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 utilized the 2015 mineral resource estimate (the '2015 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.

In Q1 2019, the Company released the 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 30, 2019). The Company subsequently filed on SEDAR a technical report (the "2019 Technical Report") prepared by Ivor James Pty Ltd. in respect of the 2019 Resource Estimate entitled "NI 43-101 Buriticá Mineral Resource 2019-01, Antioquia, Colombia" dated March 18, 2019 with an effective date of January 30, 2019. The 2019 Technical Report is available on the Company's website at www.continentalgold.com and under the Company's profile on SEDAR at www.sedar.com. At this point in time, the financial model and mineral reserves for the Buriticá Project have not been updated for the 2019 Resource Estimate. However, where an update could be provided in the 2019 Technical Report, such as in actual capital costs to date and environmental items, these were updated in the 2019 Technical Report. The 2019 Resource Estimate does not directly affect operating costs which were estimated in the Feasibility Study. Mining methods, extraction and ore processing methods, G&A and corporate fees are not affected by the 2019 Resource Estimate. 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 Resource Estimate, which is different than the updated 2019 Resource Estimate. The primary differences between the 2015 Resource Estimate 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 2019 Resource Estimate and will report the results at a later date.

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%. Management's current total project cost estimate (including scope changes), determined internally and subject to change, is $512 million (including contingency but excluding working capital), which the Company believes is accurate within -5%/+10%.

Project funding for 2019 includes $75 million from the Convertible Debentures (see "Convertible Debentures" in this MD&A), $100 million from the Streaming Agreement (see "Streaming Agreement" in this MD&A), $25 million from the non-brokered private placement to Eric Sprott and $7.2 million from Newmont Goldcorp exercising its right to maintain pro rata ownership. The Company intends to fund remaining project funding shortfall, 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 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 "Risks and Uncertainties" in this MD&A).

Development

During the second quarter of 2019, the Company advanced the development of the Buriticá Project with the following activities:

- Underground development continued to advance satisfactorily. Total lateral development metres to date is approximately 14,000 metres and continues to advance approximately 1,000 metres per month.

- Backreaming of the 4.1-metre ventilation raise in the Veta Sur sector reached 206 metres, with 87 metres remaining at the end of Q2 2019.

- Highlights for mill area and infrastructure construction include:

  - Primary crusher: The conveyor structural steel was advancing along with conveyor roller installation; cable tray installation has begun.

  - Reclaim tunnel: Major concrete work was completed, and structural steel, mechanical and electrical installations were well underway.

  - Grinding and gravity circuits: Both the SAG and ball mill mechanical installations were completed along with cyclones pumps and other circuit equipment that will continue in Q3 2019.

  - Leach tanks: Radiographic testing was complete, and painting and equipping the tanks (including agitator steel bridge installations) was ongoing at the end of Q2 2019.

  - CCD area: Tank installations were completed for two thickeners, the clarifier and tailing thickener along with installation of bridge structures.

  - Merrill Crowe: Work continued to install tilt-up walls, and installations were completed for clarifying and precipitations filters and vacuums tanks.

  - Tailing filtration: Filter discharge chutes were installed and the tailing feed tank was assembled; the three filter presses were approximately 90 percent installed at the end of Q2 2019.

  - Tailing storage facility: Major excavation was well-advanced, and work began on both the east and west toe berms.

  - 110-kV powerline: All 67 towers were constructed, and cable installation for the approximately 31-kilometre transmission line was near completed and remains on schedule for completion in Q3 2019.

- As at June 30, 2019, overall progress for the Buriticá Project was approximately 70% (76% as at July 31, 2019) and remains on schedule for completion and planned first gold pour in H1 2020. Ramp-up to commercial production is anticipated approximately six months thereafter.

Exploration

During the second quarter of 2019, the Company continued to execute on its drilling plan, drilling 22,086 metres during the quarter for a year-to-date total of 36,982 metres. The focus of the 2019 drilling program is infill and mineral resource expansion at the Yaraguá and Veta Sur deposits to support the mining department's stope definition drilling programs ahead of planned first gold pour in H1 2020.

Drilling during the second quarter of 2019 successfully accomplished the following objectives:

- New exploration drilling and geological reinterpretation using recently revised lithological and block models has led to the discovery of BMZ4 in the eastern Yaraguá system.

- Infill drilling in the northern section of the Yaraguá system master veins continued to intercept high-grade gold areas.

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 continued in the second quarter of 2019, aimed at managing the impacts of the Buriticá Project and strengthening the community and improving health, education, infrastructure and the environment:

- Commenced implementation of the alliance "From Fear To Trust", a part of the Competitive Alliance for Equity strategy of the Colombia national government that seeks to promote development in the territories most affected by violence, through private investment with international cooperation. From Fear to Trust (an Alliance between Continental Gold, the Colombian Federation of Coffee Growers, the "Ideas for Peace" Foundation (FIP) and the United States Agency for International Development - USAID) seeks to improve citizen security as well as implementing legal, sustainable and productive opportunities in the Company's areas of influence (the municipalities of Buriticá, Giraldo, Cañasgordas and Santa Fe de Antioquia), while also promoting innovation and competitiveness;

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

- Continued support of the progression of another round of student training through SENA, the Colombia National Vocational Training Agency;

- Continued support of various infrastructure improvements, including education and improvement of rural pathways leading to local towns and villages;

- Finished construction of the Los Asientos aqueduct, which will provide safe drinking water to the local community. Definition of its operation and management scheme is under development in order to guarantee its long-term sustainability.

- 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 areas of influence;

- Conducted information sessions to ensure the impacts of the Buriticá Project are understood by local communities and that 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;

- 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. This program is carried out with the Catholic Institute of the Western Antioquia and Comfenalco Antioquia;

- 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; accommodation of employees in local houses; and other services like restaurants, hardware supplies and laundry;
- Encouraged construction contractors to support several local business initiatives, maximizing benefits to the local community;
- 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.

Continental Gold was the mining company with the highest rank in the Social Investment Index released by Jaime Arteaga y Asociados, Semana Sostenible and CIPE (Center for International Private Enterprise). The Company ranked number 11 among 72 companies from different industries. This index not only assesses the amount of the investment but, most importantly, its quality. Among other things, it evaluates if a company's actions and plans are fully aligned with their sustainability policy.

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.

2019 Capitalized Expenditures

During the three and six months ended June 30, 2019, the Company capitalized $66.7 million and $141.4 million, respectively, of construction and development costs (three and six months ended June 30, 2018 – $53.2 million and $100.8 million, respectively), including $0.2 million and $0.4 million (three and six months ended June 30, 2018 – $0.4 million and $0.8 million, respectively) of capitalized share-based payments and $10.5 million and $18.8 million (three and six months ended June 30, 2018 – $3.6 million and $5.4 million, respectively) of capitalized borrowing costs for the three and six months ended June 30, 2019, respectively. Gold sales resulting from exploration work and drifting in ore at the Buriticá Project amounted to $0.5 million and $1.2 million for the three and six months ended June 30, 2019, respectively (three and six months ended June 30, 2018 – $0.7 million and $1.6 million, respectively). Gold sales and advances are treated as a capital credit as they support ongoing development of the Buriticá Project and, accordingly, are not included as a revenue item in the Company's unaudited interim consolidated statements of operations and comprehensive loss. As a result, net capitalized project expenditures for the three and six months ended June 30, 2019 were $66.2 million and $140.2 million, respectively (three and six months ended June 30, 2018 – $52.5 million and $99.2 million, respectively).

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 73,425 hectares of exploration rights and is comprised of 19 concessions covering 26,254 hectares and 58 concession applications totalling 47,171 hectares.

Exploration expenditures for the three and six months ended June 30, 2019 of $0.1 million and $0.1 million, respectively (three months ended June 30, 2018 – $0.8 million and $0.9 million, respectively) were expensed in the unaudited interim consolidated statements of operations and comprehensive loss.

Berlin Project

The Berlin Project covers an aggregate area of 65,914 hectares of exploration rights. The project is comprised of 11 concessions totaling 22,893 hectares and 22 pending registration concessions totaling 43,021 hectares. The project area is located 90 kilometres north of Medellín in the Antioquia Department. All costs incurred in respect of the Berlin Project are expensed as incurred.

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 were 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 and six months ended June 30, 2019, $nil (three and six months ended June 30, 2018 – $0.3 million and $0.9 million, respectively) was paid in respect of the Berlin Option Agreement. As at June 30, 2019, the properties within the Berlin Option Agreement remain under force majeure.

No significant exploration activities were undertaken at the project during the three and six months ended June 30, 2019 (three and six months ended June 30, 2018 – $0.4 million and $1.1 million, respectively). All costs incurred in respect of the Berlin Project are expensed in the unaudited interim consolidated statements of operations and comprehensive loss.

Dojura Project

The Dojura Project covers an aggregate area of 45,245 hectares of exploration rights, comprised of five concessions totaling 18,617 hectares and 15 concession applications totaling 26,628 hectares. It is located in the western cordillera in the Choco Department, 30 kilometres southeast of the Departmental capital city of Quibdó. All costs incurred in respect of the Dojura Project are expensed as incurred.

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 2019 and continued planning early-stage reconnaissance exploration activities. The Company continues to closely monitor the situation.

No significant exploration activities were undertaken at the project during the three and six months ended June 30, 2019 and 2018. All costs incurred in respect of the Dojura Project are expensed in the unaudited interim consolidated statements 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 17 concession applications covering 17,002 hectares. All costs incurred in respect of the Dominical Project are expensed as incurred.

No significant exploration activities were undertaken at the project during the three and six months ended June 30, 2019 and 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 (the "South Option Agreement"), which was amended in the second quarter of 2019. The amended agreement specifies that the Company must initially spend $1.0 million over a 33-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. All costs incurred in respect of the Southern Colombia Projects are expensed as incurred.

No significant exploration activities were undertaken at the project during the three and six months ended June 30, 2019 and 2018.

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

See "Market Trends" and "Risks and Uncertainties" in 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 CONSOLIDATED FINANCIAL INFORMATION

The following financial data has been prepared in accordance with IFRS. The presentation currency and functional currency are U.S. dollars. Effective January 1, 2019, the Company elected to change its accounting policy in respect of exploration and evaluation expenditures (see "Changes in Accounting Policies" in this MD&A). The voluntary change in accounting policy has been adopted retrospectively and, accordingly, comparative information has been restated as if the policy had always been applied.

As at In thousands of U.S. dollars	**June 30 2019**	December 31 2018 (As Restated)	January 1 2018 (As Restated)
	$	$	$
Consolidated Financial Position			
Cash and cash equivalents	**119,404**	80,299	91,382
Restricted cash	**6,877**	8,000	–
Property, plant and equipment	**532,662**	389,085	146,407
Total assets	**690,017**	499,069	273,177
Loans payable	**285,593**	266,813	47,917
Convertible debentures (current and long-term)	**92,825**	–	–
Stream liability	**100,000**	–	–
Shareholders' equity	**132,106**	155,047	177,650

In thousands of U.S. dollars	**Three months ended June 30**		**Six months ended June 30**	
	2019	2018 (As Restated)	**2019**	2018 (As Restated)
	$	$	**$**	$
Consolidated Operating Results				
Foreign exchange gain (loss)	**1,195**	(177)	**2,717**	(854)
Net loss	**(23,968)**	(5,702)	**(25,581)**	(10,576)
Consolidated Cash Flow				
Property, plant and equipment, net of gold sales	**(60,774)**	(51,900)	**(124,309)**	(95,204)
Cash flows from financing activities	**99,894**	50,242	**173,421**	74,617
Net cash (outflow) inflow	**35,585**	(3,379)	**38,899**	(32,942)

The Company's total assets of $690.0 million as at June 30, 2019 increased in comparison to total assets of $499.1 million as at December 31, 2018, restated, and $590.1 million as at March 31, 2019. The increase in 2019 is a result of the receipt of $75 million from the Convertible Debentures (see "Convertible Debentures" in this MD&A) and the receipt of $100 million from the Streaming Agreement (see "Streaming Arrangement" in this MD&A).

Cash and cash equivalents at June 30, 2019 was $119.4 million, compared to $80.3 million as at December 31, 2018 and $84.8 million at March 31, 2019. The increase is a result of $75 million received in March 2019 from the Convertible Debentures and $100 million received from the Streaming Agreement, net of continued investment in construction, development and exploration for the Buriticá Project. Restricted cash as at June 30, 2019 of $6.9 million (December 31, 2018 – $8.0 million) represents collateral deposits (the “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 – Currency Risk” in this MD&A). 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 $532.7 million as at June 30, 2019 increased compared to $389.1 million as at December 31, 2018, restated, due to continued construction activities at the Buriticá Project. Effective January 1, 2019, the Company changed its accounting policy for exploration and evaluation assets (see “Changes in Accounting Policies" in this MD&A), resulting in the write-off of $213.7 million previously included in property, plant and equipment and $4.3 million previously included in exploration and evaluation assets as at December 31, 2018 relating to amounts that do not qualify for capitalization under the revised accounting policy. In addition, the deferred tax liability balance as at December 31, 2018 of $28.7 million was reversed as a result of the accounting policy change, resulting in a net reduction to accumulated deficit of $189.3 million.

As at June 30, 2019, the Company had a loans payable balance of $285.6 million and a production-linked liability of $20.4 million (December 31, 2018 – $266.8 million and $19.7 million, respectively), relating to the Credit Facility (see “Loans Payable” in this MD&A). The Company also had a financial liability balance of $100 million relating to the gold and silver streams (see “Streaming Arrangement” in this MD&A). In addition, as at June 30, 2019, the Company had a Convertible Debentures balance of $92.8 million (see “Convertible Debentures” in this MD&A), comprised of $41.2 million of debentures payable and $51.6 million of derivative liability relating to the conversion option. The Company also has $157 million in total capital purchase commitments relating to construction and development of the Buriticá Project.

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

Net loss for the three and six months ended June 30, 2019 was $24.0 million and $25.6 million, respectively, compared to $5.7 million and $10.6 million, respectively, for the three and six months ended June 30, 2018, restated (see “Operating Results” in this MD&A).

Net cash inflow for the three and six months ended June 30, 2019 was $35.6 million and $39.0 million, respectively, compared to net cash outflow of $3.4 million and $32.9 million for the three and six months ended June 30, 2018, respectively. The change is a result of the receipt of $75 million from the Convertible Debentures and $100 million from the Streaming Agreement, net of an increase in construction activities in comparison to the comparative quarter.

CONSOLIDATED OPERATING RESULTS

The following is a summary of the Company’s consolidated operating results for the three and six months ended June 30, 2019 and 2018:

	Three months ended June 30		Six months ended June 30	
	2019	2018	**2019**	2018
Tonnes milled (tonnes)	**692**	1,789	**1,544**	4,244
Average grade (g/t)	**15.16**	8.08	**16.69**	8.14
Gold production (ounces)	**302**	982	**747**	1,552
Gold sales (ounces)	**358**	503	**896**	1,173
Realized gold price ($)	**1,294**	1,310	**1,307**	1,321

In thousands of U.S. dollars, except per Common Share amounts	2019	2018 (As Restated)	2019	2018 (As Restated)
	$	$	**$**	$
Net loss	**(23,968)**	(5,702)	**(25,581)**	(10,576)
Net (loss) income per share, basic and fully diluted	**(0.13)**	(0.03)	**(0.14)**	(0.06)

	Three months ended June 30		**Six months ended June 30**	
In thousands of U.S. dollars	**2019**	2018 (As Restated)	**2019**	2018 (As Restated)
	$	$	**$**	$
Construction in progress expenditures, net of gold sales	**66,179**	52,534	**140,206**	99,225
Operating activities	**(1,945)**	(3,168)	**(4,291)**	(6,951)
Investing activities	**(62,364)**	(50,453)	**(130,231)**	(100,608)
Financing activities	**99,894**	50,242	**173,421**	74,617
	35,585	(3,379)	**38,899**	(32,942)
Foreign exchange on cash and cash equivalents	**(948)**	(365)	**206**	(650)
Net change in cash and cash equivalents	**34,637**	(3,744)	**39,105**	(33,592)

Pre-Production and Development Planning Activities

For the three and six months ended June 30, 2019, the Company produced 302 and 747 ounces of gold, respectively (three and six months ended June 30, 2018 – 982 and 1,552 ounces, respectively) and sold 358 and 896 ounces of gold, respectively (three and six months ended June 30, 2018 – 503 and 1,173 ounces, respectively) for an average realized price of $1,294 and $1,307 per ounce, respectively (three and six months ended June 30, 2018 – $1,310 and $1,321 per ounce, respectively).

As at June 30, 2019, the Company held 171 ounces (December 31, 2018 – 503 ounces) of gold doré in inventory with a net realizable value of $0.2 million based on a closing gold price of $1,409 per ounce (December 31, 2018 – $0.3 million based on a closing gold price of $1,282 per ounce).

Operating Results

The Company's net loss for the three and six months ended June 30, 2019 amounted to $24.0 million ($0.13 per Common Share) and $25.6 million ($0.14 per Common Share), respectively, compared to net loss of $5.7 million ($0.03 per Common Share) and $10.6 million ($0.06 per Common Share) for the same respective periods in 2018, restated. The change compared to the same respective periods in 2018 was primarily from the following:

- Corporate administration expenses for the three and six months ended June 30, 2019 was $4.0 million and $7.4 million, respectively (three and six months ended June 30, 2018 – $3.6 million and $6.6 million, respectively), including share-based payments.
- Compensation costs related to share-based payments during the three and six months ended June 30, 2019 were $0.7 million and $1.3 million, respectively (three and six months ended June 30, 2018 – $1.1 million and $2.1 million, respectively), of which $0.5 million and $0.9 million, respectively (three and six months ended June 30, 2018 – $0.7 million and $1.2 million, respectively) were expensed and $0.2 million and $0.4 million, respectively (three and six months ended June 30, 2018 – $0.4 million and $0.8 million, respectively) were capitalized to construction in progress.
- Changes related to share-based payments during the three and six months ended June 30, 2019 resulted from the issuance of 90,000 and 1,940,000 stock options, respectively, with average grant date fair values of $1.02 and $0.85 per Common Share, respectively, compared to 350,000 and 2,297,500 stock options, respectively, during the three and six months ended June 30, 2018, with average grant date fair values of $1.28 and $1.47 per Common Share, respectively. In addition,

during the three and six months ended June 30, 2019, nil and 275,000 bonus shares, respectively (three and six months ended June 30, 2018 – nil bonus shares), nil and 275,000 restricted share unit ("RSUs"), respectively (three and six months ended June 30, 2018 – nil and 338,307 RSUs, respectively), and nil and 70,000 deferred share units ("DSUs"), respectively (three and six months ended June 30, 2018 – nil and 90,000 DSUs) were granted. The valuation of share-based payments relating to options is subjective and can impact net income (loss) significantly. The valuation of share-based payments relating to bonus shares, RSUs and DSUs are based on the share price on the issue or grant date, as applicable.

- Exploration expense for the three and six months ended June 30, 2019 was $0.7 million and $0.8 million, respectively, compared to $1.5 million and $2.5 million for the same respective periods in 2018, restated. The change is a result of the cessation of exploration activities at all projects other than at Buriticá and Gran Buriticá. In addition, the comparative periods in 2018 include $0.3 million and $0.9 million, respectively, incurred in respect of the Berlin Option Agreement which is currently under force majeure.
- Foreign exchange gain for the three and six months ended June 30, 2019 was $1.2 million and $2.7 million, respectively, compared to losses of $0.2 million and $0.9 million for the same respective periods in 2018.
- Loss on derivative financial instruments for the three and six months ended June 30, 2019 was $16.0 million and $14.8 million, respectively, compared to $0.3 million for each respective period in 2018. The loss relates mainly to a $15.7 million loss (six months ended June 30, 2018 – $nil) recognized on the revaluation of the derivative liability in respect of the Convertible Debentures and is offset by a derivative gain of $0.9 million (six months ended June 30, 2018 – $0.3 million loss) recognized from the revaluation of the Currency Contracts.
- Interest and accretion expense for the three and six months ended June 30, 2019 was $2.6 million and $3.6 million, respectively, compared to $0.3 million and $0.5 million for the same respective periods in 2018. Accretion expense includes $0.7 million on the production-linked liability, $0.4 million for the rehabilitation provision, $2.3 million for the debentures payable and $0.2 million for lease liabilities (six months ended June 30, 2018 – $0.2 million on the production-linked liability, $0.3 million for the rehabilitation provision, $nil for the debentures payable, and $nil for lease liabilities).

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 and six months ended June 30, 2019 were $1.9 million and $4.3 million, respectively, compared to $3.2 million and $6.9 million for the same respective periods in 2018, restated. The change is mainly due to changes in working capital balances.

Investing Activities

Investing activity expenditures for the three and six months ended June 30, 2019 of $62.4 million and $130.2 million, respectively (three and six months ended June 30, 2018, restated – $50.5 million and $100.6 million, respectively) relate primarily to continued advancement and acceleration of the Buriticá exploration and development programs, net of capitalized gold sales revenues relating to such assets.

Financing Activities

Financing activity for the three and six months ended June 30, 2019 of $99.9 million and $173.4 million, respectively (three and six months ended June 30, 2018 – $50.2 million $74.6 million, respectively) mainly relate to receipt of proceeds from the Convertible Debentures and the Streaming Agreement, net of transaction costs paid.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

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

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

In thousands of U.S. Dollars, except per share amounts	**Q2–2019**	**Q1–2019**	**Q4–2018**	**Q3–2018**	**Q2–2018**	**Q1–2018**	**Q4–2017**	**Q3–2017**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Net loss, restated	**(23,968)**	(1,613)	(7,599)	(7,266)	(5,702)	(4,874)	(4,402)	(2,003)
Basic and diluted loss per share, restated	**(0.13)**	(0.01)	(0.04)	(0.04)	(0.03)	(0.03)	(0.02)	(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 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 RK Mine Finance Master Fund I Limited ("Red Kite") for use in development, construction and working capital requirements for the Buriticá Project. The Credit Facility was fully utilized as at December 31, 2018.

The Credit Facility bore interest at LIBOR plus 8%, which 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. Effective March 15, 2019, interest on the Credit Facility was amended to LIBOR plus 9%. The amendment to the interest rate was for the purpose of facilitating the closing of the Streaming Agreement and Convertible Debenture transactions.

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 the full Credit Facility is fully utilized, the Company has the full obligation to pay the production-linked payments as at June 30, 2019.

The loans payable is measured at amortized cost on the date of each draw under the Credit Facility, net of transaction costs of $33.9 million, 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.

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

As at In thousands of U.S. dollars	**June 30, 2019**	December 31, 2018
	$	$
Total draws from Credit Facility	**275,000**	275,000
Transaction costs attributable to draws	**(33,926)**	(33,926)
Total loan payable, net of attributable transaction costs	**241,074**	241,074
Accrued interest	**44,519**	25,739
Loan payable balance end of period	**285,593**	266,813

For the three and six months ended June 30, 2019, draws from the Credit Facility resulted in cash receipts of $nil (three and six months ended June 30, 2018 – $25.0 million and $41.7 million, respectively, net of transaction costs).

As at June 30, 2019, the Fully Advanced Principal balance was $312.4 million (December 31, 2018 – $295.5 million).

PRODUCTION-LINKED LIABILITY

As at June 30, 2019, the Company is required to pay $20 per ounce of gold for the Company's first 1,250,000 ounces (December 31, 2018 – 1,250,000 ounces) of production from the Buriticá Project under the terms of 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 production-linked liabilities were valued on the date of each draw using a discount rate of 7.5%, in accordance with the Credit Facility. As at June 30, 2019, the liabilities were revalued to a total of $20.4 million (December 31, 2018 – $19.7 million), with a corresponding accretion expense recognized in the unaudited interim consolidated statements of operations and comprehensive loss of $0.4 million and $0.7 million, respectively, for the three and six months ended June 30, 2019 (three and six months ended June 30, 2018 – $0.1 and $0.2 million, respectively).

CONVERTIBLE DEBENTURES

On March 15, 2019, the Company closed the $75 million Convertible Debenture financing. Interest of 5% is payable semi-annually, beginning on September 15, 2019. Each Convertible Debenture is convertible to Common Shares based on a conversion price of C$3.00 per share and matures on May 15, 2024. If, at any time before September 15, 2019, the Company issues securities convertible or exchangeable into Common Shares to any person (other than the Debenture Holders or their affiliates) pursuant to a transaction that is not a "special distribution" or a "capital reorganization" at an effective subscription price that is less than the conversion price, a provision of the Convertible Debentures provides that the Conversion Price shall be reduced to a price equal to the greater of: (i) such lower price; and (ii) C$2.18, being the minimum allowable conversion price under the rules of the TSX.

In addition, the Company has the option to redeem all, but not less than all, of the Debentures at a redemption price equal to 100% of the principal amount then outstanding, plus all accrued and unpaid interest, if the closing price of the Common Shares on the TSX is at least 130% of the Conversion Price for each of the 20 trading days before a notice of redemption is delivered to the Debenture Holders.

The Debentures are recognized as a hybrid instrument whereby the proceeds, net of transaction costs, is allocated between liability and derivative components.

The liability component is made up of the host contract; is classified as debentures payable in the consolidated statements of financial position; is measured at amortized cost, net of attributable transaction costs; is accreted over the expected term to maturity using the effective interest method; and was valued at $38.9 million, net of transaction costs of $0.1 million at the date of inception. For the three and six months ended June 30, 2019, accrued interest of $2.0 million and $2.3 million, respectively, calculated using the effective interest method, was recognized in the consolidated statements of operations and comprehensive loss. Accrued interest payable as at June 30, 2019 of $1.1 million is payable on September 15, 2019 and is classified as a current liability.

The derivative component is made up of the conversion option; is valued and measured at fair value on the date of issue and is classified as a derivative liability on the consolidated statements of financial position. At the date of inception, the fair value of the derivative liability of $36 million was calculated using the Black-Scholes option pricing model. Transaction costs allocated to the derivative liability of $0.1 million was recognized as an expense in the consolidated statements of operations and comprehensive loss for the six months ended June 30, 2019. As at June 30, 2019, the derivative liability was revalued to $51.7 million, resulting in a derivative loss of $15.7 million recognized in the consolidated statements of operations and comprehensive loss for the six months ended June 30, 2019.

STREAMING ARRANGEMENT

On June 25, 2019, the Company received $100 million in respect of the Streaming Agreement. The significant terms and conditions of the Streaming Agreement are as follows:

- Delivery of the Company's Buriticá mine silver production equal to 1.84 times the Buriticá mine gold production for the life of mine and receipt of 5% of market price upon delivery of silver.
- Sale of 2.1% of the Company's Buriticá mine life of mine gold production and receipt of 10% of market price upon delivery of gold (the "Gold Stream").
- Buy-back option of the Gold Stream for $80 million, less the value of all prior deliveries under the Gold Stream, on or before December 31, 2021.

The Company has designated the Streaming Agreement as a financial liability measured at fair value through profit and loss ("FVTPL") under the scope of IFRS 9, Financial Instruments ("IFRS 9"). Accordingly, the liability is measured at the present value of its expected future cash flows at each reporting period with changes in fair value recognized in the consolidated statements of operations and comprehensive loss. The Buy-Back Option is considered an embedded derivative and has not been separated from the host contract as it has been considered in the fair value of the liability, in accordance with IFRS 9.

Transaction costs in respect of the Streaming Agreement of $2.3 million has been recognized as finance costs in the consolidated statements of operations and comprehensive loss for the six months ended June 30, 2019. As at June 30, 2019, the fair value of the future expected cash flows for the Streaming Agreement is $100 million.

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 continues to evaluate the impact to the rehabilitation provision in its consolidated financial statements. As of June 30, 2019, 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 unaudited interim consolidated financial statements of the Company for the three and six months ended June 30, 2019 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 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.

The Company’s sources of funding include Convertible Debentures, a Credit Facility, a Streaming Agreement, the issuance of equity-based securities for cash and sales resulting from pre-production activities at the small-scale Yaraguá mine. In 2019, the Company issued Convertible Debentures for $75 million and received $100 million in respect of the Streaming Agreement. 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. The Company also closed a private placement in 2017 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. Subsequent to the quarter, the Company received total gross proceeds of $32.2 million for the issuance of a total of 13,683,965 Common Shares in a non-brokered private placement and for the exercise of Newmont Goldcorp’s rights to maintain its pro rata ownership.

For the three and six months ended June 30, 2019, the Company received $0.5 million and $1.2 million, respectively (three and six months ended June 30, 2018 – $0.7 million and $1.6 million, respectively) relating to the sale of gold.

The Company’s cash balances are:

As at In thousands of U.S. dollars	**June 30** **2019**	December 31 2018
	$	$
Cash and cash equivalents	**119,404**	80,299
Restricted cash	**6,877**	8,000

The Company’s cash and cash equivalents at June 30, 2019 was $119.4 million compared to $80.3 million at December 31, 2018, including the receipt of $100 million for the Streaming Agreement. Subsequent to the quarter, the Company has received an additional $32 million resulting from the issuance of Common Shares to Eric Sprott and Newmont Goldcorp. The Company plans to fund additional capital and working capital requirements through equity financing, additional debt financing 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 “Risks and Uncertainties” in this

MD&A). In addition, as June 30, 2019, the Company held $6.9 million (December 31, 2018 – $8.0 million) 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 had working capital of $103.5 million as of June 30, 2019 (December 31, 2018, restated – $64.6 million). The change in working capital during 2019 is a result of the receipt of $75 million from the Convertible Debentures and $100 million from the Streaming Agreement, net of continued expenditures for the construction and development of the Buriticá Project.

As at June 30, 2019, the Company has $150.5 million of capital commitments relating to open contracts and purchase orders expiring or expected for delivery within the next 12 months for the construction and development of the Buriticá Project. In addition, the Company has $1.4 million of required lease payments within the next 12 months, mainly relating to office and warehouse facilities and land required for the Buriticá Project. The Company's working capital, including the proceeds from the Streaming Agreement and the issuance of Common Shares in July 2019, will be used to meet a portion of these commitments and maintain current operations and exploration programs and advance construction. 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 June 30, 2019, the Company expects to pay a total of $6.2 million within the next 12 months in respect of future gold production-linked payments, Convertible Debentures interest payments and gold and silver production deliveries in respect of the Streaming Agreement.

As at June 30, 2019, 9,328,800 options were outstanding at an average exercise price of C$3.04 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 $33.0 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 option holder and the market price of the Common Shares.

In 2019, the Company received $75 million in connection with the issuance of the Convertible Debentures. As at June 30, 2019, the debentures payable, based on the effective interest method, was $41.2 million, and the derivative liability balance relating to the conversion option of the Convertible Debentures was $51.7 million. Also in 2019, the Company received $100 million in respect of the Streaming Agreement.

In 2017, the Company secured the Credit Facility for a total of $275 million for the construction of the Buriticá Project. As at June 30, 2019, the loans payable balance, based on the effective interest method, was $285.6 million (December 31, 2018 – $266.8 million) and the Fully Advanced Principal balance, being total draws from the Credit Facility plus accrued interest, was $295.5 million (December 31, 2018 – $295.5 million).

As at June 30, 2019, the Company's production-linked liability was $20.4 million (December 31, 2018 – $19.7 million) in respect of the first 1,250,000 ounces of production at the Buriticá Project.

The Company's liquidity 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 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 stock options, funds from the Streaming Agreement 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).

The Company's Buriticá Project includes gold production from its small-scale mining operation from development work and drifting in ore. Aggregate gold sales received for the three and six months ended

June 30, 2019 was $0.5 million and $1.2 million, respectively (three and six months ended June 30, 2018 – $0.7 million and $1.6 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, net of costs, are treated as a capital credit and netted against capitalized costs 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 and six months ended June 30, 2019, the Company capitalized costs net of gold sales credits related to mineral properties in the amount of $66.2 million and $140.2 million, respectively (three and six months ended June 30, 2018, restated – $52.5 million and $99.2 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 June 30, 2019, the Company's managed capital was made up of total shareholders' equity of $132.1 million (December 31, 2018, restated – $155.0 million), loans payable of $285.6 million (December 31, 2018 – $266.8 million), Convertible Debentures of $92.8 million (December 31, 2018 – $nil) and the stream liability of $100.0 million (December 31, 2018 – $nil).

The Buriticá Project is currently in the construction and 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 proceeds from equity financing (including the $32 million received in July 2019 for the issuance of 13.7 million Common Shares), additional debt financing 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.

For the six months ended June 30, 2019, the Company completed the Convertible Debentures financing of $75 million and the Streaming Agreement of $100 million. In July 2019, the Company also completed equity transactions for total gross proceeds of $32 million. During 2017, the Company completed equity transactions for total proceeds of $132 million (net of share issue costs) and entered into the Credit Facility of $275 million for the Buriticá Project, which was drawn in full as at December 31, 2018. 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 and the proceeds from the Streaming Agreement 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 $157 million in total capital purchase commitments relating to the construction and development of the Buriticá Project. The Company's working capital and proceeds from the issuance of Common Shares in July 2019 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 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 June 30, 2019.

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 are sufficient to discharge its liabilities and capital commitments relating to open contracts and purchase orders as at June 30, 2019. As at June 30, 2019, the Company's working capital was $107.2 million (December 31, 2018, restated – $64.6 million).

SHARE CAPITAL

Fully Diluted Shares

As at (In thousands)	**June 30** **2019**	June 30 2018
Shares issued	**189,425**	188,457
Stock options outstanding(1)	**9,328**	8,773
RSUs outstanding(1)	**525**	263
DSUs outstanding(1)	**140**	80
Private Warrants outstanding(1)	**3,000**	3,000
Convertible debentures (2)	**32,718**	-
	235,136	200,573

(1) Each stock option, RSU, DSU or warrant is exercisable for one Common Share
(2) Assumes full conversion of $75 million Convertible debentures at the C$3.00 conversion price

As at June 30, 2019, the exercise in full of outstanding Private Warrants and stock options would raise a total of approximately $32.7 million, of which in-the-money stock options would raise approximately $11.1 million. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the option holder and the market price of the Common Shares.

As at August 8, 2019, there were 203,128,691 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 June 30, 2019, the exercise in full of the outstanding Private Warrants would raise a total of approximately $11 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 August 8, 2019, 3,000,000 Private Warrants were outstanding.

Share-Based Compensation

The Company has in place an incentive 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 8.75% 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 future 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 six months ended June 30, 2019, 201,171 Bonus Shares were issued, 275,000 RSUs and 70,000 DSUs were granted (six months ended June 30, 2018 – 338,307 RSUs and 90,000 DSUs granted), of which nil RSUs vested and 10,000 DSUs were redeemed (six months ended June 30, 2018 – 88,307 RSUs vested and 10,000 DSUs redeemed).

As at June 30, 2019, 9,328,800 stock options were outstanding at an average exercise price of C$3.04 (December 31, 2018 – 8,624,909 stock options at an average exercise price of C$3.26), of which 6,434,633 stock options were exercisable (December 31, 2018 – 6,478,951 stock options). The exercise in full of the outstanding stock options would raise a total of approximately $21.7 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 June 30, 2019, there were 525,000 RSUs and 140,000 DSUs outstanding.

As at August 8, 2019, there were 9,252,550 stock options, 140,000 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 and six months ended June 30, 2019:

(a) During the three and six months ended June 30, 2019, $0.8 million and $1.4 million, respectively, (three and six months ended June 30, 2018 – $0.4 million and $0.6 million, respectively) was paid to Empresas Publicas de Medellín ("EPM") (a public utility company in which Dr. Claudia Jiménez, a director of the Company, is also a director) and is included in capitalized expenditures in construction in progress.

(b) During the three and six months ended June 30, 2019, $0.1 million and $0.2 million, respectively, (three and six months ended June 30, 2018 – $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 is included in capitalized expenditures in construction in progress.

(c) During the three and six months ended June 30, 2019, legal fees relating to the closure of the Credit Facility of $nil (three and six months ended June 30, 2018 - $nil and $0.01 million, respectively) were charged from a law firm in which a director of the Company is a partner and are included in deferred financing charges.

CONTRACTUAL OBLIGATIONS

As at June 30, 2019, the Company had the following payments due on its contractual obligations and commitments:

Contractual Obligations In thousands of U.S. dollars	**Total**	**< 1 year**	**2-3 years**	**4-5 years**	**>5 years**
	$	**$**	**$**	**$**	**$**
Lease principal payments (1)	**4,433**	**1,437**	**1,411**	**657**	**928**
Rehabilitation obligations(2)	**34,721**	**1,075**	**1,129**	**813**	**31,704**
Capital commitments(3)	**157,173**	**150,532**	**6,641**	**–**	**–**
Credit Facility principal and interest payments(4)	**425,292**	**–**	**245,355**	**179,937**	**–**
Production-linked payments(5)	**25,000**	**1,465**	**12,167**	**10,594**	**774**
Value-added tax on major equipment	**12,368**	**232**	**1,301**	**6,983**	**3,852**
Convertible debenture and interest payments(6)	**94,383**	**3,758**	**3,742**	**86,883**	**–**
Streaming obligations(7)	**171,729**	**3,997**	**31,412**	**26,750**	**109,570**
Total	**925,099**	**162,496**	**303,158**	**312,617**	**146,828**

(1) Represents contractual lease payments payable over future periods for lease liabilities recognized.
(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 June 30, 2019 and contractual interest payable over future periods based on the LIBOR rate in effect on June 30, 2019.
(5) Represents payments of $20 per ounce of production resulting from draws received under the Credit Facility.
(6) Represents required semi-annual interest payments and the assumption of the repayment of the debenture on the expiry date.
(7) Represents the expected values of future gold and silver deliveries based on proven and probable reserves.

As at June 30, 2019, a rehabilitation provision of $14.4 million (December 31, 2018 – $12.3 million) was recorded, representing the discounted value of the expected future cash flows, of which $1.5 million (December 31, 2018 – $1.1million) was classified as current and presented within accounts payable and accrued liabilities in the unaudited interim consolidated statements 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 unaudited interim consolidated financial statements of the Company for the three and six months ended June 30, 2019 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 and six months ended June 30, 2019, the Company recorded a net loss of $24.0 million and $25.6 million, respectively (three and six months ended June 30, 2018, restated – $5.7 million and $10.6 million, respectively), a negative cash flow from operations of $1.9 million and $4.3 million, respectively (three and six months ended June 30, 2018, restated – $3.2 million and $6.9 million, respectively), negative investing cash flow of $62.4 million and $130.2 million, respectively (three and six months ended June 30, 2018, restated – $50.5 million and $100.6 million, respectively), reported an accumulated deficit as at June 30, 2019 of $464.2 million (December 31, 2018, restated – $438.7 million) and a positive working capital balance of $103.5 million (December 31, 2018, restated – $64.6 million). The positive working capital balance is due to proceeds received from the Convertible Debentures and the Streaming Agreement. An additional $32 million was received in July 2019 relating to the closing of equity financing transactions. 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 June 30, 2019, the Company had cash and cash equivalents of $119.4 million (December 31, 2018 – $80.3 million) to settle current liabilities of $37.7 million (December 31, 2018 – $38.1 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 June 30, 2019, the Company held restricted cash of $6.9 million (December 31, 2018 – $8.0 million) 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 June 30, 2019, would affect net loss and comprehensive loss by approximately $1.1 million.

As at June 30, 2019, the Company held Currency Contracts totaling $36 million as follows:

	COP:USD Contract Range	Contract Value (in thousands of U.S. Dollars)
		$
Expiring July – December 2019	2,950-3,335	24,000
Expiring January – March 2020	3,000-3,275	12,000
		36,000

As at June 30, 2019, the fair value of the outstanding contracts resulted in the recognition of a $0.5 million derivative liability (December 31, 2018 – $2.0 million), which has been presented in the unaudited interim consolidated statements of financial position as at June 30, 2019 within current liabilities. The closing COP:USD rate as at June 30, 2019 was 3,206:1. During the three and six months ended June 30, 2019, changes in fair value in respect of the Currency Contracts have resulted in a $0.1 million loss and a $0.9 million gain, respectively (three and six months ended June 30, 2018 – loss of $0.3 million and $0.3 million, respectively) and have been recognized within derivative gain (loss) in the unaudited interim consolidated statements of operations and comprehensive loss, including $0.4 million and $0.6 million paid on expiry of contracts during the three and six months ended June 30, 2019, respectively.

As at August 8, 2019, $4 million of the Currency Contracts outstanding at June 30, 2019 expired within the relevant contract range and therefore, no required mark-to-market settlement payment. In addition, the Company entered into $12 million of additional currency contracts expiring April – June 2020 with a COP:USD contract range of 3,100 – 3,600 and additional Collateral Deposits of $0.6 million.

As at June 30, 2019, the Company held Collateral Deposits of $6.9 million (December 31, 2018 – $8.0 million), 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 June 30, 2019. 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 June 30, 2019, the carrying and fair value amounts of the Company's financial instruments were approximately equivalent. The fair value of the majority of the Company's financial instruments at June 30, 2019 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 the six months ended June 30, 2019 was between $1,270 and $1,431 per ounce ($1,250 and $1,335 per ounce during the six months ended June 30, 2018) for an average price for the six months ended June 30, 2019 of $1,307 per ounce (six months ended June 30, 2018: $1,316 per ounce).

($/ounce of gold)	**2019**	2018
Average market gold price for the six months ended June 30	**1,307**	1,316
Closing market gold price as at June 30	**1,409**	1,250

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 2019. The key currencies to which the Company is exposed are the Canadian dollar and the Colombian peso.

	Closing Rate as at		**Average Rate six months ended**	
	June 30 2019	June 30 2018	**June 30 2019**	June 30 2018
Canadian dollar/US$	**0.7641**	0.7594	**0.7499**	0.7827
Colombian peso/US$	**0.00031**	0.00035	**0.00031**	0.00035

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 June 30, 2019, the Company held $91.5 million in U.S. dollars, which represents approximately 76.7% of total cash balances, to protect against currency volatility in 2019 and which the Company believes is sufficient, along with the $32 million proceeds received in July from the issuance of Common Shares, to fund remaining planned construction, development and exploration expenditures for the majority of 2019.

As at August 8, 2019, the Company held approximately $126.9 million in cash and cash equivalents, of which $97.1 million was in U.S. dollars, representing approximately 76% of total cash balances. In addition, the Company held 57 ounces of gold doré in inventory as at August 8, 2019 with a net realizable value of $0.1 million based on a closing gold price of $1,506 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 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 the derivative liability relating to the conversion option for the Convertible Debentures, stock options and warrants. The main factor affecting the estimates 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

Change in Accounting Policy – Exploration and Evaluation Expenditures

Effective January 1, 2019, the Company elected to change its accounting policy in respect of exploration and evaluation expenditures that is generally accepted under IFRS 6, Exploration and Evaluation of Mineral Resources ("IFRS 6") and is consistent with the IFRS Conceptual Framework for the recognition of assets such that assets are recognized only when future economic benefits are probable.

The Company's new accounting policy is to expense costs relating to the establishment of technical feasibility and commercial viability for a project, which is generally considered to coincide with the establishment of proven and probable reserves, the completion of a feasibility study, as well as a decision and approval to commence construction of a mine. Management considers the financial statements under the new accounting policy provide more relevant and reliable information to users of its financial statements as the policy is consistent with policies adopted within the mining industry.

The voluntary change in accounting policy has been adopted retrospectively and, accordingly, comparative information has been restated as if the policy had always been applied.

The following is the impact of the change in accounting policy to the relevant balance sheet items:

As at In thousands of U.S. dollars	December 31 2018	January 1 2018
	$	$
Increase in inventories	6,762	3,021
Decrease in property, plant and equipment	(217,428)	(213,574)
Decrease in exploration and evaluation assets	(7,288)	(4,917)
Decrease in deferred tax liability	28,691	21,194
Increase in deficit	(189,263)	(194,276)

The following is the impact of the change in accounting policy to the net loss and comprehensive loss and the relevant line items:

In thousands of U.S. dollars	Year ended December 31 2018	Six months ended June 30 2018	Three months ended June 30 2018
	$	$	$
Net (loss) income, as previously reported	(30,454)	(7,401)	(9,518)
Changes in line items:			
Increase in exploration expense	(2,484)	(903)	(854)
Decrease (increase) in deferred taxes	7,497	(2,272)	4,670
Decrease (increase) in net loss and comprehensive loss	5,013	(3,175)	3,816
Net loss, restated	(25,441)	(10,576)	(5,702)

New Accounting Standards and Interpretations adopted

IFRS 16 – Leases

IFRS 16, Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model 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’, with exceptions for certain short-term leases and leases of low-value assets.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and, accordingly, the information presented for 2018 has not been restated and remains as previously reported under IAS 17 and related interpretations. The reclassifications and adjustments arising from the adoption of IFRS 16 are therefore presented as of January 1, 2019.

As of January 1, 2019, right-of-use assets and lease liabilities of $3.5 million were recognized in the consolidated statements of financial position, with no net impact on accumulated deficit.

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.

The Company adopted IFRIC 23 on January 1, 2019. The adoption of this standard did not have an impact on the Company’s consolidated financial statements.

Future Accounting Changes

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

The Conceptual Framework for Financial Reporting

The Conceptual Framework for Financial Reporting (the "Conceptual Framework") is effective on or after January 1, 2020 and will be used in future standard-setting decisions. The Company does not expect an impact to its consolidated financial statements on adoption.

IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended to clarify and use a consistent definition of materiality. The changes are effective on or after January 1, 2020 with earlier application permitted. The Company does not expect a material impact to its consolidated financial statements on adoption.

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 June 30, 2019, nor were there any significant deficiencies or material weaknesses in the Company's internal controls identified requiring corrective actions.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2019, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods.

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

QUALIFIED PERSON

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

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

RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties. 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 annual information form (“AIF”) for the year ended December 31, 2018, audited annual consolidated financial statements and related management’s discussion and analysis 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 and on the OTCQX at www.otcmarkets.com. In addition, the AIF is 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.

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.otcmarkets.com, and is available upon request from the Company.

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