

Continental Gold Provides Update on the Colombian Government Operation to Permanently Close All Illegal Mines in Buriticá

Toronto, Ontario, May 26, 2016 – Continental Gold Inc. (TSX:CNL; OTCQX:CGOOF) ("Continental" or the "Company") announces that it has been informed by the Colombian Government that the major joint operation initiated on April 23, 2016 – to permanently close all illegal mines and processing plants operating within the Company's exploitation and exploration licenses at the Buriticá project – has thus far advanced peacefully and according to plan. The joint operation includes the National Government of Colombia, the State Government of Antioquia and the Municipal Government of Buriticá. Additionally, the Company's small-scale operating mine remains unaffected by the intervention.

In a publicly-aired address to media in Medellín, Colombia on May 24, 2016, the Governor of Antioquia, Luis Perez, noted that the intervention plan against illegal mining has "advanced 64% to date," and stated: "We will stay there [Buriticá] for a while; if someone there is in hiding, believing that we will leave this coming Sunday, he will have to wise up because if we need to remain at Buriticá for three, six, nine months or a year, we will do it. We will ensure Buriticá becomes an example of peaceful mining." The Governor added, in reference to the conditions at Buriticá and nearby towns: "Regulated conditions are in the process of returning to these municipalities. They have become normal – the markets, food, housing prices and invasions [by non-residents] have diminished substantially."

The intervention is a direct result of the National Government's initiative to eliminate illegal mining, through which there have been several similar interventions recently in other parts of the country. It also reflects the newly-elected (January 1, 2016) State Government of Antioquia's full alignment with the National Government's agenda to support legal, private sector mining, as well as the formalization of small-scale local traditional miners. These efforts are also in response to the January 20, 2016 Resolution No. VSC-055 issued by the National Mining Agency of Colombia (ANM) in which illegal mines at Buriticá were ordered to be permanently closed, due to significant safety concerns generated by unsafe and non-technical practices.

The Company continues to fully cooperate with the national, regional and municipal authorities, operating within the framework of Colombian Law and international standards and providing support to the community of Buriticá. Even though the intervention has gone well to date, with the vast majority of illegal miners having left the region, the potential for media attention remains elevated and shareholders are therefore urged to contact the Company directly with any queries.

The Company also wishes to reiterate that it expects the current operation by the Colombian authorities to pave the way for increased territorial control by the government in the region. The increased control, in conjunction with the substantial investment currently being made in the economic and social development of the region and in key environmental conservation initiatives by the Company, strategic non-government organizations, the government and the private sector, will further strengthen the process of permitting, constructing and operating a mine at the Company's multi-million ounce high-grade Buriticá project.

About Continental Gold

Continental Gold Inc. is an advanced-stage exploration and development company with an extensive portfolio of 100%-owned gold projects in Colombia. Formed in April 2007, the Company—led by an international management team with a successful track record of discovering and developing large high-grade gold deposits in Latin America—is focused on advancing its high-grade Buriticá gold project to production.

For information on the Buriticá project, please refer to the technical report, prepared in accordance with NI 43-101, entitled "Buriticá Project NI 43-101 Technical Report Feasibility Study, Antioquia, Colombia" and dated March 29, 2016 with an effective date of February 24, 2016, led by independent consultants JDS Energy & Mining Inc. The technical report is available on SEDAR at www.sedar.com, on the OTCQX at www.otcmarkets.com and on the Company website at www.continentalgold.com. Additional details on the rest of Continental's suite of gold exploration properties are also available at www.continentalgold.com.

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Forward-Looking Statements

Certain information contained in this press release, including statements as to results of the intervention, completing permitting, constructing and advancing the Buriticá project and the Company's strategy, projects, plans or future financial or operating performance, constitutes "forward-looking statements", and is based on current expectations that involve a number of significant business risks and uncertainties. Forward-looking statements are subject to other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, an inability to close illegal mines and process plants or advance the Buriticá project to the next level, failure to convert estimated mineral resources to reserves, capital and operating costs varying significantly from estimates, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Specific reference is made to the most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. All of the forward-looking statements made in this press release are qualified by these cautionary statements, and are made as of the date hereof. The Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.