



## NEWS RELEASE

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### **Chesapeake's Water Management Analysis at Metates Nearly Completed**

Chesapeake Gold Corp. ("Chesapeake" or "Company") reports on the current status of the updated pre-feasibility study ("updated PFS") being prepared on its 100% owned Metates project located in Durango State, Mexico.

As stated in the Company's news release dated March 30, 2015, the Mexican national water agency (Conagua) increased the 2015 consumptive water rates by approximately 100% from the rates used in the original pre-feasibility study dated March, 2013. A reliable and long term water supply at a manageable cost is critically important to world class projects such as Metates. As an alternative, Chesapeake has been evaluating the use of desalinated seawater from the Pacific coast as a possible source compared to conventional surface water. During the past few months, Chesapeake has undertaken the following tasks to determine the viability of adopting the desalination option:

- Several large international companies were approached with experience in the construction and operation of large scale sea water reverse osmosis (SWRO) desalination plants
- A tender process was initiated for SWRO proposals to supply approximately 20 million cubic meters of desalinated water annually
- The use of desalinated water was reviewed with government authorities and other stakeholders in the region
- Evaluated the logistics and implications of integrating the SWRO water into the Metates distribution network as well as that of the existing surface water users

Overall, the Company has now determined that for Metates' plus 30 year mine life desalination provides a cost effective, reliable and responsible water supply solution. SWRO water is projected to have lower overall capital and operating costs compared to conventionally sourced surface water. The natural gas pipeline under construction down the northwest coast of Mexico and proposed dedicated gas-fired power plant for Metates contributes significantly to the economics of SWRO. From a stakeholder and environmental perspective, desalination will not compete or conflict with the expanding demand from surface water users in the region during Metates' mine life. As such, Chesapeake has decided to adopt desalination as the project's base case water source. For the updated PFS, Chesapeake plans to outsource the construction and operation of a SWRO desalination plant and will integrate this option into the water supply network.

As part of the water supply and management analysis, Chesapeake has identified additional benefits and opportunities related with desalination:

- The proposed SWRO plant will be located within the same hydrologic basin and irrigation district as the existing surface water users which will simplify stakeholder water transfer and trade agreements

- The primary water storage reservoirs for the Metates mine site and the off-site processing location can now be relocated closer to nearby larger drainage basins
- Water supply from the larger drainage basins system significantly reduces the size of the required storage reservoirs and environmental footprint
- Political and stakeholder support will streamline the permitting process for the project's development

Chesapeake and its consultants are actively working to fully integrate SWRO desalination into the overall project wide water supply and demand balance. The design, engineering and costing of the two relocated proposed reservoirs is nearly complete. As a result, the updated PFS will be available in the third quarter.

Randy Reifel, President, stated “It is important the updated PFS reflects the best possible economic outcome for Metates together with meeting the industry's highest and best sustainable practices. Besides the economic benefits, desalination decouples the water supply and demand for Metates. In the event of a possible drought condition, desalination can supplement water for mine operations and surface water consumers in the same basin. Desalination will also minimize the project's environmental impact which benefits eventual mine closure and reclamation”.

Metates is unique among other large scale development projects combining world-class reserves of gold, silver and zinc in a favourable mining jurisdiction that is situated near excellent regional infrastructure, low cost natural gas power, available water and a skilled labour pool.

Currently, Chesapeake has \$28 million in cash and marketable securities.

Gary Parkison, CPG, Chesapeake Vice President Development and a Qualified Person as defined by NI43-101, has reviewed the technical information presented in this release in regards to the Metates project.

For more information on Chesapeake, please visit our website at [www.chesapeakegold.com](http://www.chesapeakegold.com) or contact investor relations at 604-731-1094.

## CHESAPEAKE GOLD CORP

“P. Randy Reifel”

P. Randy Reifel  
President

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