

President's Letter



While 2015 was a very challenging year for the mining industry, renewed investment interest in 2016 did reverse the downward trend in precious metal prices. Just as gold and silver improved, Chesapeake has outperformed both the metals and gold indexes in 2016. Share price alone does not, however, define success. We firmly believe that the Metates pre-feasibility study (“PFS”) with scalable development and the growing satellite project pipeline added significant fundamental value.

The PFS completed this year on Metates demonstrates that an initial smaller mine with staged production is an attractive, viable development option. Strategically, unlike many of its peers, Metates highest grades occur near surface, benefits from low energy costs and most importantly, has the distinct advantage of existing critical civil and social infrastructure. As such, the initial capital costs in the PFS are much lower than comparable large-scale gold projects and strong project economics can be realized at current metal prices. The lower CAPEX and execution risk is also expected to attract a broader range of M&A interest.

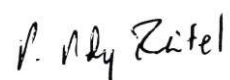
Chesapeake’s exploration team has always been entrepreneurial in its vision to identify gold opportunities that have inherent value. Our 2016 focus has been to generate high quality, grassroots projects near Metates that could develop into an organic pipeline. We believe satellite discoveries could have a dramatic positive impact on the future production profile and shareholder value. Excellent regional infrastructure exists and meaningful economic leverage would be realized by the close proximity to Metates large industrial complex.

Gold, silver and zinc have been the top performing metals in 2016. Rising global debt, uncertain financial markets and negative interest rates are all positive for gold’s future. Physical gold demand remains strong from China and India and so far this year, central banks have purchased 30% of the world mine production. The price of gold is largely influenced by the “paper markets”. Instead of selling gold over the past four years, the Exchange Traded Funds (ETF) have acquired over 500 tonnes in 2016. Supply growth appears to have peaked and the senior North American miners are forecasting an 8% production decline over the next three years.

Chesapeake is well positioned to take advantage of an improving outlook for gold. Miners' reserves are declining and new discoveries are few. Metates would be one of the largest gold, silver and zinc mines in the world. That said, the strategic value and capital efficiency of potentially discovering a new gold camp near diversified mine infrastructure is a unique opportunity – one that would significantly reward shareholders.

As always, I thank our shareholders for their loyal support and trust in management. We look forward to an exciting and successful year ahead.

CHESAPEAKE GOLD CORP.



P. Randy Reifel
President
November 10, 2016