

President's Letter



The 2016 United States presidential election result has been bullish for general equities but not for the gold market. So far in 2017, gold is up 11% and the GDX and GDXJ are up 8% and 3%. Markets seem complacent to many of the world's problems especially with the rising geopolitical concerns.

Markets don't go straight up forever and the risk of a volatile retracement especially in US major indices is growing. As stated by a known analyst, "Assets that fall are unloved. Assets that are up a lot in price have many supporters even though prices could be at the peak.". We believe that the record high equity markets, dysfunctional US administration and major geopolitical tensions will become drivers for higher gold prices. At some point, generalist capital will seek other investment opportunities with better return such as the undervalued metal markets.

Looking at the gold industry, exploration spending is at a 10 year low. New organic discoveries with potential long mine lives are not imminent. As well, social license and permitting issues have expanded the average time frame from discovery to commercial production to 20 years. A perfect storm of challenges for major miners who are now stressed with declining production and reserves. For the few world class deposits such as Metates, this is a strategic, opportune position.

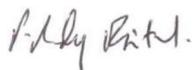
After completing two pre-feasibility studies on Metates, we believed the project was significantly de-risked in respect to the process flow sheet, water and tailings management. With two viable development scenarios, management determined that without a committed footprint, it would be speculative to risk further capital to technically advance the project. As such, we elected not to conduct additional feasibility work at this time. Our focus is maintaining the baseline environment work, social responsibility and engagement with stakeholders.

During the past year, Chesapeake's strategic objective has been to generate greenfield district-size prospects that could develop into a meaningful organic pipeline near Metates. Regional reconnaissance has successfully identified four projects. One project, Yarely, comprises over 70,000 hectares strategically located 10 kilometres from a major paved highway and within 25 kilometres from the envisioned Metates process site. Surface exploration and ground geophysics have discovered precious and base metal mineralization hosted within several different deposit types. A 5,000 metre diamond drill program is underway at Yarely. Chesapeake's first grassroots drill program in over a decade.

We continue to adhere to the fiscal discipline of managing our treasury that in our view, delivers the best risk/reward for our shareholders. Currently, the Company has \$20 million in working capital.

I am grateful to our shareholders for their loyal support and trust. I would also like to acknowledge the passion and dedication of our team that has prospected and assembled an enviable organic exploration pipeline near Metates. We look forward to an exciting year ahead.

CHESAPEAKE GOLD CORP.



P. Randy Reifel

President

November 3, 2017