NOTICE

RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS (UNAUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

The third quarter financial statements for the nine months ended September 30, 2016 and 2015 have not been reviewed by the auditors of Chesapeake Gold Corp.

CHESAPEAKE GOLD CORP.

"Sam Wong"
SAM WONG
Chief Financial Officer

Chesapeake Gold Corp.

Condensed Consolidated Interim Financial Statements
Nine Months Ended September 30, 2016 and 2015 (unaudited)
(amount expressed in thousands of Canadian dollars, except where indicated)

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

(unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Note	September 30, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	4	$ 22,056.8	$ 24,402.5
Other receivables and prepaid expenses	3	269.2	434.9
Marketable securities	4,5	2,141.1	1,758.2
		24,467.1	26,595.6
Long term investment	4,5	1,059.9	490.4
Investment in mineral properties	6	70,285.8	67,659.8
Equipment	7	80.7	102.9
Reclamation bond	4	215.3	224.8
Total assets		$ 96,108.8	$ 95,073.5
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,8	$ 850.4	$ 1,708.2
Convertible debenture	9	750.0	750.0
		1,600.4	2,458.2
Deferred income tax liabilities		6,256.3	6,256.3
Decommissioning obligation		281.4	291.9
Total liabilities		8,138.1	9,006.4
Shareholders' equity			
Share capital	10	148,175.1	147,594.4
Reserves		23,413.3	19,162.8
Deficit		(85,736.4)	(82,704.0)
		85,852.0	84,053.2
Non-controlling interest ("NCI")		2,118.7	2,013.9
Total shareholders' equity		87,970.7	86,067.1
Total liabilities and shareholders' equity		$ 96,108.8	$ 95,073.5

Nature of operations and going concern (note 1)
Subsequent events (note 15)

Approved by the Board of Directors

___________"P. Randy Reifel"______________ Director _________"Greg Smith"__________ Director

The accompanying notes are an integral part of these interim consolidated financial statements.

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Notes	**2016**	**2015**	**2016**	**2015**
General and administration expenses					
Depreciation	7	$ (1.5)	$ (11.8)	$ (15.5)	$ (39.8)
Exploration		(123.7)	(123.4)	(363.3)	(494.8)
General and administrative		(120.5)	(204.3)	(463.1)	(816.1)
Management fees	12	(62.5)	(62.5)	(187.5)	(187.5)
Professional fees		(58.5)	(21.6)	(220.5)	(152.2)
Share-based compensation	11	(663.9)	(722.2)	(1,887.9)	(2,297.9)
		(1,030.6)	(1,145.8)	(3,137.8)	(3,988.3)
Other (expenses) income, net					
Finance income		109.8	58.2	302.5	290.5
Finance cost		(25.1)	(13.7)	(67.7)	(58.3)
Foreign exchange gain (loss)		(24.0)	180.7	(107.4)	529.4
Gain on accounts payable settlement		23.4	-	23.4	-
Gain on disposal of marketable securities	5	49.6	-	49.6	-
Impairment of equipment		-	-	(6.7)	-
Impairment of marketable securities	5	(61.3)	(4.4)	(161.9)	(4.4)
Net loss		(958.2)	(925.0)	(3,106.0)	(3,231.1)
Other comprehensive loss ("OCI")					
Items that may be reclassified subsequently					
Cumulative translation adjustment		304.5	(22.8)	1,607.5	27.0
Reclassification of impairment of losses	5	61.3	-	161.9	-
Reclassification of gain on disposal of investment	5	(49.6)	-	(49.6)	-
Unrealized gain (loss) on available for sale investments	5	(100.2)	(510.9)	1,067.7	(575.1)
Total comprehensive income (loss)		(742.2)	(1,458.7)	(318.5)	(3,779.2)
Net loss attributable to					
Owners of the Company		(953.3)	(909.6)	(3,032.4)	(3,150.2)
Non-controlling interest		(4.9)	(15.4)	(73.6)	(80.9)
		(958.2)	(925.0)	(3,106.0)	(3,231.1)
Other comprehensive (loss) income					
Owners of the Company		$ 255.1	$ (492.2)	$ 2,618.3	$ (474.7)
Non-controlling interest		(39.1)	(41.5)	169.2	(73.4)
Total other comprehensive gain (loss)		216.0	(533.7)	2,787.5	(548.1)
Loss per share – basic and diluted		$ (0.02)	$ (0.02)	$ (0.07)	$ (0.07)
Weighted average shares outstanding		44,457	44,416	44,430	44,416
Total shares issued and outstanding (000's)		44,517	44,416	44,517	44,416

The accompanying notes are an integral part of these interim consolidated financial statements.

Chesapeake Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

(unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

			Attributable to owners of the Company							
	Notes	Shares ('000)	Share capital	Share based compensation reserves	Foreign translation reserves	Investment revaluation reserves	Deficit	Total for owners	NCI	Total equity
Balance at January 1, 2016		44,416.0	$ 147,594.4	$ 18,734.0	$ (52.3)	$ 481.1	$ (82,704.0)	$ 84,053.2	$ 2,013.9	$ 86,067.1
Net loss for the period		-	-	-	-	-	(3,032.4)	(3,032.4)	(73.6)	(3,106.0)
Cumulative translation adjustment		-	-	-	1,607.5	-	-	1,607.5	-	1,607.5
Option exercised	10 & 11	101.3	580.7	(246.5)	-	-	-	334.2	-	334.2
Unrealized gain in available for sale investments	5	-	-	-	-	923.9	-	923.9	143.8	1,067.7
Impairment of investments	5	-	-	-	-	136.5	-	136.5	25.4	161.9
Gain on disposal of investments	5	-	-	-	-	(49.6)	-	(49.6)	-	(49.6)
Share-based compensation charges	11	-	-	1,878.7	-	-	-	1,878.7	9.2	1,887.9
Balance at September 30, 2016		44,517.3	$ 148,175.1	$ 20,366.2	$ 1,555.2	$ 1,491.9	$ (85,736.4)	$ 85,852.0	$ 2,118.7	$ 87,970.7
Balance at January 1, 2015		44,416	$ 147,594.4	$ 15,794.6	$ (224.0)	$ 637.0	$ (76,730.6)	$ 87,071.4	$ 2,348.9	$ 89,420.3
Net loss for the period		-	-	-	-	-	(3,150.2)	(3,150.2)	(80.9)	(3,231.1)
Cumulative translation adjustment		-	-	-	27.0	-	-	27.0	-	27.0
Loss on sales of marketable securities		-	-	-	-	4.4	-	4.4	-	4.4
Unrealized loss in available for sale investments		-	-	-	-	(501.7)	-	(501.7)	(73.4)	(575.1)
Share-based compensation charges		-	-	2,276.7	-	-	-	2,276.7	21.2	2,297.9
Balance at September 30, 2015		44,416	$ 147,594.4	$ 18,071.3	$ (197.0)	$ 139.7	$ (79,880.8)	$ 85,727.6	$ 2,215.8	$ 87,943.4

The accompanying notes are an integral part of these interim consolidated financial statements.

Chesapeake Gold Corp.

Condensed Consolidated Interim Statement of Cash Flow

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	**2016**	**2015**	**2016**	**2015**
Cash used from operating activities					
Net loss for the period		$ (958.2)	$ (925.0)	$ (3,106.0)	$ (3,231.1)
Items not affecting cash					
Depreciation	7	1.5	11.8	15.5	39.8
Unrealized foreign exchange (gain)		24.0	(180.7)	107.4	(529.4)
Impairment of equipment		-	-	6.7	-
Impairment of investments	5	61.3	-	161.9	-
Impairment of disposal of marketable security		-	4.4	-	4.4
Share-based compensation charges	11	663.9	722.2	1,887.9	2,297.9
Gain on disposal of marketable security	5	(49.6)	-	(49.6)	-
Gain on accounts payable settlement		(23.4)	-	(23.4)	-
		(280.5)	(367.3)	(999.6)	(1,418.4)
Change in non-cash operating working capital					
Decrease in accounts receivable and prepaid expense		(32.3)	31.9	165.7	252.9
(Decrease) increase in accounts payable and accruals		196.0	(192.6)	(608.6)	31.2
		(116.8)	(528.0)	(1,442.5)	(1,134.3)
Cash flows used in financing activities					
Proceeds from options exercised	10	334.1	-	334.1	-
		334.1	-	334.1	-
Cash flows used in investing activities					
Proceeds from disposition of mineral property		-	268.0	-	351.8
Proceeds from redemption of marketable securities		115.3	125.0	115.3	350.0
Mineral property expenditures		(343.4)	(792.2)	(1,183.5)	(3,405.8)
		(228.1)	(399.2)	(1,068.2)	(2,704.0)
Decrease in cash and cash equivalents		(10.8)	(927.2)	(2,176.6)	(3,838.3)
Foreign exchange impact on cash and cash equivalents		(22.3)	185.4	(169.1)	539.0
Cash and cash equivalents – beginning of period		22,089.9	26,434.5	24,402.5	28,992.0
Cash and cash equivalents – end of period		22,056.8	25,692.7	22,056.8	25,692.7
Cash		$ 268.4	$ 678.5	$ 268.4	$ 678.5
Short term investment		21,788.4	25,014.2	21,788.4	25,014.2
Cash and cash equivalents – end of period		$ 22,056.8	$ 25,692.7	$ 22,056.8	25,692.7
Supplemental cash flow information					
Mineral property expenditure – accrual reversal		$ 165.0	$ -	$ 165.0	$ -

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

1 Nature of operations

Chesapeake Gold Corp. ("Chesapeake" or the "Company") is a Canadian mining company focused on the exploration, development and recovery of precious metals. The Company is in the development stage and does not generate mining revenues from operations. The Company's operations are principally directed towards the development of the Company's Metates project in Durango State, Mexico and generating a pipeline of exploration projects in north western Mexico.

The Company is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol "CKG.V". On April 8, 2015, the Company commenced trading on the OTCQX marketplace in the U.S., under the symbol "CHPGF". The Company's head office is at Suite 201 – 1512 Yew Street, Vancouver BC, V6K 3E4, Canada.

On November 26, 2010, the Company acquired an 81.93% interest in Gunpoint Exploration Ltd. ("Gunpoint") through an acquisition of Gunpoint's shares. As a result of this transaction the Company acquired control of Gunpoint. Subsequent to Gunpoint's financing in October 26, 2012, the revised ownership decreased from 81.93% to 74.46%.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company had a consolidated net loss of $3,106.0 for the nine months ended September 30, 2016, and an accumulated deficit of $85,736.4 as at September 30, 2016. To date, the Company has not generated operating revenue from its mineral properties. The ability of the Company to continue as a going concern is dependent upon obtaining additional equity and/or debt financing to complete the exploration and development of its mineral property interests and to commence profitable operations. Despite the general economic slow-down and significant uncertainty to key economic variables, the Company currently has sufficient resources to fund its exploration and development operations for more than a year.

2 Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2015. In addition, the accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2015.

The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 29, 2016.

3 Other receivables and prepaid expenses

	September 30, 2016	December 31, 2015
Other receivables	$ 113.2	$ 255.2
Prepaid expenses	156.0	179.7
	$ 269.2	$ 434.9

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

4 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	September 30, 2016		December 31, 2015	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Fair value through profit and loss ("FVTPL")				
Cash and cash equivalents	22,056.8	22,056.8	24,402.5	24,402.5
Other receivables	113.2	113.2	255.2	255.2
Reclamation bond	215.3	215.3	224.8	224.8
Available-for-sale				
Marketable securities	2,141.1	2,141.1	1,758.2	1,758.2
Long term investment	1,059.9	1,059.9	490.4	490.4
Financial liabilities				
Other financial liabilities				
Accounts payable & accrued liabilities	850.4	850.4	1,708.2	1,708.2

Fair value measurements

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total September 30, 2016
Cash and cash equivalents	$ 22,056.8	$ -	$ -	$ 22,056.8
Marketable securities	2,141.1	-	-	2,141.1
Long term investment	-	1,059.9	-	1,059.9

	Level 1	Level 2	Level 3	Total December 31, 2015
Cash and cash equivalents	$ 24,402.5	$ -	$ -	$ 24,402.5
Marketable securities	1,758.2	-	-	1,758.2
Long term investment	-	490.4	-	490.4

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the nine months ended September 30, 2016.

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash and cash equivalents are held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 13. The accounts payable is due within the current operating period.

Market Risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. The Company closely monitors market values to determine the most appropriate course of action.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States, Mexico and Guatemala. Certain costs and expenses are incurred in US dollars, Mexican pesos and Guatemala quetzal. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

5 Investments

	December 31, 2015 Fair value	Redemption	Realized and unrealized gain	September 30, 2016 Fair value
Marketable securities	$ 1,758.2	$ (115.3)	$ 498.2	$ 2,141.1
Long term investment	$ 490.4	-	$ 569.5	$ 1,059.9

	December 31, 2014 Fair value	Acquired and reclass	Proceeds received from redemption	FX impact	Realized and unrealized loss	December 31, 2015 Fair value
Marketable securities	$ 2,475.0	$ (101.6)	$ (350.0)	$ -	$ (265.2)	$ 1,758.2
Long term investment	-	$ 1,741.2	$ -	$ 57.5	$ (1,308.3)	$ 490.4

Long-term investments and marketable securities are designated as available-for-sale and valued at fair value. Unrealized gains and losses due to period-end revaluation, other than those determined to be significant or prolonged losses, are recorded as other comprehensive income or loss.

During the nine months ended September 30, 2016, $1,067.7 (2015 – ($575.1)) of unrealized gain was recorded in available-for-sale financial assets.

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

For the nine months ended September 30, 2016, the Company impaired its long term investment and marketable securities by $161.9 (2015 - $4.4).

For the nine months ended September 30, 2016, the Company recognized a gain of $49.6 from disposal of marketable securities (2015 - $nil).

6 Mineral properties

	Talapoosa	Metates	Regional	Escorpion	Total
January 1, 2015	$ 8,620.4	$ 56,887.6	$ 249.1	$ 244.1	$ 66,118.5
Concession acquisition	-	102.7	98.7	60.8	262.2
Disposal	(1,997.9)	-	-	-	(1,997.9)
FX effects on translation from measurement to reporting currency	-	171.7	-	-	171.7
Assays	-	67.3	0.5	-	67.8
Camp & supplies	-	230.5	75.6	-	306.1
Environmental	4.5		-	-	4.5
Geological & engineering	-	3,211.3	344.2	-	3,555.5
Travel	1.0	37.7	74.0	4.5	117.2
License, dues and fees	13.4	-	-	-	13.4
Other	(0.9)	-	-	1.1	0.2
Impairment	-	-	(842.1)	-	(959.4)
December 31, 2015	$ 6,640.5	$ 60,708.8	$ -	$ 310.5	$ 67,659.8
Concession acquisition	-	53.4	43.3	-	96.7
Disposal	-	-	-	-	-
FX effects on translation from measurement to reporting currency	-	1,607.5	-	-	1,607.5
Assays	-	40.1	0.1	-	40.2
Camp & supplies	-	52.0	41.2	-	93.2
Geological & engineering	-	255.3	228.8	-	484.1
Travel	-	29.1	47.6	4.8	81.5
License, dues and fees	1.1	-	-	2.0	3.1
Other (a)	-	-	-	219.7	219.7
September 30, 2016	$ 6,641.6	$ 62,746.2	$ 361.0	$ 537.0	$ 70,285.8

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

a) On June 14, 2013, the Company concluded an agreement in respect of the El Escorpion project ("El Escorpion") with Gunpoint, whereby Gunpoint acquired a 100% interest in the El Escorpion by issuing and granting the following to Chesapeake.

- 0.5 million Gunpoint common shares and 0.5 million Gunpoint warrants exercisable at $1.50 per share for a term of five years
- A 1.5% NSR royalty in the event Chesapeake purchases the existing 1.0% net smelter return ("NSR") royalty
- 1.0 million Gunpoint common shares in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is achieved on the Escorpion property.

On January 28, 2011, Hunt Exploration S.A. entered into an agreement with a private owner whereby Hunt would earn a 100% interest in El Escorpion by making cash payments totalling US$351.0 over five years. The payment schedule was amended on March 23, 2015 per the table below. In August 2015, the Ministry of Energy and Mines granted title to the concession. For the nine months ended September 30, 2016, the Company has spent $226.5 (2015 – $69.6) on this project.

Carrying amount (US$)	**September 30, 2016**
Upon signing the agreement (paid)	$ 16.0
On January 28, 2012 (paid)	25.0
On January 28, 2013 (paid)	30.0
On January 28, 2014 (paid)	35.0
On March 23, 2015 (paid)	25.0
On July 28, 2015 (paid)	20.0
On January 28, 2016 (see amendment below)	200.0
	$ 351.0

On May 20, 2016, the Company amended the final US$200.0 due January 28, 2016 per the schedule below:

Carrying amount (US$)	**September 30, 2016**
On or before signing the amendment (paid)	$ 60.0
On May 31, 2016 (paid)	70.0
On September 1, 2016 (paid)	35.0
On December 15, 2016	35.0
	$ 200.0

El Escorpion is subject to a 1.0% NSR royalty, which can be purchased for US$585.0 at any time.

b) The Company owns a 100% interest in the Talapoosa property which consists of 535 unpatented lode mining claims, including 509 claims owned by the Company and 26 claims subject to a lease agreement with a third party (the "Unpatented Leased Land"). These claims are administered by the Bureau of Land Management ("BLM") and the annual maintenance fees for these claims payable to the BLM are approximately US$75.0 and the annual lease payment for the Unpatented Lease land is US$35.0. In addition, there are certain payments required for the land owned subject to leases with private land owners (the “Fee Leased Land”). The current annual payments for Fee Leased Land are approximately US$42.4.

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

On April 1, 2015, the Company closed a transaction with Timberline Resources Corporation (“Timberline”), granting Timberline an option (the “Option”) to acquire from Gunpoint’s subsidiary, American Gold Capital US Inc. (“American Gold”), a 100% interest in the Talapoosa gold project located in Nevada. In consideration for the Option, Timberline has paid US$300.0 and issued 2.0 million shares to American Gold. The vesting schedule of Timberline’s shares issued is set out below. The market value of Timberline share on the date of granting was $1,639.6. As at September 30, 2016, American Gold owns 8% of the outstanding shares issued in Timberline.

Vesting date (date initial securities are released from escrow)	Timberline Common Shares (‘000)
September 12, 2015 (vested)	500
March 12, 2016 (vested)	500
September 12, 2016 (vested)	500
March 12, 2017	500
	2,000

Timberline has within 30 months from March 12, 2015 to exercise the Option to acquire a 100% interest in Talapoosa. Timberline can exercise the Option by making a US$10.0 million cash payment to American Gold. For a period of five years after Timberline exercises the Option, Timberline would be required to pay American Gold an additional US$10.0 million (payable in cash and Timberline common shares) if the daily price of gold averages US$1,600 per ounce or greater for a period of ninety consecutive trading days. Timberline plans to complete a feasibility study on Talapoosa during the option period. American Gold retains a 1% net smelter royalty on Talapoosa which Timberline can purchase for US$3.0 million. During the 30 month option period, Timberline assumes responsibility for the payment of all property holding costs.

On October 20, 2016, the option agreement was amended. See note 15 for details.

For accounting purposes, the Company revalued the Timberline common stock as at September 30, 2016. The market value was $1,000.0 compared to $457.0 as at December 31, 2015.

7 Equipment

	Cost December 31, 2014	Disposals	Cost December 31, 2015	Disposals	Cost September 30, 2016
Office and furniture	$ 35.5	$ -	$ 35.5	$ (35.5)	$ -
Vehicles	306.9	-	306.9	-	306.9
Exploration equipment	178.1	-	178.1	(62.8)	115.3
	$ 520.5	$ -	$ 520.5	$ (98.3)	$ 422.2

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Accumulated Depreciation December 31, 2014	Depreciation, & amortization	Accumulated Depreciation December 31, 2015	Disposal	Depreciation, & amortization	Accumulated Depreciation September 30, 2016
Office and furniture	$ (26.8)	$ (4.8)	$ (31.6)	$ 32.8	$ (1.2)	$ -
Vehicles	(246.3)	(30.3)	(276.6)	-	(10.7)	(287.3)
Exploration equipment	(93.9)	(15.5)	(109.4)	58.8	(3.6)	(54.2)
	$ (367.0)	$ (50.6)	$ (417.6)	$ 91.6	$ (15.5)	$ (341.5)

Carrying amount	September 30, 2016	December 31, 2015
Office and furniture	$ -	$ 3.9
Vehicles	19.6	30.3
Exploration equipment	61.1	68.7
	$ 80.7	$ 102.9

8 Accounts payable and accrued liabilities

	September 30, 2016	December 31, 2015
Trade payables	$ 644.9	$ 1,644.7
Accrued liabilities	205.5	63.5
	$ 850.4	$ 1,708.2

9 Convertible debenture

On March 15, 2012, Gunpoint issued a convertible debenture ("First Debenture") of $750.0. The First Debenture carries interest at the rate of 5% per annum, payable on the earlier of conversion or maturity. The First Debenture is unsecured. Each First Debenture was convertible at the holder's option any time prior to or on maturity into fully paid units ("First Units") of Gunpoint at a conversion price of $0.80 per First Unit. Each First Unit consisted of one fully paid common share in the capital of Gunpoint and one-half of one share purchase warrant ("First Warrant"). Each whole First Warrant was exercisable until March 14, 2014 to purchase an additional common share at $1.00.

On March 14, 2014, Gunpoint and the holders of the First Debenture extended the term of the First Debenture by 12 months to March 16, 2015. The First Debenture is currently due on demand and the outstanding, $700.0 is due to a director of Gunpoint.

Based on the discount factor of 10% over the First Debenture's term of two years, the equity portion was valued at $65.1. Accreted interest for the debenture for period ended September 30, 2016 was $nil (2015 – $nil). Interest accrued for the nine month ended September 30, 2016 was $28.1 (September 30, 2015 - $28.1). As at September 30, 2016, the total accrued interest related to the debenture was $170.3 (December 31, 2015 - $142.2) recorded in accounts payable and accrued liabilities.

Subsequent to September 30, 2016, the Company redeemed two of the three convertible debentures for the principal amount of $50.0 (see note 15).

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

10 Share capital

a) The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of Series 1 Class A restricted voting shares without par value, convertible and redeemable at $0.01 per share and an unlimited number of preferred shares without par value.

b) As at September 30, 2016, 375,000 (December 31, 2015 – 375,000) of the issued and outstanding common shares were held in escrow, subject to release upon approval of regulatory authorities.

c) During the period ended September 30, 2016, three option holders exercised 101,250 stock options at an exercise price of $3.30 for total proceeds of $334.1.

11 Share based compensation

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is 8,500,000 common shares. The exercise price for options granted may not be less than the market price of the shares on the day immediately preceding the date of the grant of the option.

The Company also has a Stock Bonus Plan ("Bonus Plan"). The Bonus Plan enables bonus common shares to be issued to any full-time or part-time employee or independent contractor (whether or not a director) of the Company or any of its subsidiaries who has rendered services that contributed to the success of the Company or any of its subsidiaries. Grants of bonus common shares will be on terms that the Compensation Committee of the Board may determine, within the limitations of the Bonus Plan and subject to the rules and policies of applicable regulatory authorities. The maximum number of common shares issuable under the Bonus Plan is 200,000 common shares, representing approximately 0.52% of the current issued and outstanding common shares. In addition, in any calendar year, the number of bonus common shares issuable to insiders of the Company, also taking options into account, is limited to 0.5% of the total number of common shares which were issued and outstanding at the end of the preceding calendar year, 10% of the issued and outstanding common shares, and no more than 5% of the issued and outstanding shares to any one person in a 12 month period.

	September 30, 2016		**December 31, 2015**	
	Number of shares (000's)	**Weighted average exercise price**	**Number of shares (000's)**	**Weighted average exercise price**
Outstanding – beginning of year	3,598	$ 5.28	4,408	$ 5.98
Granted	2,235	2.15	-	-
Exercised	(101)	3.30	-	-
Forfeited/Cancelled	(68)	4.52	(810)	9.1
Outstanding – end of period	5,664	$ 4.09	3,598	$ 5.28

On March 21, 2016, the Company granted incentive options to directors, officers, employees and consultant to purchase 2,235,000 common shares of the Company at an exercise price of $2.15 per share for a term of 5 years, expiring March 21, 2021. The options will vest and exercisable on the basis of 25% annually commencing March 21, 2017, the first anniversary of the date of the option grant. The weighted average fair value of stock options granted was determined using the Black-Scholes option pricing model using the following assumptions: expected life of stock option of 5-year, volatility of 58%, annual rate of dividends of 0%, and a risk free rate of 0.66%.

During the period ended September 30, 2016, three option holders exercised 101,250 stock options at an exercise price of $3.30 for total proceeds of $334.1.

The following table discloses the number of options and vested options outstanding as at September 30, 2016:

Number of options ('000s)	Number of options vested ('000s)	Exercise price	Expiry Date
2,514	1,308	$3.30	29-Aug-24
2,210	-	2.15	21-Mar-21
940	940	10.75	05-Feb-17
5,664	2,248	4.09	

During the nine months ended September 30, 2016, the Company recognized $1,887.9 (2015 - $2,297.9) as share-based compensation expense, of which $1,851.4 (2015 - $2,214.1) relates to the Company and $36.5 (2015 - $83.8) relates to Gunpoint, respectively.

12 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during nine months ended September 30, are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Consulting	$ 81.9	$ 82.0	$ 255.9	$ 258.8
Legal	2.5	-	8.0	45.0
Management fees	62.5	62.5	187.5	187.5
Rental	6.0	6.0	18.0	18.0

Legal fees were paid or accrued to a legal firm of which one of the partners has been the Corporate Secretary of the Company during 2016 and 2015. Management and rental fees were paid or accrued to a Company owned by an officer of the Company. Consulting fees were paid or accrued to a director of the Company. These expenses were measured at the exchange amounts agreed upon by the parties.

As at September 30, 2016 the Company had amounts payable of $233.8 (December 31, 2015 - $444.9) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

13 Capital management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in shareholders' equity (excluding NCI), net of cash and cash equivalents as follows:

	September 30, 2016	December 31, 2015
Total equity for owners	$ 85,852.0	$ 84,053.2
Less: cash and cash equivalents	(22,056.8)	(24,402.5)
	$ 63,795.2	$ 59,650.7

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at September 30, 2016, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next twelve months. There are no externally imposed capital requirements to which the Company has not complied.

14 Segment disclosures

The Company operates in one operating segment (Note 1) in three countries. Details of the investments in mineral properties are disclosed in Note 6. The Company's assets by country are:

September 30, 2016	Canada	Mexico	USA	Total
Cash and cash equivalent	$ 22,024.3	$ 32.5	$ -	$ 22,056.8
Accounts receivable and prepaid expense	96.2	173.0	-	269.2
Marketable securities	2,141.1	-	-	2,141.1
	24,261.6	205.5	-	24,467.1
Long term investment	1,059.9	-	-	1,059.9
Investment in mineral properties	-	63,644.2	6,641.6	70,285.8
Other long term assets	215.3	-	-	215.3
Fixed assets	-	80.7	-	80.7
Total assets	$ 25,536.8	$ 63,930.4	$ 6,641.6	$ 96,108.8
Segment loss for the three months ended	$ 863.9	$ 75.0	$ 19.3	$ 958.2
Segment loss for the nine months ended	$ 2,565.6	$ 249.1	$ 291.3	$ 3,106.0

(Unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

September 30, 2015	Canada	Mexico	USA	Total
Cash and cash equivalent	$ 25,680.5	$ 12.2	$ -	$ 25,692.7
Accounts receivable and prepaid expense	45.6	232.7	-	278.3
Marketable securities	1,739.0	-	-	1,739.0
	27,465.1	244.9	-	27,710.0
Long term investment	1,290.9	-	-	1,290.9
Investment in mineral properties	-	60,912.0	6,821.8	67,733.8
Other long term assets	212.5	-	-	212.5
Fixed assets	7.7	106.0	-	113.7
Total assets	$ 28,976.2	$ 61,262.9	$ 6,821.8	$ 97,060.9
Segment loss for the three months ended	$ 767.7	$ 96.5	$ 60.8	$ 925.0
Segment loss for the nine months ended	$ 2,574.1	$ 336.6	$ 320.4	$ 3,231.1

15 Subsequent events

a) On October 12, 2016, the Company repaid the principal of $50.0 (in cash) for two of the three convertible debenture holders. All interest accrued related to the two convertible debenture holder's principal were waived as part of the redemption. The Company still has one convertible debenture in the principal amount of $700.0 (plus related accrued interest) outstanding.

b) On October 20, 2016, the Company has agreed to extend the option agreement ("Option Agreement") with Timberline to acquire a 100% interest in the Company's Talapoosa gold project located in Nevada, USA. Pursuant to Option Agreement dated March 12, 2015 (see note 5a), Timberline had the option to acquire a 100% interest in Talapoosa by paying the Company US$10,000.0 by September 12, 2017. In consideration for extending the option exercise period by approximately 18 months from September 12, 2017 to March 31, 2019, Timberline will now pay an additional US$1,000.0 and issue an additional 3.5 million common shares to the Company. In addition, Timberline's repurchase option for Gunpoint's 1% net smelter return royalty ("NSR") on Talapoosa has been eliminated.

The amended terms of the Option Agreement are as follows:

- Payment of US$1,000.0 and one million common shares of Timberline by March 31, 2017.
- Payment of US$2,000.0 and one million common shares of Timberline by March 31, 2018.
- A final payment of US$8,000.0 and 1.5 million common shares of Timberline by March 31, 2019.
- Timberline undertakes cumulative project expenditures of a minimum of US$7,500.0 by December 31, 2018.
- Elimination of Timberline's US$3,000.0 purchase option of the 1% NSR retained by the Company upon Timberline's acquisition of Talapoosa.
- The Contingent payment based on escalating gold prices has been amended such that if gold prices average greater than or equal to US$1,600 over any 90-day period ("Trigger Event") within a 5-year period commencing on the option exercise closing date, Timberline will pay the Company an additional US$10,000.0 of which a minimum of US$5,000.0 will be payable within six months of the trigger event, and the remaining US$5,000.0 payable within twelve months of the Trigger Event, with both payments payable in cash or, at Timberline's discretion, up to 50% in shares.

Upon exercise of the Option Agreement, Timberline will have paid US$11,300.0 and issued 5.5 million shares to the Company to acquire a 100% interest in Talapoosa. The Company will retain a 1% NSR in Talapoosa without a purchase option.