Management's Discussion and Analysis

First Quarter Report – March 31, 2020

(Expressed in Canadian dollars, unless otherwise noted)

May 29, 2020

For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.chesapeakegold.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020, and audited consolidated financial statements for the year ended December 31, 2019, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. The MD&A contains certain forward looking statements, please review the disclaimers that are provided on the last page of the report.

CORPORATE OVERVIEW

Chesapeake Gold Corp. (the "Company") is a development stage company focusing on the discovery, acquisition and development of major gold-silver deposits in North and Central America. The Company trades on the TSX Venture Exchange under the symbol "CKG" and on the OTCQX market in the United States under the symbol CHPGF. The Company has its head office in Vancouver, B.C.

The Company's primary asset is the Metates project ("Metates") located in Durango State, Mexico. Metates hosts one of the largest undeveloped gold-silver-zinc deposits in the Americas. In 2013, a pre-feasibility study on Metates ("2013 PFS") was completed and filed on SEDAR. An updated pre-feasibility study ("Updated PFS") based on a lower initial 30,000 tpd production rate versus the Phase I 60,000 tpd (2013 PFS), was filed on SEDAR in May, 2016.

The Company also has a portfolio of exploration properties in Mexico comprising 118,530 hectares in the states of Durango, Sinaloa, Oaxaca and Veracruz. The Company owns 74% of Gunpoint Exploration Ltd. ("Gunpoint") which owns the Talapoosa gold project in Nevada ("Talapoosa") and three Mexican properties, La Gitana, La Cecilia and Cerro Minas.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

In April, the Mexican federal government mandated that all non- essential businesses including mining, temporarily suspend operations until April 30, 2020 due to the COVID-19 virus. Subsequently, the Mexican federal government extended the closure of non-essential businesses until May 30, 2020.

HIGHLIGHTS – FIRST QUARTER 2020

- Cash of $15.3 million and marketable securities of $1.5 million as at March 31, 2020.
- During the quarter, the Company incurred $209,800 on regional exploration near Metates. A geophysics survey at Crisy suggest the gold-silver mineralization identified by bulldozer trenching might extend to over 200 meters depth. A parallel large blind anomaly was also defined.
- A new high-grade gold-silver quartz vein structure was discovered at the San Javier prospect.

- The Company announced an option to acquire a 100% interest in the El Duraznito gold-silver project located near the town of Tayoltita in Durango State, Mexico.

- Riverside Resources Inc. completed its acquisition of Gunpoint's La Cecilia project in Sonora State.

METATES (Durango State, Mexico)

Overview

Metates is one of the largest, undeveloped disseminated gold, silver and zinc deposits in Mexico. The property is comprised of fourteen mineral concessions totalling 14,727 hectares. The Metates deposit is hosted by Mesozoic sedimentary rocks that have been intruded by a quartz latite body up to 300 meters thick and 1,500 meters long. Mineralization occurs in two zones: the Main Zone which is centered around the intrusive and the North Zone, within the sediments including conglomerate, sandstone and shale. The gold-silver mineralization occurs as sulphide veinlets and disseminations in both the intrusive and sedimentary host rocks.

The 2013 PFS and Updated PFS provide viable alternative development options for Metates. The 2013 PFS features a rapid production ramp up with higher initial capital and superior project economics. The Updated PFS has lower initial capital, lower project execution risk with expansion funded by cash flow. The scalable mine plans and multiple metal streams provide optionality and financing flexibility in Metates future development.

Management believes with the two PFS studies it has significantly advanced and de-risked Metates. The two PFS studies demonstrate that building either a large or smaller initial mine, the project is economically viable at current metal prices. Going forward, Chesapeake is evaluating newly developed metallurgical technologies that potentially may simplify the process flow sheet.

The following table represents the year to date and project to date exploration expenditures on Metates:

(tabled amounts are expressed in thousands of CAD dollars)	**Three months ended March 31, 2020**	**Year ended December 31, 2019**	**Project to date**
Acquisition from American Gold in 2006	$ -	$ -	$ 20,213.3
Concession	28.9	72.1	946.6
Assay	-	-	1,476.4
Community, taxes, camp and supplies	11.4	330.9	5,023.1
Drilling	-	-	5,982.5
Environmental	-	-	52.8
Geological and engineering	120.7	80.0	26,026.4
Travel & other	1.6	14.2	1,166.5
Other	-	11,972.2	11,972.2
Total additions	$ 162.6	$ 12,469.4	72,850.8

Updated PFS

On May 3, 2016, the Company filed on SEDAR the NI 43-101 technical report for the Updated PFS. The Updated PFS is based on an initial ore throughput rate of 30,000 tpd ("Phase 1") with a staged expansion up to 90,000 tpd ("Phase 2") funded primarily from internally generated cash flow. Phase 1 will operate for the first four years of the mine life with Phase 2 production starting in year five. Active pit mining is planned for 27 years followed by 10 years of processing stockpiled low grade ore. The Updated PFS provides a viable alternative option to build Metates at a lower initial capital cost while maintaining key operating efficiencies and economies of scale. All costs are shown in US dollars.

Q1 2020 MD&A (expressed in CAD Dollars) – three months ended www.chesapeakegold.com

Mineral Reserves and Mining Schedule

The Updated PFS uses a revised mineral resource estimate from the 2013 PFS and is based on resources extracted from an open pit using assumed metal prices of $1,200/oz gold and $19.20/oz silver, with no zinc credits. The open pit mineral reserves were estimated within a detailed engineered pit design using the measured and indicated resources only. Measured and indicated mineral resources in the production schedule are converted to proven and probable mineral reserves, respectively. The pit design has overall slope angles from 37 to 46 degrees and life of mine ("LOM") strip ratio of 1.1:1.

The mining schedule employs an elevated cut-off strategy to supply higher grade ore for processing during the early years with lower grade ore stockpiled for treatment later in the mine life. The above cut-off but lower than mill feed grade ore that is stockpiled is processed during the last ten years of operations (years 28-37).

The table below presents the mineral reserves for the Metates project based on the mine and plant production schedules.

Metates Mineral Reserve

Reserve Class	Ktonnes	AuEq* (g/t)	Gold (g/t)	Gold (Koz)	Silver (g/t)	Silver (Koz)	Zinc (%)	Zinc (M lbs)
Proven								
Mill Ore	283,777	0.982	0.696	6,350	17.2	156,929	0.171	1,070
Probable								
Mill Ore	515,849	0.777	0.546	9,056	13.5	224,398	0.147	1,672
Proven/Probable								
Total Mill Ore	799,626	0.850	0.599	15,406	14.8	381,327	0.156	2,742
Probable								
Stockpile	302,703	0.533	0.295	2,873	12.4	120,229	0.188	1,256
Total Proven/Probable	1,102,329	0.764	0.516	18,279	14.2	501,556	0.164	3,997

**Gold equivalent grade (AuEq) is defined as Au g/t + (Ag g/t x Ag rec./Au rec x Ag price)+(Zn %/2204.6 lbs/tonne x 1000 x Zn rec./Au rec. x Zn price). Overall metal recoveries are 90% Au, 66% Ag and 81% Zn. Assumed metal prices are $1250/oz. Au, $20/oz. Ag and $1.00/lb. Zn. Contained resources may not add due to rounding.*

Development Overview

The Updated PFS envisions a conventional truck and shovel open pit mining operation starting with a nominal 30,000 tpd ore throughput in Phase 1 expanding in year 5 to 90,000 tpd throughput for Phase 2. Crushed ore will be fed to a conventional SAG and ball mill circuit followed by a single stage flotation plant to produce a bulk sulphide concentrate. Tailings from the flotation concentration plant are dry filtered to remove water and then co-disposed with waste rock in a dedicated storage facility. The sulphide concentrate is transported downhill via a 103-kilometer long slurry pipeline to the El Paso site southwest of Metates. The pipeline will follow an all-weather access road that will be constructed between Metates and El Paso.

The El Paso site is situated beside a large high-grade limestone resource and close to key infrastructure including power, water, transportation and labour. At El Paso, the sulphide concentrate is treated in a pressure oxidation (POX/autoclave) plant with subsequent cyanidation and Merrill-Crowe recovery of gold and silver doré. Acidic solutions from the pressure oxidation process will be neutralized with ground limestone and lime produced from an on-site quarry and related processing facilities. The neutralization product will be dry filtered as will cyanide leach tailings prior to mixing for co-disposal in an adjacent storage facility. Zinc will be recovered from the pressure oxidation solutions via solvent extraction/electrowinning (SX/EW) methods to produce SHG grade (+99.9% purity) zinc ingots.

Updated PFS compared to 2013 PFS

The 2013 PFS fast tracked the mine development with Phase 1 processing 60,000 tpd and Phase 2 ore throughput increasing to 120,000 tpd in year 2. The LOM metal production for the 2013 PFS is essentially the same for the Updated PFS, but with active mining completed in year 19 and all metal production completed over 25 years. The mining, processing and metal recovery operations are similar for both studies.

Besides the relative scale of mining operations, significant changes and improvements in the Updated PFS have further de-risked the project in respect to site and infrastructure development, water management, power supply, reclamation and stakeholder interests. The principal changes since the 2013 PFS are as follows.

El Paso Site

The former Ranchito processing site (2013 PFS) has been relocated 8 kilometers east to the El Paso site close to the town of Cosala. Cosala has a population of about 10,000 people providing an excellent labour pool and support services. The El Paso site has more favourable topography for the process facilities and tailings storage and is adjacent to a large high-grade limestone resource. In addition, the El Paso site will eliminate 69 kilometers of access road improvements and reduce the length of the concentrate pipeline from 126 to 103 kilometers.

Water Supply and Management

The Mexican government increased the cost of surface water use by nearly 100% in 2015. Metates projected mine life is over 30 years. The project's close proximity to the Pacific Ocean and low-cost power allows for desalinated seawater to be a cost-effective alternative with lower supply risk. The desalination plant will supply 20 million cubic meters of water per year and be located within the same hydrologic basin and irrigation district as existing water users and stakeholders. Chesapeake plans to outsource the construction and operation of the desalination plant to a third party. At current energy prices, the desalinated water production cost is estimated at $0.90 per cubic meter. The current Mexican tariff for surface water is $0.91 per cubic meter.

Power Supply

Power for the project will be sourced from a dedicated natural gas-fired power plant located northwest of the El Paso site and adjacent to a new pipeline constructed by the Mexican government. The power plant will be owned and operated by an independent power provider with any excess power not required by the Metates project sold into the national power grid. Power will be delivered from the power plant to the project sites by owner-constructed dedicated power transmission lines.

Tailings Management

The waste rock and dewatered tailings storage design at the Metates site allows for concurrent LOM reclamation and reduces water demand by over 60% compared to conventional tailings facilities. At completion of mining, the tailings from the processed ore stockpile will be backfilled into the pit and contribute to a sustainable, long-term pit lake. At the El Paso site, the Updated PFS incorporates dry stack storage of combined neutralization products and cyanide leach tails rather than a conventional wet storage facility. The integrated dry stack disposal facility will substantially reduce water consumption and the environmental footprint.

Financial Comparison

For comparison with the Updated PFS, the 2013 PFS has been adjusted to the Updated PFS base case metal prices, changes in the 2014 Mexican tax regime, revised metal recoveries and elimination of the cash reserve. The initial Phase 1 capital cost for the 2013 PFS is $2.94 billion (60,000 tpd rate) increasing to $4.22 billion to achieve full nameplate capacity (120,000 tpd rate) in Phase 2. The initial Phase 1 throughput (30,000 tpd rate) in the Updated PFS has a capital cost of $1.91 billion with $1.59 billion in capital to complete Phase 2 to the 90,000 tpd rate.

Operating costs on a per tonne of ore basis have increased in the Updated PFS as compared to the 2013 PFS largely due to the lower throughput rates, mine fleet leasing costs and outsourcing the limestone/lime plant. For the 2013 PFS, the adjusted LOM by-product cash cost is $417 per ounce. The Updated PFS by-product cash cost is $628 per ounce LOM. The AISC is $662 per ounce, ranking in the lowest industry quartile of 2015 gold production. The attractive LOM cash costs for both the 2013 PFS and Updated PFS reflect the significant silver and zinc by-product credits along with the low stripping ratio, low power and neutralization costs.

Comparison of Adjusted 2013 PFS and Updated PFS

	2013 PFS	Updated PFS
Contained Metal Reserves		
Gold (thousand oz.)	18,452	18,279
Silver (thousand oz.)	526,111	501,556
Zinc (million lbs.)	4,185	3,997
Production		
Total Mine Life (years)	19	27
Total Plant Operating Life (years)	25	37
Phase 1 (years)	1	4
Phase 1 Production Rate (tonnes/day)	60,000	30,000
Phase 2 Production Rate (tonnes/day)	120,000	90,000
Average Annual Gold Production (thousand oz)	664	445
Average Annual Silver Production (thousand oz)	13,708	8,856
Average Annual Zinc Production (million lbs.)	128.0	88.3
Capex and Opex		
Initial Phase 1 Capital ($000)	$2,939,670	$1,909,644
Initial Phase 1 & 2 Capital ($000)	$4,218,244	$3,496,415
Total Operating Cost ($ per tonne milled)	$13.59	$17.12
LOM Cash Cost (gold only by-product basis)	$417	$628
Financial Results		
Pre-tax NPV (5%) ($000)	$3,471,455	$1,779,313
Pre-tax IRR (%)	14.4	10.9
Pre-tax Payback (years)	5.5	8.7
After-tax NPV (5%) ($000)	$1,948,365	$737,416
After-tax IRR (%)	10.7	7.7
After-tax Payback (years)	6.7	10.1

Note: 2013 PFS adjusted with Updated PFS metal price assumptions, Mexican taxes, metal recoveries, 0.5% royalty and no cash reserve.

On August 9, 2019, the Company exercised the option to re-purchase a 1% of NSR on Metates for US$9.0 million from Wheaton Precious Metals Corp. Refer to the discussion in Related Party Transactions.

At the annual meeting with the San Juan de Camarone Ejido ("Ejido") held in October, 2019, the Ejido agreed to extend the surface rights agreement for the same annual flat payment until 2026 in return for the Company committing to $30,000 in road and power infrastructure improvements in 2019 and 2020.

During the three months ended March 31, 2020, the Company incurred expenses of $162,600 on Metates for site and maintenance care. The Company is also undertaking metallurgical testwork of alternative processes to oxidize sulfide ores. Since acquisition, the Company has spent $72.9 million exploring and advancing Metates including the 2013 PFS and updated PFS in 2016.

REGIONAL EXPLORATION

The Company continues to explore for additional gold and silver prospects in northwestern Mexico. The Company has an ongoing program of systematic regional exploration focused within a 100-kilometer radius of Metates and the El Paso plant site near Cosala in Sinaloa State, Mexico. Excellent infrastructure exists in the region with close proximity to a paved highway, power grid and natural gas pipeline constructed by the Mexican government.

In Sinaloa State, the Company focused on Yarely located 25 kilometers northwest of the planned El Paso process site. During 2018, an exploration program including mapping, sampling, mechanized trenching, ground geophysics and diamond drilling was undertaken. Several multiphase mineralized prospects including Spaniard, Loretos, Sundae, Yasmin, Lucy, Los Mimbres and Goyo were identified. A Phase I drill program at Spaniard, Lucy and Loretos discovered narrow high-grade gold-silver veins, a polymetallic skarn system and a large porphyry.

In 2019, the Company undertook regional exploration on the eastern flank of Metates. Three gold-silver prospects, Crisy, San Javier and Cerro Pelon, are being explored within different regional structural settings associated with intermediate composition intrusive rocks. Chesapeake has assembled a 10,000 hectare land package covering these three prospects.

Bulldozer trenching at Crisy has defined a mineralized area that extends across a ridgeline measuring 600 meters along strike up to 200 meters in width and 150 meters vertically along the predominant northwest-southeast trend. An Induced Polarization and Resistivity Survey ("IP Survey") over the bulldozer trenching correlated well with the gold-silver mineralization identified and suggest the outcropping quartz zones extend to over 200 meters depth. The IP Survey also defined a large northwest-southeast trending high chargeability anomaly 200 meters southwest of the bulldozer trenching.

Exploration work at San Javier located seven kilometers northeast of Crisy recently discovered a new northeast trending high-grade gold-silver quartz vein structure over 1,200 meters along strike and 300 meters in elevation. On-going exploration at San Javier including an IP Survey and mechanized trenching will commence later this quarter.

During the first quarter, the Company has spent $209,800 on regional exploration.

OTHER EXPLORATION PROJECTS

TALAPOOSA (Nevada, USA)

On November 26, 2010, Gunpoint acquired from Chesapeake a 100% interest in Talapoosa located in Lyon County, Nevada. Talapoosa is a low-sulphidation gold/silver property in the Walker Lane gold trend of western Nevada, approximately 45 kilometers east of Reno. The property consists of 535 unpatented lode mining claims and seven additional fee land sections which cover 14,780 hectares.

The Talapoosa project has a NI 43-101 compliant resource estimate (April 2013) hosting a measured (0.6 million) and indicated resource (0.4 million) of 1.0 million ounces of gold (31.2 million tons at a grade of 0.032 oz/t AuEq) and an inferred resource of 233,532 ounces of gold (11.2 million tons at a grade of 0.021 oz/t AuEq) using a cut-off of 0.015 oz/t gold equivalent.

In March 2015, the Company entered into an agreement ("Option Agreement") with Timberline Resources Corporation ("Timberline"), granting Timberline an option ("Option") to acquire from Gunpoint's subsidiary, American Gold Capital US Inc. ("American Gold"), a 100% interest in Talapoosa.

On August 10, 2015, Timberline filed a "Preliminary Economic Assessment on the Talapoosa Project" ("PEA") on SEDAR (the PEA is filed on www.sedar.com.). At a 5% discount rate, the PEA indicated an after-tax NPV of US$136 million and 39% IRR at US$1,150/oz gold and US$16/oz silver..

Timberline did not make a US$2.0 million option payment due March 31, 2018 to Gunpoint. Timberline's option to acquire Talapoosa was terminated and 100% ownership reverted back to Gunpoint. Total consideration received by Gunpoint under the option payment is US$1.3 million cash and 3.0 million common shares of Timberline.

Gunpoint has reviewed the technical work undertaken by Timberline and updated the project's database. Several companies have expressed interest in joint venturing and/or acquiring Talapoosa.

LA CECILIA (Sonora State, Mexico)

In 2010, Gunpoint acquired the La Cecilia Project ("La Cecilia") from the Company. Located in northeastern Sonora State, Mexico, La Cecilia comprises three mineral concessions totalling 794 hectares.

La Cecilia is a low-sulphidation, epithermal-type gold-silver system related to two well-developed northwest and northeast trending sets of faults centred on "Cerro Magallanes", a rhyolite dome complex. The mineralization occurs as high grade in vein structures and as lower grade within broader zones of stockeworks and breccias. Numerous other anomalous zones of silicification, brecciation and argillic alteration exist across the extent of the flow dome complex.

On January 31, 2017, Gunpoint entered into an agreement ("Option Agreement") with Riverside Resources Inc. ("Riverside") whereby Riverside has been granted an option to acquire a 100% interest in La Cecilia.

Pursuant to the Option Agreement, Riverside can acquire a 100% interest in La Cecilia by making $250,000 in cash payments and issuing 1.0 million Riverside common shares to Gunpoint per following schedule:

- A payment of $10,000 upon execution of the Option Agreement (Received);
- A $15,000 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico which occurred April 24, 2017 ("the Effective Date") (Received);
- A $25,000 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date (Received);
- A $75,000 cash payment and issuance of 300,000 common shares of Riverside on or before the second anniversary of the Effective Date (Received); and
- A $125,000 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of Effective Date. (Received)

During the quarter Riverside completed its acquisition of La Cecilia from Gunpoint. As at March 31, 2020, the La Cecilia property is recorded at $nil (December 31, 2019 - $nil) value due to a previous impairment. The consideration received from Riverside was recognized as income in the consolidated statement of operations.

LA GITANA (Oaxaca State, Mexico)

La Gitana was acquired by Gunpoint in November 2010 from the Company, together with Talapoosa, La Cecilia and Cerro Minas.

The La Gitana project ("La Gitana") is a large low sulphidation epithermal system hosting precious metals mineralization that is both structurally and lithologically controlled. During 2005 and 2006, the Company completed 40 diamond drill holes comprising 8,462 meters on La Gitana. The drill program primarily tested Cerro di Oro, a 1.5-kilometer long, NW-trending, structurally-controlled, epithermal system where gold-silver mineralization is found as high-grade shoots in a set of N-W trending, sub-vertical structures, and as low grade disseminations within broad zones of quartz stockworks and breccias.

A NI 43-101 compliant technical report on La Gitana concluded that the exploration program undertaken by the Company on the Cerro di Oro zone (including detailed surface mapping and sampling, ground geophysics and diamond drilling) provided sufficient information to confirm the existence of well-defined gold-silver mineralization extending 500 meters in length, 50 to 150 meters wide and 50 to 300 meters deep. Step-out drilling discovered additional gold-silver mineralization along strike for over 300 meters to the southeast.

On June 4, 2019, Gunpoint signed a non-binding letter of intent (the "LOI") with Inomin Mines Inc. ("Inomin") to sell its 100% interest in La Gitana. The terms of the LOI provide for an exclusivity period to conduct due diligence to finalize the purchase terms of the definitive agreement.

Pursuant to the LOI, Inomin has an option to acquire La Gitana in consideration for $300,000 in cash payments and 2,000,000 Inomin common shares issued as follows:

- A payment of $10,000 on signing the LOI; (Received)
- A payment of $25,000 and 150,000 shares following execution of definitive agreement;
- A payment of $50,000 and 250,000 shares on first anniversary;
- A payment of $65,000 and 450,000 shares on second anniversary;
- A payment of $75,000 and 500,000 shares on third anniversary; and
- A payment of $75,000 and 650,000 shares on fourth anniversary.

The definitive agreement requires a surface rights agreement with the Santa Maria Lachixonace Ejido community (“Ejido”). The Company is awaiting a new electorate assembly to continue discussion with the Ejido.

CERRO MINAS (Oaxaca State, Mexico)

Gunpoint acquired the Cerro Minas Project (“Cerro Minas”) from the Company in 2010. Cerro Minas is located 130 kilometers southwest of Oaxaca City and comprises 899 hectares. The mineralization at Cerro Minas consists of skarn and polymetallic replacement zones with silver, copper, zinc, lead and locally gold. Previous exploration identified two mineralized zones, La Reyna and La Fe, associated to the contact of an intermediate intrusion within a sequence of Cretaceous limestones and shales converted to marble and hornfels.

On October 16, 2019, Gunpoint entered into an agreement (“Option Agreement”) with Megastar Development Corp. (“Megastar”) whereby Megastar was granted an option to acquire a 100% in Cerro Minas. Pursuant to the Option Agreement, Megastar can acquire Cerro Minas by making US$100,000 in cash payments and issuing 800,000 Megastar common shares to Gunpoint per the following schedule:

- A payment of US$10,000 and 100,000 common shares of Megastar on the Effective Date (Received)
- A US$20,000 cash payment and 150,000 common shares of Megastar on or before the first anniversary of the Effective Date
- A US$30,000 cash payment and 250,000 common shares of Megastar on or before the second anniversary of the Effective Date; and
- A US$40,000 cash payment and 300,000 common shares of Megastar on or before the third anniversary of the Effective Date.

Gunpoint retains a 1.5% net smelter return royalty on Cerro Minas which Megastar has the option to purchase a 0.5% net smelter royalty for US$1.0 million dollars. Megastar will be responsible for the property taxes and holding costs (including surface right agreement) to maintain Cerro Minas in good standing during the term of the agreement.

TATATILA (Veracruz State, Mexico)

In 2007, the Company acquired through purchase and staking the Tatatila project (“Tatatila”) in Veracruz State. Chesapeake acquired seven concessions comprising 2,767 hectares for US$56,000 from the CRM, a mining division of the Mexican government. The Company also staked one concession comprising 13,902 hectares. The Tatatila concessions surround Mexican Gold Corp’s Las Minas project (“Las Minas”). Mexican Gold reported a resource estimate of 304,000 gold equivalent ounces (gold-silver-copper) at a grade of 1.9 g/t gold equivalent and an inferred resource of 719,000 gold equivalent ounces at a grade of 2.17 g/t gold equivalent.

Chesapeake undertook a follow-up exploration program to determine the potential extension of the Las Minas skarn zones along regional limestone-intrusive contracts and associated structural trends. Rock chip sampling and a magnetics geophysical survey discovered four gold-copper-zinc mineralized skarn bodies along a three-kilometer southeast trending corridor from Las Minas.

Generative exploration has discovered additional mineralized skarn zones along an irregular five-kilometer northeast trending intrusive-limestone corridor.

El Duraznito (Durango State, Mexico)

On March 3, 2020, the Company announced an option to acquire a 100% interest in the El Duraznito gold-silver project ("El Duraznito") located near the town of Tayoltita in Durango State, Mexico. El Duraznito is located about 18 kilometers east of First Majestic Silver Corp.'s San Dimas Mine ("San Dimas").

The Company will provide US$228,000 in staged payments to two concession owners ("Owners") over three years to earn a 60% interest in El Duraznito. After completion of a Feasibility Study, Chesapeake will pay the Owners US$500,000 to earn an additional 20% interest in the project. Upon commencement of commercial production, Chesapeake will have acquired a 100% interest in El Duraznito with a final US$550,000 payment to the Owners. The development timeline is at Chesapeake's sole discretion.

Definitive agreements have been finalized and executed by one of the Owners. The Covid-19 pandemic has temporarily prevented the second agreement to be signed and notarized by the second owner and expected to be completed later in the second quarter.

SUMMARY OF CONSOLIDATED LOSS

(tabled amounts are expressed in thousands of CAD dollars)	**Three months ended March 31, 2020**	**Three months ended March 31, 2019**
Depreciation	$ (9.6)	$ (10.3)
Exploration	(65.6)	(52.4)
General & administration (1)	(225.4)	(225.1)
Share based compensation	(99.6)	(202.6)
	(400.2)	(490.4)
Finance income, net	66.7	85.8
Foreign exchange gain (loss)	(86.3)	(3.4)
Unrealized gains (loss) on investments	(472.9)	98.0
Other expense	182.3	136.5
Net loss	(710.4)	(173.5)
Other comprehensive gain (loss)	1,196.0	51.8
Net loss and comprehensive loss	485.6	(121.7)
Basic/Diluted loss per share	(0.01)	(0.00)

(1) General and administration ("G&A") consists of general and administrative expenses, professional fees and management fees for the Canadian, U.S. and Mexican offices.

The Company incurred a net loss of $710,400 ($0.01 loss per share) for the three months ended March 31, 2020, compared to a loss of $173,500 ($0.00 loss per share) in 2019. The higher net loss in 2020 was mainly due to a higher unrealized loss on investments. The Company had an unrealized loss on investments of $472,900 in 2020 compared to a gain of $98,000 during the same quarter in 2019. The difference in the unrealized gain or loss on investment was due to the change in market conditions and fluctuation of stock prices. In addition, as more options were vested during 2019, share based compensation expense was lower in 2020 ($99,600) than 2019 ($202,600).

The scale and nature of the Company's corporate and administrative activity have remained relatively consistent over the past two years. Other comprehensive gain (loss) quarterly fluctuations over the years are due to changes in the macro-economic environment related to foreign exchange, marketable securities and stock-based compensation expense. The translation gains and losses also incurred when translating subsidiary financials with local currency and the IFRS non-cash adjustment related to the translation of measurement currency to reporting currency.

Consolidated quarterly loss – 8 quarters historic trend

(tabled amounts are expressed in thousands of CAD dollars)	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**
Amortization	(9.6)	1.8	(4.1)	(4.3)	(10.3)	(2.7)	(2.9)	(2.7)
Exploration	(65.6)	(101.7)	(63.3)	(46.6)	(52.4)	(59.6)	(59.9)	(70.8)
General & administration [1]	(225.4)	(244.8)	(250.8)	(291.3)	(225.1)	(270.2)	(200.2)	(296.9)
Share-based compensation	(99.6)	(104.7)	(150.1)	(154.2)	(202.6)	(212.3)	(368.7)	(393.3)
	(400.2)	(449.4)	(468.3)	(496.4)	(490.4)	(544.8)	(631.7)	(763.7)
Finance (cost) income, net	66.7	93.7	(12.5)	70.2	85.8	153.4	55.7	59.8
Foreign exchange (loss) gain	(86.3)	(83.9)	(23.4)	(19.5)	(3.4)	(92.3)	9.8	13.7
Unrealized gain(loss) on investments	(472.9)	137.2	86.1	(182.6)	98.0	(310.5)	(180.3)	(12.0)
Impairment PPE	-		-	-	-	(571.2)	-	-
Other income (expenses)	182.3	28.0	4.5	4.4	136.5	(85.9)	3.6	82.3
Income tax provision	-	-	-	-	-	(191.2)	-	-
Net loss	(710.4)	(274.4)	(413.6)	(623.9)	(173.5)	(1,642.5)	(742.9)	(619.9)
Other comprehensive (loss) income	1,196.0	(224.8)	143.5	107.6	51.8	(387.5)	(305.2)	507.9
Total comprehensive gain (loss)	485.6	(499.2)	(270.1)	(516.3)	(121.7)	(2,030.0)	(1,048.1)	(112.0)
Basic/Diluted loss per share	(0.01)	(0.03)	(0.03)	(0.02)	(0.00)	(0.09)	(0.05)	(0.04)
Total assets	105,914.3	105,062.3	105,510.3	91,375.6	91,628.7	91,516.4	92,999.9	93,558.6

(1) General and administration ("G&A") consists of general and administrative expenses, professional fees and management fees

Three months ended March 31, 2020 vs. previous 2019 quarters

The Company incurred a net loss of $710,400 ($0.01 loss per share) for the three months ended March 31, 2020. With the exception of Q4 2018, the loss in the current quarter was higher than all historic quarters in 2019 mainly due to a higher unrealized loss on investment. Other income was higher during the current quarter due to Gunpoint receiving $181,000 in cash and share consideration from Riverside related to the La Cecilia property.

Three months ended March 31, 2020 vs. previous 2018 quarters

The Company incurred a net loss of $710,400 ($0.01 loss per share) for the three months ended March 31, 2020. The Company realized a $472,900 unrealized loss on investment this quarter which contributed to a higher net loss compared to the historic quarters in 2018 except Q4 2018. During Q4 2018, the Company recorded a $571,200 impairment of the Guatemala El Escorpion Project due to the uncertainty of the permitting status and a $191,200 income tax provision expense. The impairment and income tax expense resulted in a significantly higher loss in Q4 2018

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31,	
(tabled amounts are expressed in thousands of CAD dollars)	**2020**	**2019**
Cash inflows from operating activities	$ 280.6	$ 71.4
Cash inflows from financing activities	86.0	-
Cash outflows from investing activities	(387.5)	(322.0)
Foreign exchange impact on cash	(127.0)	(67.2)
Net cash flows	(147.9)	(317.8)
Cash balance	$ 15,110.3	$ 15,309.8

(tabled amounts are expressed in thousands of CAD dollars)	**March 31, 2020**	**March 31, 2019**
Opening cash balance	**$ 15,258.2**	**$ 15,627.6**
Purchase from sales of other investment	(255.6)	-
Proceeds from sales of market securities	278.5	-
Proceeds from options exercised	86.0	-
Settlement of other receivables	174.4	86.9
Investment income – cash received	66.7	119.3
Settlement of accounts payable	201.5	87.0
General & administration and other overhead	(225.4)	(225.1)
General exploration expense	(65.6)	(52.4)
Capitalized Exploration Expense (Metates, Yarely)	(402.6)	(320.3)
Foreign exchange impact on cash and others	(5.8)	(13.2)
Ending cash balance	**$ 15,110.3**	**$ 15,309.8**

As at March 31, 2020, the Company’s net working capital was $14.4 million, lower than $15.2 million as of March 31, 2019. The declining net working capital is due to the reduction in the cash balance and marketable securities to fund the Company’s corporate and operating activities. Cash balance as at March 31, 2020 was $15.1 million (December 31, 2019 – $15.3 million). The Company continues to fund regional exploration and maintaining Metates in good standing. The value of marketable securities fluctuates with the market conditions and stock prices.

The cash balance is primarily held in major Canadian chartered banks and Canadian government securities with short-term maturity dates.

The cash inflows from operating activities for the three months ended March 31, 2020 was $280,600 compared to $71,400 in the first quarter of 2019. The cash inflow of $125,000 from Riverside was offset by movement in working capital items, general exploration activities ($65,600), corporate overhead ($175,400), and management fees ($50,000) in the current period.

The cash inflow from financing activities for the three months ended March 31, 2020 was $86,000 from stock options exercised compared to $nil in 2019.

The cash outflow from investing activities for the three months ended March 31, 2020 was $387,500 compared to $322,000 in 2019. The Company investing activities were higher in 2020 largely due to higher exploration expenditures. In the current quarter, the Company sold $278,500 marketable securities and invested in other marketable securities.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds. The Company has sufficient working capital to fund the planned development and corporate expenses through 2020 and beyond.

SHAREHOLDERS' EQUITY

As at March 31, 2020 and date of the report, the Company had 51,281,866 shares outstanding.

As at March 31, 2020 and the date of this report, the Company has 375,000 shares in escrow.

As at March 31, 2020, the Company had 4,778,750 stock option outstanding.

On May 14, 2020, the Company granted a director 400,000 stock options with an exercise price of $3.15 per share. The stock options will vest and are exercisable on the basis of 25% annually commencing May 14, 2021.

As at date of report, the Company had 5,178,750 stock options outstanding.

The following table discloses the number of options and vested options outstanding as at the date of this report:

Number of options ('000s)	Vested ('000s)	Exercise price $	Expiry Date
2,130	2,130	$ 3.30	29-Aug-24
1,888	1,888	2.15	21-Mar-21
760	380	3.75	27-Sept-22
400	-	3.15	14-May-25
5,178	4,398	3.18	

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company did not have any off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions as at March 31, 2020 other than as disclosed elsewhere in this Management Discussion and Analysis.

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 the period ended March 31:

Amounts in '000s	2020	2019
Consulting	$ 24.2	$ 35.0
Management fees	50.0	50.0
Rental	6.0	6.0
Share based compensation	79.3	175.9

Management and rental fees were paid or accrued to a private company owned by the President 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 March 31, 2020 the Company had amounts payable of $969,700 (December 31, 2019 - $907,400) to these parties of which $957,100 (December 31, 2019 - $898,300) were due to the President's company. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

During August 2019, the Company obtained a US$9 million bridge loan from the President to exercise the option on re-purchasing the 1% NSR on Metates. Refer to Note 7 Investment in Mineral Properties. The US$9.0 million bridge loan was at an interest rate of 5% per annum. The loan was fully repaid during the quarter and the interest incurred was $83.4.

Financial Instruments

The following provides a comparison of carrying and fair values of each classification of financial instrument:

(tabled amounts are expressed in thousands of CAD dollars)	**March 31, 2020**		**December 31, 2019**	
	Carrying value $	**Fair value $**	**Carrying value $**	**Fair value $**
Financial assets				
Cash	15,110.3	15,110.3	15,258.2	15,258.2
Marketable securities	1,182.0	1,182.0	1,544.5	1,544.5
Long term investment	364.9	364.9	442.2	442.2
Financial liabilities				
Accounts payable & accrued liabilities	1,581.9	1,581.9	1,418.7	1,418.7
Promissory note	700.0	700.0	700.0	700.0

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

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.

(tabled amounts are expressed in thousands of CAD dollars)	**Level 1**	**Level 2**	**Level 3**	**Total March 31, 2020**
Marketable securities	1,182.0	-	-	1,182.0
Long-term investments	364.9	-	-	364.9
	$ 1,546.9	$ -	$ -	$ 1,546.9

(tabled amounts are expressed in thousands of CAD dollars)	**Level 1**	**Level 2**	**Level 3**	**Total December 31, 2019**
Marketable securities	1,544.5	-	-	1,544.5
Long-term investments	442.2	-	-	442.2
	$ 1,986.7	$ -	$ -	$ 1,986.7

Significant Accounting Policies

Please refer to the audited annual financial statements for the year ended December 31, 2019 which was filed on SEDAR.

Risk and uncertainties

This MD&A contains forward-looking statements. Readers are cautioned as to the risks and uncertainties related to the forward-looking statements and are directed to those risks and uncertainties discussed in the Annual Information Form ("AIF") dated July 14, 2017, of which was filed on SEDAR. Also, please refer to the "Cautionary Statement on Forward-Looking Information" at the end of the MD&A.

Cautionary Statement on Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding prospective gold, silver and zinc production, timing and expenditures to develop the Metates property, gold, silver and zinc resources, grades and recoveries, cash costs per ounce, capital and operating expenditures and sustaining capital and the ability to fund mine development at Metates. The Company does not intend to, and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Chesapeake and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: ability to finance mine development, fluctuations in the prices of gold, silver and zinc, fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; risks in obtaining necessary licenses and permits, and challenges to the Company's title to properties.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

Other technical information

Mr. Gary Parkison, Metates Project Manager and a Qualified Person as defined by NI 43-101 is responsible for the technical information on Metates, Mr. Doug Austin, P.E., Senior Vice President, Dr. Art Ibrado, QP Member, MMSA, Project Manager and Mr. Richard Zimmerman, R.G. Environmental Geologist with M3 and Mr. Michael Hester F AUS IMM, Vice President, and Ms. Sylvia Y. Genglet, Senior Geological Engineer of IMC, Dr. Deepak Malhotra, SME, President of Resource Development Inc., and Mr. Grenvil M. Dunn, P. Eng, C. Eng, Director of Hydromet (Pty) Ltd. prepared the NI 43-101 Technical Report, Preliminary Feasibility Study and the NI 43-101 Pre-feasibility study, Reserves Estimates and Mine Planning.