



Chesapeake Gold Corp.

Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

Independent auditor's report

Doane Grant Thornton LLP
11th Floor
200 King St West
Toronto, Ontario
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

To the shareholders of Chesapeake Gold Corp.

Opinion

We have audited the consolidated financial statements of Chesapeake Gold Corp. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2024, and 2023 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our auditor's report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michal Semczuk.

Doane Grant Thornton LLP

Toronto, Canada
April 23, 2025

Chartered Professional Accountants
Licensed Public Accountants

Chesapeake Gold Corp.

Consolidated Statements of Financial Position

(amounts expressed in thousands of Canadian dollars, except where indicated)

	Note	As at	
		December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	6	\$ 10,989	\$ 19,823
Other receivables and prepaid expenses	5	517	1,753
Total current assets		11,506	21,576
Long-term investments	6,7	636	465
Other receivables – VAT	5	881	-
Exploration and evaluation assets	8	147,832	141,895
Equipment	9	44	21
Reclamation bonds		384	356
Total assets		\$ 161,283	\$ 164,313
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6, 12	\$ 2,090	\$ 1,784
Total current liabilities		2,090	1,784
Deferred income tax liabilities		10,293	10,749
Decommissioning obligation		371	344
Total liabilities		12,754	12,877
Shareholders' equity			
Share capital	10	237,503	234,906
Reserves		28,954	31,799
Deficit		(120,287)	(117,657)
Shareholders' equity – attributable to the shareholders		146,170	149,048
Non-controlling interest ("NCI")		2,359	2,388
Total shareholders' equity		148,529	151,436
Total liabilities and shareholders' equity		\$ 161,283	\$ 164,313

Nature of operations (Note 1)

Subsequent events (Note 16)

Approved by the Board of Directors

"P. Randy Reifel" Director _____
"Christian Falck" Director

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

Chesapeake Gold Corp.

Consolidated Statements of Loss and Comprehensive Loss

(amounts expressed in thousands of Canadian dollars, except where indicated)

	Notes	Year Ended December 31,	
		2024	2023
General and administration expenses			
Depreciation	9	\$ (15)	\$ (10)
Exploration		(167)	(89)
General and administrative	12	(1,948)	(2,070)
Management fees	12	(229)	(250)
Professional fees	12	(1,220)	(917)
Share-based compensation expense	11, 12	(634)	(959)
Total general and administration expenses		(4,213)	(4,295)
Other income (expense)			
Finance income		828	800
Finance costs		(1)	(2)
Foreign exchange gain (loss)		17	(122)
Unrealized gain (loss) on long-term investments	7	192	(425)
Impairment – exploration and evaluation asset		-	(109)
Impairment – VAT recoverable		-	(133)
Other income		31	32
Total other income		1,067	41
Net Loss before income taxes		(3,146)	(4,254)
Deferred income tax recovery (expense)		457	(1,743)
Net Loss		(2,689)	(5,997)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net loss:			
Cumulative translation adjustment		(3,449)	2,816
Total comprehensive loss		(6,138)	(3,181)
Net loss attributable to			
Shareholders of the Company		(2,542)	(5,665)
Non-controlling interest		(147)	(332)
Total net loss		(2,689)	(5,997)
Other comprehensive income (loss) attributable to			
Shareholders of the Company		(3,449)	2,816
Non-controlling interest		-	-
Total other comprehensive income (loss)		\$ (3,449)	\$ 2,816
Loss per share – basic and diluted		\$ (0.04)	\$ (0.09)
Weighted average shares outstanding (000's) – basic and diluted		67,957	67,367

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

Chesapeake Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity

(amounts expressed in thousands of Canadian dollars, except where indicated)

			Attributable to Shareholders of the Company						
	Note	Shares ('000)	Share capital	Share-based compensation reserves	Foreign translation reserves	Deficit	Total for owners	NCI	Total shareholders' equity
Balance at January 1, 2023		67,367	\$ 234,906	\$ 27,144	\$ 932	\$ (112,012)	\$ 150,970	\$ 2,688	\$ 153,658
Net loss for the year		-	-	-	-	(5,665)	(5,665)	(332)	(5,997)
Gunpoint option exercise		-	-	-	-	20	20	(20)	-
Cumulative translation adjustment		-	-	-	2,816	-	2,816	-	2,816
Share-based compensation expense	11	-	-	907	-	-	907	52	959
Balance at December 31, 2023		67,367	\$ 234,906	\$ 28,051	\$ 3,748	\$ (117,657)	\$ 149,048	\$ 2,388	\$ 151,436
Balance at January 1, 2024		67,367	\$ 234,906	\$ 28,051	\$ 3,748	\$ (117,657)	\$ 149,048	\$ 2,388	\$ 151,436
Net loss for the year		-	-	-	-	(2,542)	(2,542)	(147)	(2,689)
Cumulative translation adjustment		-	-	-	(3,449)	-	(3,449)	-	(3,449)
Shares issued for asset acquisition	8, 10	1,027	2,597	-	-	-	2,597	-	2,597
Gunpoint share issuance		-	-	-	-	(88)	(88)	88	-
Share-based compensation expense	11	-	-	604	-	-	604	30	634
Balance at December 31, 2024		68,394	\$ 237,503	\$ 28,655	\$ 299	\$ (120,287)	\$ 146,170	\$ 2,359	\$ 148,529

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

Chesapeake Gold Corp.

Consolidated Statements of Cash Flows

(amounts expressed in thousands of Canadian dollars, except where indicated)

	Note	Year Ended December 31,	
		2024	2023
Cash flow from (used in) operating activities			
Net loss for the year		\$ (2,689)	\$ (5,997)
Items not affecting cash			
Depreciation	9	15	10
Deferred income tax expense (recovery)		(457)	1,743
Unrealized foreign exchange gain		-	48
Unrealized loss (gain) from long term investments		(192)	425
Share-based compensation expense	11	634	959
Impairment – investments		25	109
Impairment – VAT recoverable		-	133
Changes in non-cash operating working capital			
Other receivables and prepaid expenses		(136)	(383)
Accounts payable and accrued liabilities		449	(107)
Total cash outflows from operating activities		(2,351)	(3,060)
Cash flow from financing activities			
Proceeds from exercise of options – Gunpoint Exploration Ltd.		225	12
Total cash inflows from financing activities		225	12
Cash flows from (used in) investing activities			
Purchase of long-term investments		(206)	-
Proceeds from sale of long-term investments		227	-
Proceeds from option agreement	8(b)	-	1,005
Recovery of exploration expenditures	8(c)	-	175
Purchase of equipment		(38)	(4)
Reclamation deposit		-	(91)
Exploration and evaluation expenditures	8	(6,634)	(3,909)
Total cash outflows from investing activities		(6,651)	(2,824)
Foreign exchange impact on cash and cash equivalents		(57)	22
Decrease in cash and cash equivalents		(8,834)	(5,850)
Cash and cash equivalents – beginning of year		19,823	25,673
Cash and cash equivalents – end of year		\$ 10,989	\$ 19,823
Cash		\$ 1,099	\$ 1,790
Cash equivalents		9,890	\$ 18,033
		\$ 10,989	\$ 19,823

See Note 8, 10 for a summary of non-cash transactions.

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

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

1. Nature of operations

Chesapeake Gold Corp. (“Chesapeake” or the “Company”) is a Canadian exploration and evaluation stage mining company focused on the exploration and development of precious metal deposits in North and Central America. The Company has exploration and evaluation assets and does not generate mining revenues from operations. The Company’s operations are principally directed towards the development of the Metates project in the state of Durango, Mexico and generating a pipeline of regional exploration projects in the region.

The Company is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol “CKG.V”. The Company also trades on the OTCQX marketplace in the United States, under the symbol “CHPGF”. The Company’s head office is located at 201 – 1512 Yew Street, Vancouver BC, Canada.

As at December 31, 2024, the Company owns 67% (December 31, 2023 – 67%) of Gunpoint Exploration Ltd. (“Gunpoint”), a Vancouver based company listed on the TSX Venture Exchange, symbol “GUN.V”. Gunpoint owns 100% of the Talapoosa gold project, located in Nevada, United States.

On January 1, 2024, the Company completed a vertical short-form amalgamation pursuant to the Business Corporations Act (British Columbia), with the Company's wholly owned subsidiary, American Gold Capital Corp. Pursuant to the amalgamation, the resulting amalgamated company has adopted the name Chesapeake Gold, maintained the same articles and management as the Company, issued no securities, the Cusip for the common shares of the company remains the same, and the symbol CKG on the TSX Venture Exchange and the symbol CHPGF on the OTCQX remain unchanged.

The Company had a consolidated net loss of \$2,689 (2023 – net loss of \$5,997) for the year ended December 31, 2024, and an accumulated deficit of \$120,287 as at December 31, 2024 (December 31, 2023 - \$117,657). The Company’s working capital as at December 31, 2024 is \$10,053 (December 31, 2023 - \$19,792) and has sufficient resources to fund its exploration and development operations for more than a year.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”) and have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. The policies set out below were consistently applied to all periods presented.

The Board of Directors approved the consolidated financial statements on April 23, 2025.

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

3. Estimates, risks, and uncertainties

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements require management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- i. Management is required to assess the functional currency of each entity of the Company. The Company determined the Canadian dollar to be its functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions.
- ii. Management is required to assess impairment in respect of its exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.

Exploration and evaluation assets are measured at cost less accumulated impairment. Determining whether the recoverable amount of an exploration and evaluation asset is based on its 'fair value less cost of disposal' or its 'value in use' involves judgement.

The determination of fair value less cost of disposal requires judgement including assessing comparable market transactions for similar assets and whether such transactions can be reasonably considered as a basis for fair value determination.

The determination of value in use involves judgement as to the appropriateness of underlying estimates and assumptions, of possible technical feasibility and future economic, commercial viability of extraction and processing of the underlying mineral resources.

These value in use estimates and assumptions include judgements concerning the estimates and assumptions underlying complex technical geologic resource models including geological data, the size, depth shape and grade of a possible orebody, the metallurgical characteristics of the mineralization, the estimates and assumptions underlying metallurgical models, including evaluation of metallurgical data and estimated metal recoveries, the mine operation and process design estimates and assumptions in applicable studies, and the estimated of operating and capital costs of designed, planned operations together with assumptions as to realized metal prices, fiscal tax rates and the present risk adjusted time value of money.

Accounting Estimates and Assumptions

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final outcomes of these tax-related matters are different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ii. Management estimates the fair values of share-based payment arrangements using the Black-Scholes option pricing model (assumptions used – fair value of trading price on grant, exercise price, volatility, forfeiture rate, dividend rate and risk free rate).
- iii. Other significant accounting estimates include valuation of long-term investments, and carrying value of exploration and evaluation assets.

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

- iv. The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

4. Material accounting policies

Principles of consolidation

As at December 31, 2024, these consolidated financial statements also include the accounts of Gunpoint as well as the recognition of a 33% non-controlling interest in Gunpoint and its wholly owned subsidiaries stated above.

Control exists when the Company is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to offset those returns through its power over the subsidiary. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until control ceases. The following subsidiaries (all wholly owned except Gunpoint) are consolidated: Alderley Gold Corp. (Canada), Metates Resources Ltd. (Canada), Minerales El Prado S.A. de C.V. (Mexico), Gunpoint Exploration Ltd. (British Columbia) and American Gold Capital Corporation (British Columbia). The accounts of American Gold Capital Corporation's wholly-owned subsidiaries, Metates Resources Ltd. (British Columbia) and its wholly-owned subsidiary American Gold Metates S. de R.L. de C.V. (Mexico) are also included in these consolidated financial statements.

All inter-company balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, highly liquid short-term deposits and guaranteed investment certificates with major financial institutions, and fixed income securities with a term to maturity of three months or less at the date of acquisition that are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

Exploration and evaluation assets.

The Company capitalizes its exploration and evaluation asset expenditures as incurred after it has obtained legal rights to explore a property and before bankable feasibility study and commercial viability of extracting mineral resources are demonstrable.

All direct and indirect costs relating to the exploration of specific properties, such as the search for mineral resources and the determination of the technical feasibility, and assessment of the commercial economic viability of identified mineral resources, with the objective of locating, defining and delineating mineral reserves on specific properties are capitalized as exploration and evaluation assets. Expenditures incurred in the search for mineral resources encompass the acquisition and maintenance of rights to explore. These expenditures include applicable land taxes when due, topographical, geochemical, and geophysical studies, exploratory drilling, trenching, drilling for resource estimation purposes, sampling & assaying and subsequent geological modeling. Expenditures incurred in determination of the technical feasibility and commercial viability of mineral resources include geological modeling, metallurgical test work and modeling as well as the application of applicable technologies, estimation and optimization of metal recoveries, process flowsheet engineering, design and optimization, engineering, design and optimization of possible mining operations, together with the completion of studies on and estimation of operating and capital costs attributable to all such design plans. Government assistance, mining duty credits, and optionee commitments are applied against exploration and evaluation assets.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefit either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management makes certain estimates and assumptions about future events or circumstances, in particular when a probable, economically viable mineral deposit exists which could be brought into a profitable operation. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of loss in the period when the new information becomes available. Exploration and evaluation expenditures are

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

evaluated annually and then reclassified (subject to impairment test) as mineral properties upon completion of technical feasibility and commercial viability.

Each reporting period, the Company assesses exploration and evaluation assets for impairment where indicators and circumstances suggest that the carrying amount of the assets (properties) may exceed the recoverable amount from either future sale or the realization through possible future economic extraction of the resource in operations.

Each exploration and evaluation asset (property) is considered a separate cash generating unit. The recoverable amount is the higher of fair value less cost to sell and value in use.

If the Company was to estimate that the recoverable amount of an asset to be less than its carrying amount, the Company will recognize an impairment loss in the Consolidated statement of loss, for the applicable period.

The assessment of the estimated recoverable amount through possible future economic extraction of the resources of the mineral deposit which underly each exploration and evaluation asset involve the evaluation of key estimates and assumptions of variables in various underlying models and design plans. These include the geological estimates and assumptions in geologic resource models; the metallurgical estimates and assumptions underlying metallurgical models, including estimates and assumptions of metal recoveries; the estimates and assumptions of mining and processing operations design studies, and the estimates and assumptions of applicable operating and capital costs. In addition, the estimate of recoverable amount includes evaluation of financial models incorporating estimated discounted future cash flows from operations based on assumptions as to future metal prices, future applicable fiscal tax rates and current market assessments of the risk adjusted time value of money applicable to the asset.

All estimates and assumptions are subject to measurement uncertainty and are subject to change as new information becomes available.

Reclamation bonds

The Company maintains cash deposits that are restricted to the funding of reclamation costs. For the Talapoosa property in Nevada, USA, the Company has placed cash on deposit to fund future reclamation costs anticipated under a reclamation plan approved by the State of Nevada.

Foreign currency translation

The functional currency of the reporting entity and each of its foreign operations must be assessed independently giving consideration to the primary economic environment in which each reporting entity operates. Management has determined that the functional currencies of American Gold Metates and Minerales El Prado, its Mexican subsidiaries, is the Mexican Peso as this is the currency of the primary economic environment in which the Mexican subsidiaries operate. The Company and its other subsidiaries have the Canadian dollar as their functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each consolidated statement of financial position date, monetary assets and liabilities in foreign currencies are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses of foreign currency to functional currency go through profit and loss. All gains and losses on translation from functional to reporting currency are recorded as other comprehensive income or loss.

Equipment

Equipment is recorded at cost. Depreciation is provided at annual rates on a declining balance basis over the estimated useful lives of the equipment as follows:

Asset	Rate
Office, furniture, and computers	10%
Vehicles	25%
Exploration equipment	10%

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of loss.

Impairment

The Company reviews the carrying value of long-lived assets for impairment when circumstances indicate an asset's value may not be recoverable. The evaluation is based on the higher of the asset's fair value less costs to sell and its value in use, which is the present value of future cash flows expected to be derived from the asset in its current state. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds its recoverable amount. Impairment loss is recorded in the consolidated statement of loss.

Decommissioning obligations

The Company recognizes statutory, contractual, and other legal obligations related to the retirement of tangible long-lived assets. These obligations are initially measured at fair value and subsequently adjusted for the accretion of any discount and changes in the underlying future cash flows and discount rate. The decommissioning obligation is capitalized to the related asset and amortized to operations over time.

The Company recognizes the fair value of the liability for a decommissioning obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to retire the obligation. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of loss. The increase in the carrying value of the asset is amortized on the same basis as the resource properties.

Share-based compensation

The Company's share option plan provides for the granting of stock options to directors, officers, consultants and employees, which allow them to purchase common shares of the Company. The fair value of all share-based awards is estimated using the Black Scholes option pricing model at the grant date and expensed to operations over the vesting period. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively. None of the Company's awards call for settlement in cash or other assets. Upon the exercise of the stock options, consideration paid together with the amount previously recognized in the share-based payment reserve is recorded as an increase in issued capital. In the event that the options expire or are cancelled, previously recognized compensation expense associated with such stock option is not reversed.

The fair value of bonus shares issued will be based on the most recent trading price multiple by the number of bonus shares issued.

When the Company issues units that are comprised of a combination of common shares and warrants, the value is assigned to common shares and warrants based on their relative fair values. The fair value of the warrants is estimated using the Black-Scholes option pricing model at the issuance date.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are measured using substantively enacted tax rates expected to apply when the asset is realized or the liability settled. A reduction in respect of the benefit of a deferred income tax asset is recorded against any deferred income tax asset if it is probable that there will be future taxable income to offset. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period in which the change is substantively enacted.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the reporting period. The Company uses the treasury stock method for computing diluted loss per share. This method assumes that any proceeds obtained upon exercise of outstanding options or warrants would be used to purchase common shares at the average market price during the period. As the Company has recorded a net loss for each of the periods presented, basic and diluted net loss per share are the same as the exercise of stock options or share purchase warrants are anti-dilutive. As at December 31, 2024, the Company had 2,425,000 (2023 – 4,025,000) potentially dilutive shares relating to outstanding stock options.

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

Share issuance costs

Professional, consulting, regulatory, and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to the consolidated statement of loss.

Financial Instruments - Recognition and Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quote prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

(i) Non-derivative financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalents and other receivables are measured at amortized. Marketable securities and long-term investments are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statement of loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(ii) Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in the consolidated statement of loss. The Company has no financial liabilities classified as FVTPL.

(iii) Derivative financial instruments

If the Company issues warrants exercisable in a currency other than the Company's functional currency, the warrants will be considered as derivative financial instruments.

Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in the consolidated statement of loss. Transaction costs are recognized in the consolidated statement of loss as incurred.

New standards and interpretations

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

The following new standards and interpretations have been adopted since the release of the Company's consolidated financial statements for the year ended December 31, 2023.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Amendment to standard not yet adopted

Following is the new amendment to a standard issued by the IASB which is applicable to the Company's consolidated financial statements:

Foreign Exchange Amendments (Amendment to IAS 21)

Effective January 1, 2025, these amendments provide guidance on estimating spot rates for currencies lacking exchangeability. The entity is currently analyzing the implications for currency translation and related disclosures. The amendment is expected to have no impact on the Company's consolidated financial statements on adoption.

Presentation and Disclosures in Financial Statements (IFRS 18)

Effective January 1, 2027, IFRS 18 introduces new requirements for the presentation and disclosure of financial information. The Company is currently evaluating the potential impact of IFRS 18 on its financial statements. While the full implications are yet to be determined, the standard is expected to enhance the transparency and comparability of financial disclosures. The Company will adopt IFRS 18 in accordance with its effective date and provide further updates in subsequent reporting periods.

5. Receivables and prepaid expenses

	December 31, 2024	December 31, 2023
Other receivables	\$ 181	\$ 175
Prepaid expenses	336	696
VAT receivable	881	882
	\$ 1,398	\$ 1,753

Value added taxes ("VAT") paid in Mexico are fully recoverable. However, due to the complex filing requirements surrounding VAT recoveries, timing of receipt of refunds is uncertain. The Company used judgment to classify current and non-current portions of its VAT such as the regularity of payments received, discussions with and communications from Mexican tax authorities and expected length of time for refunds in accordance with Mexican tax authorities. As the Company has not received a VAT refund during the year ended December 31, 2024, it has classified all of its VAT receivable as non-current asset.

6. Financial instruments and risk management

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

	December 31, 2024		December 31, 2023	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
Cash and cash equivalents	10,989	10,989	19,823	19,823
Long-term investments	636	636	465	465
Financial liabilities				
Accounts payable	2,090	2,090	1,784	1,784

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, December 31, 2024
Long-term investments	636	-	-	636
	\$ 636	\$ -	\$ -	\$ 636

	Level 1	Level 2	Level 3	Total, December 31, 2023
Long-term investments	465	-	-	465
	\$ 465	\$ -	\$ -	\$ 465

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 year ended December 31, 2024 or 2023.

The long-term investments fair values are determined based on closing share price of listed companies.

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, long-term investments. The Company's cash and cash equivalents are held primarily through large Canadian financial institutions. The Company's long-term investments are held in common shares of publicly traded companies. The carrying amount of the financial assets represents the maximum credit exposure.

Liquidity Risk

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

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

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. 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 and held with large Canadian financial institutions.

Foreign Exchange Rate 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, and Mexico. Certain costs and expenses are incurred in US dollars and Mexican pesos. A 10% change in the exchange rate for USD or Mexican Peso will have an impact of \$27 on the consolidated statement of loss and comprehensive income. The Company does not use option or forward contracts to mitigate foreign exchange risk.

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

7. Long-term investments

Long term investments are publicly traded stocks. Long-term investments are investments that management does not have any intent to sell within a year.

	December 31, 2023 Fair value	Acquired and FX	Proceeds received from sale	Realized and unrealized (loss)/gain	December 31, 2024 Fair value
Long-term investments	\$ 465	\$ 206	\$ (227)	\$ 192	\$ 636

	December 31, 2022 Fair value	Acquired and FX	Proceeds received from sale	Realized and unrealized (loss)/gain	December 31, 2023 Fair value
Long-term investments	\$ 890	\$ -	\$ -	\$ (425)	\$ 465

8. Exploration and evaluation assets

	Metates (a, b)	Regional (d)	Talapoosa (c)	Total
December 31, 2022	127,631	2,742	6,021	136,394
Effect of foreign exchange on translation	2,430	360	-	2,790
Assays	73	73	-	146
Concession acquisition	143	128	-	271
Community, taxes, camp, and supplies	362	84	-	446
Drilling	1	469	-	470
Environmental	36	22	-	58
Geological and engineering	1,786	176	183	2,145
License, dues, and fees	-	-	323	323
Travel and other	103	39	-	142
Recovery from option agreement (c)	-	-	(1,181)	(1,181)
Impairment (d, e)	-	(109)	-	(109)
December 31, 2023	132,565	3,984	5,346	141,895
Effect of foreign exchange on translation	(2,748)	(558)	-	(3,306)
Assays	94	96	-	190
Concession acquisition	132	242	265	639
Community, taxes, camp, and supplies	502	53	-	555
Drilling	-	162	-	162
Environmental	486	10	-	496
Geological and engineering	6,596	408	-	7,004
Travel and other	141	56	-	197
December 31, 2024	137,768	4,453	5,611	147,832

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

a. Metates Project

The Company's Metates project ("Metates") is located in Durango State, Mexico.

On May 9, 2014, the Company acquired the 1.5% net smelter return royalty ("Metates NSR") on the Metates project from a private Mexican company. The royalty was purchased pursuant to a right of first refusal held by the Company's subsidiary, American Gold Metates S. de R.C. de C.V. ("AGM"), for \$9,859 (US\$9,000).

On August 9, 2014, the Company entered into an agreement ("Agreement") whereby the Company assigned its interest in the Metates 1.5% NSR to Wheaton Precious Metals Corp. (formerly known as Silver Wheaton Corp.) ("WPM") for US\$9.0 million. As part of the Agreement, the Company had the right at any time for a period of five years to repurchase two-thirds of the Metates NSR (that being a 1% net smelter returns royalty) from WPM for US\$9.0 million with WPM continuing to hold a 0.5% interest in the Metates NSR. Also as part of the transaction, Chesapeake through AGM, will hold a right of first refusal to purchase the Metates NSR in the event WPM elects to sell the Metates NSR to a third party, on the same terms and conditions as the third party's offer. The Agreement also contains customary terms and conditions for a royalty transaction. The Company has also entered into a right of first refusal agreement with WPM whereby the Company has granted WPM a right of first refusal on any future silver stream or royalty for which the Company receives and accepts an offer to purchase, on the same terms and conditions as the third party's offer.

On August 9, 2019, the Company exercised the option to re-purchase a 1% NSR for \$11,972 (US\$9,000) from WPM.

In 2023, the Company became aware that the Dirección General del Minas of Mexico (the "DGM") cancelled the San Vicente 3 mineral concession. The San Vicente 3 mineral concession is one of 12 mineral concessions comprising the Metates property, in the Metates project, and encompasses a portion of the Metates mineral resource.

On January 26, 2023, the DGM cancelled the San Vicente 3 mineral concession on the basis that the Company did not provide adequate evidence to support the Company's performance of the exploration work required to maintain the concession. The Company's legal position, supported by external Mexican counsel, is that the work required to maintain the concession was conducted on the property and appropriate evidence was submitted to the DGM to substantiate the work.

On May 3, 2023, the Company began nullity proceedings to have the cancellation of San Vicente 3 declared as null and void by the North Center III and Auxiliary Regional Chamber of the Federal Court of Administrative Justice (the "Chamber") in the state of Durango, Mexico on the basis that the DGM failed to comply with mandated cancellation procedures in accordance with applicable legislation. The Chamber dismissed the Company's lawsuit in a 2-1 split decision. The Company has appealed the decision to the Collegiate Court on the basis that the Chamber had erroneously found that the DGM had complied with mandated cancellation procedures and, therefore, it violated the Company's fundamental rights such as due process and effective judicial protection. The Company continues to pursue all legal remedies available to it to protect and defend its position with respect to San Vicente 3. The DGM has been barred by an Appellate Court from carrying out a bidding process for said mineral concession until a definitive decision is reached.

While the Company is confident that it will be successful in reinstating its ownership of the concession, there can be no assurance of this. In the event the Company is unsuccessful, the current resource estimate and the mine development plan for Metates as proposed in the Company's 2023 Amended PEA would be materially affected and the Company's ability to develop the Metates project may be materially affected. Reliance on the 2023 Amended PEA is therefore contingent on the outcome of the litigation.

As of December 31, 2024, \$88,171 (December 31, 2023 - \$87,565) relate to Metates project development costs while \$49,597 (December 31, 2023 - \$45,000) relate to acquisition costs in connection with the sulphide leaching technology.

b. License and evaluation of technical feasibility

On January 19, 2021, the Company closed the acquisition of Alderley Gold, a private British Columbia company (that was previously controlled by the former CEO of Chesapeake Gold). Through the acquisition of Alderley Gold, the Company gained access to the mining technology ("Technology") that is currently being used to determine the technical and commercial feasibility of the Metates project.

Under the terms of the Agreement, the Company issued 10 million common shares (fair value of \$45,000) (the "Alderley Shares") to the shareholders of Alderley Gold. The Alderley Shares were placed in escrow and will be released based on time or milestone conditions over 7 years as follows:

- v. 5% released on each of the first four anniversaries of January 19, 2021 ("Closing Date");
- ii. 10% released on the earlier of: (a) date of a positive feasibility study or (b) the fifth anniversary of Closing Date (January 19, 2026);

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

- vi. 30% released on the earlier of: (a) duly certified commencement of construction of a mine or (b) the sixth anniversary of Closing Date (January 19, 2027); and
- vii. 40% released on the earlier of: (a) duly certified commencement of commercial production or (b) the seventh anniversary of Closing Date (January 19, 2028).
- viii. All Alderley Shares will be released upon a change of control ("COC") of the Chesapeake Gold Corp. For greater clarity, if COC occurs, the Alderley Shares will be released and not follow the escrow schedule noted in (i)(ii)(iii)(iv).

On June 4, 2024, the Company, through its wholly owned subsidiary Alderley Gold, acquired the patents, patent applications, and certain other technology rights and assets for the sulphide leaching technology from Hycroft Mining Holding Corp. and its wholly owned subsidiaries. On closing, Chesapeake paid \$2-million in cash and issued 1,026,518 common shares of the Company.

c. Talapoosa

Gunpoint owns a 100% interest in the Talapoosa property ("Talapoosa") and are 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 \$116 (US\$88). 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 \$90 (US\$68).

On September 28, 2022, Gunpoint signed an option and earn-in agreement (the "Newcrest Agreement") with Newcrest Resources Inc., a wholly-owned subsidiary of Newcrest Mining Limited, ("Newcrest") to explore Gunpoint's Appaloosa property ("Appaloosa"), located in Nevada, USA. Newcrest had the right to acquire, in multiple stages, up to a 75% interest in Appaloosa for cumulative exploration and development expenditures of \$46 (US\$35) million, cash payments totaling \$7 (US\$5) million to Gunpoint and completing a minimum indicated resource estimate of 1 million gold ounces.

In September 2022, Gunpoint received \$322 (US\$250) upon signing the Newcrest Agreement. In January 2023, Newcrest elected to enter into the Option Phase and continue to explore Appaloosa by providing a \$1,005 (US\$750) cash payment to the Company in January 2023. The Option Phase was an 18-month period ending June 2024, and Newcrest will be undertaking a minimum US\$2 million in exploration expenditures during the Option Phase. Newcrest will not earn a vested interest in Appaloosa during the Investigation and Option Phases.

On March 28, 2024, Gunpoint received notice from Newmont Corp. (which acquired Newcrest Mining Ltd. in November 2023) electing to terminate the option and earn-in agreement on the Appaloosa property between the Company and Newcrest announced on September 28, 2022, and aligned with the end of the minimum commitment phase within the earn-in agreement.

d. Regional

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 east of First Majestic Silver Corp.'s San Dimas Mine ("San Dimas"). At present, Chesapeake has an option agreement over one of El Duraznito Claims ("Teresa"). The Company paid US\$78 to earn 60% of the rights. After completion of the feasibility study, Chesapeake will pay US\$100 to earn an additional 20% interest in the project. Upon commencement of mine construction, the Company will have acquired 100% interest in the Teresa claim with a final US\$150 final payment. During 2024 the Teresa option agreement continued in good standing. During the year ended December 31, 2024 the Company made the final payment and acquired 60% of the Teresa claim.

The El Duraznito Project second claim is under negotiation.

Lucy (Sinaloa State, Mexico)

Lucy was staked by Chesapeake in 2017 and the Company completed mapping, trenching and channel sampling in 2021 and 2022 identified the presence of a gold-bearing skarn system. The Company is continuing to explore the property during 2024.

Nicole (Durango State, Mexico)

The Nicole Project is located north of the Company's flagship Metates project. The project is currently on standby as the Company works on obtaining drilling and environmental permits.

Crisy (Durango State, Mexico)

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

The Crisy project is located south of the Company's flagship Metates project. During the year ended December 31, 2023, the Company completed its payments per the earn in option agreement to own 100% of the mineral claim. The project is currently on standby as the Company focuses its efforts on active exploration programs.

Tatatila (Veracruz State, Mexico)

The project is currently on standby as the Company focuses its efforts on active exploration programs.

Sundae

During the year ended December 31, 2023, the Company carried out an exploration program on its Sundae project located in Sinaloa, Mexico. Due to the exploration results obtained the Company decided to no longer continue exploration on this property and fully impaired the amount during the year ended December 31, 2023.

e) Impairment

During the year ended December 31, 2023 the Company decided to release its Sundae claim from its Regional portfolio and recorded impairment loss of \$109. During the year ended December 31, 2024, there was no further impairment on the Company's exploration assets.

9. Equipment

Cost	Exploration Equipment
Cost as at December 31, 2022	\$ 140
Additions	4
Cost as at December 31, 2023	144
Additions	38
Cost as at December 31, 2024	\$ 182

Accumulated Depreciation	Exploration Equipment
Accumulated depreciation as at December 31, 2022	\$ (113)
Depreciation expense	(10)
Accumulated depreciation as at December 31, 2023	(123)
Depreciation expense	(15)
Accumulated depreciation as at December 31, 2024	\$ (138)

Carrying Amount	Exploration Equipment
Carrying value as at December 31, 2023	\$ 21
Carrying value as at December 31, 2024	\$ 44

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

10. Share capital

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.

As at December 31, 2024, 8,500,000 (December 31, 2023 – 9,000,000) common shares were held in escrow, subject to release per escrow conditions in Note 8 and upon approval of the regulatory authorities.

Year ended December 31, 2024

- a) On June 4, 2024, the Company issued 1,026,518 common shares with a fair value of \$2.53 per share upon issuance for a total of \$2,597 in connection to its acquisition of the intellectual property rights for the sulphide leaching technology (Note 8).

Year ended December 31, 2023

- a) During the year ended December 31, 2023, Gunpoint issued 50,000 common shares for an option holder who exercised their right to purchase shares for gross proceeds of \$12. The common shares issuance from Gunpoint diluted the Company's share ownership to 67%. This dilution resulted in an increase of NCI by \$20 and a decrease in retained deficit of \$20.

11. Share-based compensation

On May 18, 2021, the Company adopted a share option plan for which options to acquire up to 10% of the issued share capital, at the award date, may be granted to eligible optionees from time to time. Generally, share options granted have a maximum term of five years, and a vesting period and exercise price determined by the directors. The exercise price may not be less than the closing quoted price of the Company's common shares traded through the facilities of the exchange on which the Company's common shares are listed. As at December 31, 2024, the remaining share options available for issue under the plan were 4,479,338 (December 31, 2023 – 2,711,437).

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 as at December 31, 2023 and December 31, 2024, there is no room for further issuance, representing approximately 0.30% of the current issued and outstanding common shares as at December 31, 2023 and December 31, 2024. 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.

On February 7, 2023, the Company granted stock options under its stock option plan to purchase an aggregate of 200,000 common shares of the Company at an exercise price of \$2.15 per share for a five-year term expiring February 7, 2028. The stock options were granted to directors of the Company. The options will vest and be exercisable on the basis of 25% annually, commencing February 7, 2024, the first anniversary of the date of the grant.

On April 28, 2023, the Company granted stock options under its stock option plan to purchase an aggregate of 20,000 common shares of the Company at an exercise price of \$2.70 per share for a five-year term expiring April 28, 2028. The stock options were granted to an interim officer of the Company. The options will vest and be exercisable on the basis of 25% annually, commencing April 28, 2024, the first anniversary of the date of the grant.

On May 31, 2023, the Company granted stock options under its stock option plan to purchase an aggregate of 100,000 common shares of the Company at an exercise price of \$1.70 per share for a five-year term expiring May 31, 2028. The options will vest and be exercisable on the basis of 25% annually, commencing May 31, 2024, the first anniversary of the date of the grant.

On December 5, 2023, the Company granted stock options under its stock option plan to purchase an aggregate of 200,000 common shares of the Company at an exercise price of \$2.20 per share for a five-year term expiring December 4, 2028. The options will vest and be exercisable on the basis of 25% annually, commencing December 4, 2024, the first anniversary of the date of the grant.

On November 5, 2024, the Company granted stock options under its stock option plan to purchase an aggregate of 65,000 common shares of the Company at an exercise price of \$1.80 per share for a five-year term, expiring November 5, 2029. The stock options were granted

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

to officers of the Company. The options will vest and be exercisable on the basis of 25% annually, commencing November 5, 2025, the first anniversary of the date of the grant.

The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	Year ended December 31, 2024	Year ended December 31, 2023
Risk-free interest rate	3.05%	3.15 %
Expected life (years)	5	5
Expected volatility	78%	73%
Forfeiture rate	0%	0%

The weighted average fair value per stock options granted for the period	December 31, 2024		December 31, 2023	
	Number of options (000's)	Weighted average exercise price	Number of options (000's)	Weighted average exercise price
Outstanding – beginning of year	4,025	\$ 3.55	3,748	\$ 3.80
Granted	65	1.80	520	2.10
Forfeited/Expired	(1,665)	3.30	(243)	4.29
Outstanding – end of year	2,425	\$ 3.68	4,025	\$ 3.55

The following table discloses the number of options and vested options outstanding as at December 31, 2024:

Number of options (‘000s)	Number of options vested (‘000s)	Exercise price	Expiry Date
400	400	3.15	14-May-25
1,250	1,250	4.56	10-Dec-25
150	113	4.55	19-Jan-26
40	20	1.92	28-Sept-27
200	50	2.15	07-Feb-28
20	5	2.70	28-Apr-28
100	25	1.70	31-May-28
200	50	2.20	04-Dec-28
65	-	1.80	05-Nov-29
2,425	1,913	\$ 3.68	

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

The following table discloses the number of options and vested options outstanding as at December 31, 2023:

Number of options (‘000s)	Number of options vested (‘000s)	Exercise price	Expiry Date
1,665	1,665	3.30	29-Aug-24
400	300	3.15	14-May-25
1,250	938	4.56	10-Dec-25
150	75	4.55	19-Jan-26
40	10	1.92	28-Sept-27
200	-	2.15	07-Feb-28
20	-	2.70	28-Apr-28
100	-	1.70	31-May-28
200	-	2.20	04-Dec-28
4,025	2,988	\$ 3.55	

During the year ended December 31, 2024, the Company recognized \$634 (2023 - \$959) as share-based compensation expense, of which \$545 (2023 - \$907) relates to the Company and \$89 (2023 - \$52) related to the NCI of Gunpoint.

The weighted average contractual life of outstanding stock options as at December 31, 2024 was 1.53 years (December 31, 2023 - 1.71 years).

12. Related party transactions

The Company’s related parties include its subsidiaries and key management. Transactions with related parties for goods and services are made on normal commercial terms in the normal course of operations.

Short-term employee benefits include salaries payable within twelve months of the statement of financial position date and other annual employee benefits.

The Company incurred the following expenses with related parties during the year ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
Consulting	\$ 165	\$ 192
General and administration – salary	286	476
General and administration – directors’ fees	329	291
Legal	265	210
Management fees	229	250
Share-based compensation expense	490	723

Management fees were paid or accrued to a private company owned by the Executive Chairman of the Company. Consulting fees were paid or accrued to an officer of the Company.

As at December 31, 2024, the Company had amounts payable of \$122 to related parties (December 31, 2023 - \$39), of which \$122 (December 31, 2023 - \$39) relates to Chesapeake and \$Nil (December 31, 2023 - \$Nil) relates to Gunpoint. These amounts are unsecured and non-interest bearing, due on demand and are included in accounts payable and accrued liabilities.

On January 19, 2021, the Company closed the acquisition of Alderley Gold, a private British Columbia mining technology company (that was previously controlled by the former CEO of the Chesapeake Gold Corp.). Through the acquisition of Alderley Gold, the Company gained access to the Technology that is currently being used to determine the technical and commercial feasibility of the Metates project. 7,400,000 shares were issued to a company controlled by the former CEO. The remaining 2,600,000 shares were issued to non-related parties. As at December 31, 2024, 6,290,000 shares issued to a Company controlled by the former CEO are still held in escrow.

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

13. Capital management

The capital of the Company consists of items included in shareholders' equity net of cash. 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 as follows:

	December 31, 2024	December 31, 2023
Total equity for owners	\$ 146,170	\$ 149,048
Less: cash	(10,989)	(19,823)
	135,181	129,225

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 December 31, 2024, 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. There were no changes in the Company's approach to capital management during the year ended December 31, 2024.

14. Segment disclosures

The Company operates in one operating segment (Note 1) in three countries. Details of the investments in exploration and evaluation assets are disclosed in Note 8. The Company's assets by country are:

December 31, 2024	Canada	Mexico	USA	Total
Cash	\$ 10,719	\$ 213	\$ 57	\$ 10,989
Other receivables and prepaid expenses	363	1,035	-	1,398
Long-term investments	171	-	465	636
Exploration and evaluation assets	51,047	91,174	5,611	147,832
Reclamation bonds	-	-	384	384
Equipment	-	44	-	44
Total assets	\$ 62,300	\$ 92,466	\$ 6,517	\$ 161,283
Loss for the year ended	\$ 2,059	\$ 475	\$ 155	\$ 2,689
December 31, 2023	Canada	Mexico	USA	Total
Cash	\$ 19,581	\$ 229	\$ 13	\$ 19,823
Other receivables and prepaid expenses	467	1,286	-	1,753
Long-term investments	-	-	465	465
Exploration and evaluation assets	45,128	91,421	5,346	141,895
Reclamation bonds	-	-	356	356
Equipment	-	21	-	21
Total assets	\$ 65,176	\$ 92,957	\$ 6,180	\$ 164,313
Loss for the year ended	\$ (4,914)	\$ (599)	\$ (484)	\$ (5,997)

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

15. Income taxes

The income taxes shown in the consolidated statement of loss differ from the amounts obtained by applying statutory rates to the earnings before provision for income taxes due to the following:

	Year ended December 31,	
	2024	2023
Loss before income taxes	\$ (3,146)	\$ (4,254)
Income tax recovery at statutory rates (2024 – 27%; 2023 – 27%)	850	1,149
Difference in foreign tax rates	(7)	(5)
Non-deductible expenses	(220)	(312)
Change in unrecognized deferred income tax asset	(310)	(1,002)
Tax losses expired	(174)	(847)
Foreign exchange and other	318	(726)
Deferred income tax (expense) recovery	\$ 457	\$ (1,743)

The components of deferred income taxes are as follows:

	2024	2023
Deferred income tax assets		
Operating losses carried forward	\$ 6,335	\$ 4,220
	\$ 6,335	\$ 4,220
Deferred tax liabilities		
Investment in mineral properties	(16,099)	(14,480)
Other	(529)	(489)
	\$ (16,628)	\$ (14,969)
Net deferred income tax liability	\$ (10,293)	\$ (10,749)

Unrecognized deductible temporary differences, unused tax losses and unused tax credits are attributed to the following:

	2024	2023
Operating losses carried forward	\$ 44,719	\$ 32,928
Equipment	8	8
Investment in mineral properties	832	2,671
Marketable securities and long-term investment	718	1,867
Other	4,538	967
	\$ 50,815	\$ 38,441

Chesapeake Gold Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(amounts expressed in thousands of Canadian dollars, except where indicated)

The following are the non-capital loss carry forwards as at December 31, 2024:

Expiry date	Canada	Mexico	USA
31-Dec-25	\$ 290	\$ 1,119	\$ 1
31-Dec-26	1,758	777	1,114
31-Dec-27	1,361	848	766
31-Dec-28	2,273	826	1,200
31-Dec-29	192	766	697
31-Dec-30	1,333	1,201	315
31-Dec-31	1,625	1,381	1,669
31-Dec-32	402	1,446	560
31-Dec-33	1,048	1,732	3,210
31-Dec-34	897	1,493	899
31-Dec-35	669	-	433
31-Dec-36	745	-	420
31-Dec-37	880	-	1,214
31-Dec-38	706	-	724
31-Dec-39	602	-	15
31-Dec-40	1,963	-	54
31-Dec-41	2,199	-	65
31-Dec-42	2,138	-	43
31-Dec-43	2,220	-	251
31-Dec-44	2,021	-	13
	\$ 25,322	\$ 11,589	\$ 13,663

16. Subsequent Events

- a) On February 26, 2025, the Company granted 100,000 options of the company at an exercise price of \$1 per share for a five-year term expiring February 26, 2030. The options will vest and be exercisable on the basis of 25 per cent annually, commencing February 26, 2026, the first anniversary of the date of the grant.