NOTICE

RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

Second quarter financial statements for the six months period ended June 30, 2022 and 2021 have not been reviewed by the auditors of Chesapeake Gold Corp.

CHESAPEAKE GOLD CORP.

"Erick Underwood"
ERICK UNDERWOOD
Chief Financial Officer

Chesapeake Gold Corp.

Condensed Consolidated Interim Financial Statements
Six Months Ended June 30, 2022 and 2021
(amounts expressed in thousands of Canadian dollars, except where indicated)

Chesapeake Gold Corp.

Consolidated Statements of Financial Position

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

	Note	June 30, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	6	$ 29,416	$ 31,817
Other receivables and prepaid expenses	5	1,129	816
Marketable securities	6,7	-	336
		30,545	32,969
Long-term investments	6,7	1,001	1,328
Investment in mineral properties	8	95,443	93,200
Equipment		28	29
Intangible asset		45,128	45,128
Reclamation bonds		260	257
Total assets		$ 172,405	$ 172,911
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 1,432	$ 1,538
Promissory note	9	-	700
		1,432	2,238
Deferred income tax liabilities		8,151	8,151
Decommissioning obligation		247	245
Total liabilities		9,830	10,634
Shareholders' equity			
Share capital	10	234,906	234,906
Reserves		28,490	28,450
Deficit		(103,343)	(102,841)
		160,053	160,515
Non-controlling interest ("NCI")		2,522	1,762
Total shareholders' equity		162,575	162,277
Total liabilities and shareholders' equity		$ 172,405	$ 172,911

Nature of operations (note 1)
Segmented disclosures (note 14)

Approved by the Board of Directors

__________"P. Randy Reifel"____________ Director __________"Christian Falck"__________ Director

Chesapeake Gold Corp.

Consolidated Statements of Loss and Comprehensive Loss

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

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
General and administration expenses					
Depreciation		$ (1)	$ (4)	$ (3)	$ (8)
Exploration		(137)	(64)	(198)	(135)
General and administrative	12	(554)	(505)	(1,022)	(919)
Management fees	12	(63)	(63)	(125)	(125)
Professional fees	12	(90)	(148)	(248)	(255)
Share-based compensation recovery (expense)	11	162	(838)	(371)	(1,663)
		(683)	(1,622)	(1,967)	(3,105)
Other income (expense)					
Finance income		65	52	100	132
Finance costs		(1)	(10)	(2)	(25)
Foreign exchange gain (loss)		(384)	(40)	(228)	(45)
Unrealized gain (loss) on marketable securities and investments	7	(624)	135	(176)	(503)
Gain from debt settlement	9	-	-	52	-
Other income		-	-	-	163
Net loss		(1,627)	(1,485)	(2,221)	(3,383)
Other comprehensive (loss) income					
Items that may be reclassified subsequently to net earnings:					
Cumulative translation adjustment		(186)	(117)	(287)	247
Total comprehensive loss		(1,813)	(1,602)	(2,508)	(3,136)
Net income (loss) attributable to					
Shareholders of the Company		(1,263)	(1,448)	(2,051)	(3,189)
Non-controlling interest		(364)	(37)	(170)	(194)
		(1,627)	(1,485)	(2,221)	(3,383)
Other comprehensive (loss) income attributable to					
Shareholders of the Company		(186)	(117)	(287)	247
Non-controlling interest		-		-	
Total other comprehensive (loss) income		$ (186)	$ (117)	$ (287)	$ 247
Loss per share – basic and diluted		$ (0.02)	$ (0.02)	$ (0.03)	$ (0.05)
Weighted average shares outstanding (000's) – basic and diluted		67,367	67,367	67,367	65,961

The accompanying notes are an integral part of these interim 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	Shares to be issued	Deficit	Total for owners	NCI	Total shareholders’ equity
Balance at January 1, 2022		67,367	$ 234,906	$ 26,117	$ 2,334	$ -	$ (102,841)	$ 160,515	$ 1,762	$ 162,277
Net loss for the period		-	-	-	-	-	(2,051)	(2,051)	(170)	(2,221)
Cumulative translation adjustment		-	-	-	(287)	-	-	(287)	-	(287)
Gunpoint share issuance	10	-	-	-	-	-	1,549	1,549	886	2,435
Share-based compensation charges	11	-	-	327	-	-	-	327	44	371
Balance at June 30, 2022		67,367	$ 234,906	$ 26,443	$ 2,047	$ -	$ (103,343)	$ 160,053	$ 2,522	$ 162,575
Balance at January 1, 2021		56,307	$ 186,032	$ 23,916	$ 2,059	$ 1,148	$ (95,675)	$ 117,480	$ 1,984	$ 119,464
Net loss for the period		-	-	-	-	-	(3,189)	(3,189)	(194)	(3,383)
Management fees – bonus shares		200	1,148	-	-	(1,148)	-	-	-	-
Cumulative translation adjustment		-	-	-	247	-	-	247	-	247
Share issued (in escrow)		10,000	45,000	-	-	-	-	45,000	-	45,000
Option exercised		860	2,726	(877)	-	-	-	1,849	-	1,849
Share-based compensation charges		-	-	1,660	-	-	-	1,660	3	1,663
Balance at June 30, 2021		67,367	$ 234,906	$ 24,699	$ 2,306	$ -	$ (98,864)	$ 163,047	$ 1,793	$ 164,840

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	Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
Cash flow used in operating activities					
Net loss for the period		$ (1,627)	$ (1,485)	$ (2,221)	(3,383)
Items not affecting cash					
Depreciation		1	4	3	8
Unrealized foreign exchange (gain) loss		385	40	228	45
Unrealized loss (gain) from marketable securities and investments		624	(135)	176	503
Share-based compensation (recovery) expense	11	(162)	838	371	1,663
Gain on debt settlement		-	-	(52)	-
Other income		-	-	-	(135)
		(779)	(738)	(1,495)	(1,299)
Changes in non-cash operating working capital					
Other receivables and prepaid expenses		(88)	(32)	(313)	(25)
Accounts payable and accrued liabilities		(569)	(147)	333	(88)
		(1,436)	(917)	(1,475)	(1,412)
Cash flows provided by financing activities					
Proceeds from employee's stock option gain in trust		-	652	-	652
Proceeds from private placement – Gunpoint Exploration Ltd.	10	-		1,455	-
Proceeds from exercised options		-	-	-	1,849
Repayment of employee's stock option gain in trust		-	(600)	-	(600)
Lease payment		-	(2)	-	(3)
		-	50	1,455	1,898
Cash flows used in investing activities					
Proceeds from sale of marketable securities		158	96	158	571
Purchase of marketable securities		-	(94)	-	(571)
Investment Alderley Gold		-		-	(37)
Lease - payment		-		-	(2)
Mineral property expenditures	8	(985)	(879)	(2,575)	(1,387)
		(827)	(877)	(2,417)	(1,426)
Foreign exchange impact on cash and cash equivalents		37	(77)	36	(108)
Increase (decrease) in cash and cash equivalents		(2,226)	(1,821)	(2,401)	(1,048)
Cash and cash equivalents – beginning of year		31,642	35,021	31,817	34,248
Cash and cash equivalents – end of period		$ 29,416	$ 33,200	$ 29,416	$ 33,200
Cash		$ 3,594	$ 214	$ 3,594	$ 214
Short-term investments		25,822	32,986	25,822	32,986
		$ 29,416	$ 33,200	$ 29,416	$ 33,200
Supplemental cash flow information (note 15)					

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

1. Nature of operations

Chesapeake Gold Corp. ("Chesapeake" or the "Company") is a Canadian mining company focused on the exploration and development of precious metal deposits in North and Central America. The Company is in the development stage and does not generate mining revenues from operations. The Company's operations are principally directed towards the development of the 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 at Suite 1201 – 1166 Alberni Street Street, Vancouver BC, V6E 3Z3, Canada.

As at June 30, 2022, the Company own 68% (December 31, 2021 – 75%)(note 9) 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.

The Company had a consolidated net loss of $2,221 (2021 – net loss of $3,383) for the six months ended June 30, 2022, and an accumulated deficit of $103,343 as at June 30, 2022 (December 31, 2021 - $102,841). The Company's working capital as at June 30, 2022 is $29,113 (December 31, 2021 - $30,731) and has sufficient resources to fund its exploration and development operations for more than a year.

On January 20, 2021, the Company closed the acquisition of Alderley Gold Corp. ("Alderley Gold"), a private British Columbia mining technology company.

COVID-19

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.

In June 2020, the Mexican federal government and the state of Durango lifted the suspension permitting the Company to resume its exploration activities. The Company has adopted proper safety protocols in respect to these regulations and does not expect any significant impact on its operations. At the end of current period, travel between countries is still significantly restricted. However, 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 in the future.

2. Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2021. In addition, the accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2021.

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

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 23, 2022.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

3. Estimates, risks, and uncertainties

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed consolidated interim 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 followings 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. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
ii. 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.
iii. Management is required to assess impairment in respect of its investment in mineral properties. 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 commercial 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.
iv. Although, the Company takes steps to verify title to mineral properties investments in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
v. Management is required to assess impairment in respect to its intangible assets on an annual basis. The triggering events are defined in IAS 36. In making the assessment, management is required to make judgments on the status of each project and the future plans towards economic benefits. Some intangible assets may be subjected to impairment in future periods.

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.
iii. Other significant accounting estimates include valuation of marketable securities, and long-term investments, carrying value of intangible assets, and carrying value of mineral properties.
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.

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

4. Significant accounting policies

Intangible assets

The Company's intangible assets consist of a sub-license of an atmospheric alkaline pre-oxidation process to enable the leaching of precious metals from sulphide ores (the "Technology"). The Technology oxidizes sulphide and transition ores using certain chemistry to manage pH and alkalinity thereby increasing recovery and reducing potential to turn acidic during cyanide leaching. It has a useful life of up to 20 years upon the completion of the patent process.

The Company's intangible assets are carried at cost less accumulated amortization and impairment. Amortization of the assets begins when the asset is available for use. Intangible assets are capitalized when the costs can be measured reliably and it is probable that the future economic benefits that are attributable to the asset will flow to the Company. Costs that do not meet the definition of capitalization under IAS 38, Intangible Assets, are expensed as incurred. Intangible assets are tested for impairment on an annual basis or when events or changes in circumstances indicate that the carrying value may not be recoverable through future discounted net cash flows from the use or disposal of the asset.

5. Other receivables and prepaid expenses

	June 30, 2022	December 31, 2021
Other receivables	$ 683	$ 419
Prepaid expenses	446	397
	$ 1,129	$ 816

6. Financial instruments and risk management

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	June 30, 2022		December 31, 2021	
	Carrying value $	**Fair value $**	**Carrying value $**	**Fair value $**
Financial assets				
Cash and cash equivalents	29,416	29,416	31,817	31,817
Marketable securities	-	-	336	336
Long-term investments	1,001	1,001	1,328	1,328
Financial liabilities				
Accounts payable and accrued liabilities	1,432	1,432	1,538	1,538
Promissory note	-	-	700	700

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.

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

	Level 1	Level 2	Level 3	Total, June 30, 2022
Marketable securities	-	-	-	-
Long-term investments	1,001	-	-	1,001
	$ 1,001	$ -	$ -	$ 1,001

	Level 1	Level 2	Level 3	Total, December 31, 2021
Marketable securities	336	-	-	336
Long-term investments	1,328	-	-	1,328
	$ 1,664	$ -	$ -	$ 1,664

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 six months ended June 30, 2022.

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, marketable securities, and long-term investments. The Company's cash and cash equivalents are held primarily through large Canadian financial institutions. The Company's marketable securities and 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 14. The accounts payable and accrued liabilities is due within the current operating period.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents. 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, Mexico, and Guatemala. Certain costs and expenses are incurred in US dollars, Mexican pesos, and Guatemala quetzal. The Company attempts to mitigate currency risk through the preparation of short and long-term expenditure budgets in the foreign currencies.

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

Price Risk

The Company is exposed to price risk with respect to its investments, which consists of common shares of publicly-traded companies and is dependent upon the market price or the fair value of the common shares of these companies. The market price or the fair value of the common shares of publicly-traded companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

7. Long-term investments and marketable securities

	December 31, 2021 Fair value	Acquired reclassified and FX	Proceeds received from sale	Realized and unrealized (loss)/gain	June 30, 2022 Fair value
Marketable securities	$ 336	$ (107)	$ (159)	$ (70)	$ -
Long-term investments	$ 1,328	$ (221)	$ -	$ (106)	$ 1,001

During the year ended December 31, 2021, Gunpoint acquired through an option agreement 1,000,000 common shares of Inomin Mines Inc. with a fair value of $135.

	December 31, 2020 Fair value	Acquired and reclassified	Proceeds received from sale	Realized and unrealized (loss)/gain	December 31, 2021 Fair value
Marketable securities	$ 1,547	$ 1,728	$ (3,396)	$ 457	$ 336
Long-term investments	$ 2,026	$ 153	$ -	$ (851)	$ 1,328

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

8. Investment in mineral properties

	Metates (a)	Yarely	Regional	Talapoosa (b)	Total
December 31, 2020	$ 77,720	$ 4,492	$ 1,902	$ 5,472	$ 89,586
Effect of foreign exchange on translation	254	15	6	-	275
Assays	28	158	-	-	186
Concession acquisition	66	-	202	-	268
Community, taxes, camp, and supplies	446	-	71	-	517
Drilling	865	-	-	-	865
Environmental	5	-	-	-	5
Geological and engineering	988	-	88	24	1,100
License, dues, and fees	-	-	-	273	273
Travel	146	-	28	-	174
Other	(58)	-	-	9	(49)
December 31, 2021	80,460	4,665	2,297	5,778	93,200
Effect of foreign exchange on translation	(305)	(18)	(9)	-	(332)
Assays	420	-	-	-	420
Concession acquisition	36	-	96	-	132
Community, taxes, camp, and supplies	24	-	2	-	26
Drilling	1,121	-	-	-	1,121
Environmental	5	-	-	-	5
Geological and engineering	643	-	22	76	741
License, dues, and fees	-	-	-	102	102
Travel	17	-	6	-	23
Other	-	-	-	5	5
June 30, 2022	82,421	4,647	2,414	5,961	95,443

a. Metates Project

The Company owns a 100% interest in the Metates project ("Metates") located in Durango State, Mexico. Metates is comprised of fourteen mineral concessions totaling 10,727 hectares. Metates hosts one of the largest undeveloped in-situ gold-silver deposits in the Americas. In July 2021, the results of Preliminary Economic Assessment (the "PEA") were published. The PEA focuses on the application of the sulphide heap leach technology as applied to the Metates project. The full report has been filed on SEDAR with an effective date of August 30, 2021. The report is available on SEDAR and the Company's website.

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$9.0 million).

On August 9, 2014, the Company entered into an agreement ("Agreement") whereby the Company has 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 $11,972.2 (US$9,000) from WPM.

b. Talapoosa

Gunpoint owns a 100% interest in the Talapoosa property ("Talapoosa") which consists of 535 unpatented lode mining claims in Nevada. Gunpoint owns 509 claims and 26 claims 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 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 US$89.

c. 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"). At present, Chesapeake has an option agreement over one of El Duraznito Claims (Teresa). The Company will provide US$78 in staged payments over 3 years 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 the Mine Construction, The Company will have acquired 100% interest in the Teresa claim with a final US$150 final payment.

The El Duraznito Project second claim agreement is still being finalized and expected to be completed before the end of 2022.

9. Promissory note

As at June 30, 2022, Gunpoint has a promissory note in the principal amount of $nil (2021 - $700) due to the Director of the Company. The promissory note is unsecured, bears interest at 5% per annum, and is due on demand.

On January 18, 2022, Gunpoint issued 1,720,000 Gunpoint shares for the settlement of debt owed to the Company and 1,733,333 common shares for the settlement of the promissory note of $700 and the accrued interest owed of $334. The fair value of the shares issued was $982, resulting a $52 gain on settlement.

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 June 30, 2022, 9,875,000 (December 31, 2021 – 10,375,000) common shares were held in escrow, subject to release upon approval of the regulatory authorities.

Six months ended June 30, 2022

a) During the period ended June 30, 2022, Gunpoint issued 3,443,333 common shares in shares for debenture transaction and raised $1,455 through the issuance of 3,000,000 common shares. The common shares issuance from Gunpoint diluted the Company's share ownership to 68%. This dilution resulted in an increase of NCI by $886 and decrease in retained deficit of $1,549.

Year ended December 31, 2021

b) On January 19, 2021, the Company issued 10,000,000 common shares with a fair value of $45,000 as part of the acquisition of Alderley. The common shares were issued into escrow with release based on time and milestone conditions over 7 years.

c) On January 27, 2021, the Company issued 200,000 common shares with a fair value of $1,148 as bonus compensation shares to the President of the Company that was declared in December 2020.

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

d) During the year ended December 31, 2021, the Company issued 860,000 common shares for proceeds of $1,849 pursuant to the exercise of stock options with an exercise price of $2.15 per share. As part of the issuance, $877 was transferred from share-based compensation reserves to share capital.

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 June 30, 2022, the remaining share options available for issue under the plan were 1,963,187 (December 31, 2021 – 1,963,187).

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, 2021, there are no room for further issuance), representing approximately 0.30% of the current issued and outstanding common shares. In addition, in any calendar year, the number of bonus common shares issuable to insiders of the Company, also taking options into account, is limited to 0.5% of the total number of common shares which were issued and outstanding at the end of the preceding calendar year, 10% of the issued and outstanding common shares, and no more than 5% of the issued and outstanding shares to any one person in a 12-month period.

On January 19, 2021, the Company granted 300,000 stock options to the directors of the Company. These options vest equally over 4 years with the first vesting date on January 19, 2022, with an exercise price of $4.55 and an expiry date of January 19, 2026. On March 24, 2021, 150,000 of these stock options were cancelled due to the resignation of a director.

On May 31, 2021, the Company granted 73,500 incentive stock options to an officer at an exercise price of $4.37 per share for a term of 5 years. The stock options will vest and be exercisable on the basis of 25% annually, commencing May 31, 2022, the first anniversary of the date of the grant.

Of these stock options, the Company assisted the exercising of some of these stock options on behalf of the option holders through the Company's corporate investment account. The Company received $760 of option holder's gains in trust. During the year ended December 31, 2021, the Company repaid $653 of the amount owed to the option holders, resulting in an outstanding amount of $107.

The weighted average fair value per stock options granted for the six months ended June 30, 2022 was $3.89 (December 31, 2021 - $3.89).

	June 30, 2022		**December 31, 2021**	
	Number of options (000's)	**Weighted average exercise price**	**Number of options (000's)**	**Weighted average exercise price**
Outstanding – beginning of year	4,773	$ 3.89	5,955	$ 3.57
Granted	-	-	373	4.51
Exercised	-	-	(860)	2.15
Cancelled	(450)	4.56	(174)	4.44
Forfeited/Expired	-	-	(521)	3.36
Outstanding – end of period	4,323	$ 3.46	4,773	$ 3.89

The fair value of common shares issued upon exercise of stock options was $4.08 (December 31, 2021 - $4.08) per share.

The following table discloses the number of options and vested options outstanding as at June 30, 2022:

Number of options ('000s)	Number of options vested ('000s)	Exercise price	Expiry Date
150	150	$ 4.56	13-Sept-22
635	635	3.75	27-Sept-22
1,665	1,665	3.30	29-Aug-24
400	200	3.15	14-May-25
1,250	313	4.56	10-Dec-25
150	38	4.55	19-Jan-26
73	18	4.37	31-May-26
4,323	3,019	3.46	

The following table discloses the number of options and vested options outstanding as at December 31, 2021:

Number of options ('000s)	Number of options vested ('000s)	Exercise price	Expiry Date
635	635	$ 3.75	27-Sept-22
1,665	1,665	3.30	29-Aug-24
400	100	3.15	14-May-25
1,850	462	4.56	10-Dec-25
150	-	4.55	19-Jan-26
73	-	4.37	31-May-26
4,773	2,862	3.89	

During the six months ended June 30, 2022, the Company recognized $371 (2021 - $1,663) as share-based compensation expense, of which $232 (2021 - $1,651) relates to the Company and $139 (2021 – $12) to Gunpoint.

The weighted average contractual life of outstanding stock options as at June 30, 2022 was 2.11 years (December 31, 2021 - 3.89).

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

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 and are considered to be at arm's length.

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 three months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Consulting	$ 28	$ 30	$ 125	$ 99
General and administration – salary	92	138	180	275
General and administration – directors' fees	60	60	120	120
General and administration - rental	-	6	-	12
Legal	16	113	81	165
Management fees	62	63	125	125
Share-based compensation (recovery) expense	(75)	724	315	1,431

Management and rental fees were paid or accrued to a private company owned by the Director. Consulting fees were paid or accrued to directors of the Company.

As at June 30, 2022 the Company had amounts payable of $145 to related parties (December 31, 2021 - $205) These amounts are unsecured and non-interest bearing, due on demand and are included in accounts payable and accrued liabilities.

As at June 30, 2022, Gunpoint has a promissory note in the principal amount of $nil (2021 - $700) and $nil (December 31, 2021 - $334) of interest payable included in accounts payables and accrued liabilities due to the Director of the Company (Note 9).

As at June 30, 2022, the Company held $nil (December 31, 2021 - $107) of marketable securities and a corresponding payable of $107 (December 31, 2021 - $107) in trust for one of its employees related to the exercise of stock options.

13. Capital management

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

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

	June 30, 2022	**December 31, 2021**
Total equity for owners	$ 160,053	$ 160,515
Less: cash	(29,416)	(31,817)
	130,637	128,698

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 June 30, 2022, 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.

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

14. Segment disclosures

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

June 30, 2022	Canada	Mexico	USA	Total
Cash	$ 29,209	$ 192	$ 15	$ 29,416
Other receivables and prepaid expenses	269	860	-	1,129
Marketable securities	-	-	-	-
	29,478	1,052	15	30,545
Long-term investments	382	-	619	1,001
Investment in mineral properties	-	89,483	5,960	95,443
Other long-term assets	45,128	-	-	45,128
Reclamation bonds		-	260	260
Equipment	-	28	-	28
Total assets	$ 74,988	$ 90,563	$ 6,854	$ 172,405
Segment income (loss) for the three months ended	$ (2,142)	$ 55	$ 460	$ (1,627)
Segment income (loss) for the six months ended	$ (2,672)	$ 131	$ 320	$ (2,221)

June 30, 2021	Canada	Mexico	USA	Total
Cash	$ 33,103	$ 60	$ 37	$ 33,200
Other receivables and prepaid expenses	36	519	-	555
Marketable securities	1,861	-	-	1,861
	35,000	579	37	35,616
Long-term investments	521	-	840	1,361
Investment in mineral properties	-	85,644	5,576	91,220
Intangible assets	45,128	-	-	45,128
Other long-term assets	34	-	218	252
Equipment	-	34	-	34
Total assets	$ 80,683	$ 86,257	$ 6,670	$ 173,611
Segment income (loss) for the three months ended	$ (1,262)	$ (76)	$ (147)	$ (1,485)
Segment income (loss) for the six months ended	$ (2,462)	$ (155)	$ (766)	$ (3,383)

15. Supplemental cash flow information

	Six months ended June 30,	
	2022	2021
Promissory note settled from issuance of Gunpoint common shares (note 9)	$ 1,032	$ -
Marketable securities transferred to settle payable (note 7)	107	-