



Chesapeake Gold Corp.

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2024 and 2023

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

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

	Note	As at	
		March 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	6	\$ 18,316	\$ 19,823
Other receivables and prepaid expenses	5	1,990	1,753
Total current assets		20,306	21,576
Long-term investments	6,7	508	465
Exploration and evaluation assets	8	144,016	141,895
Equipment	9	179	21
Reclamation bonds		364	356
Total assets		\$ 165,373	\$ 164,313
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6, 12	\$ 2,050	\$ 1,784
Total current liabilities		2,050	1,784
Deferred income tax liabilities		10,749	10,749
Decommissioning obligation		352	344
Total liabilities		13,151	12,877
Shareholders' equity			
Share capital	10	234,906	234,906
Reserves		33,176	31,799
Deficit		(118,231)	(117,657)
Shareholders' equity – attributable to the shareholders		149,851	149,048
Non-controlling interest ("NCI")		2,371	2,388
Total shareholders' equity		152,222	151,436
Total liabilities and shareholders' equity		\$ 165,373	\$ 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 condensed consolidated interim financial statements.

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Income

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

	Notes	Three Months Ended March 31,	
		2024	2023 (restated - Note 15)
General and administration expenses			
Depreciation	9	\$ (4)	\$ (2)
Exploration		(2)	(34)
General and administrative	12	(455)	(534)
Management fees	12	(62)	(62)
Professional fees	12	(293)	(107)
Share-based compensation expense	11, 12	(223)	(284)
Total general and administration expenses		(1,039)	(1,024)
Other income (expense)			
Finance income		419	191
Finance costs		-	(1)
Foreign exchange (loss) gain		(21)	37
Unrealized gain (loss) on long-term investments	7	18	(162)
Other income		10	-
Total other income (expenses)		426	65
Net Loss		(613)	(959)
Other comprehensive income			
Items that may be reclassified subsequently to net loss:			
Cumulative translation adjustment		1,176	1,798
Total comprehensive income		563	839
Net income (loss) attributable to			
Shareholders of the Company		(574)	(860)
Non-controlling interest		(39)	(99)
Total net loss		(613)	(959)
Other comprehensive income attributable to			
Shareholders of the Company		1,176	1,798
Non-controlling interest		-	-
Total other comprehensive income		\$ 1,176	\$ 1,798
Loss per share – basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average shares outstanding (000's) – basic and diluted		67,367	67,367

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

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

	Note	Shares ('000)	Attributable to Shareholders of the Company							
			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, 2023		67,367	\$ 234,906	\$ 27,144	\$ 932	\$ -	\$ (112,012)	\$ 150,970	\$ 2,688	\$ 153,658
Net loss for the period		-	-	-	-	-	(860)	(860)	(99)	(959)
Cumulative translation adjustment (restated – Note 15)		-	-	-	1,798	-	-	1,798	-	1,798
Share-based compensation expense	11	-	-	262	-	-	-	262	22	284
Balance at March 31, 2023 (restated - Note 15)		67,367	\$ 234,906	\$ 27,144	\$ 2,730	-	\$ (112,012)	\$ 152,170	\$ 2,688	\$ 154,781
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 period		-	-	-	-	-	(574)	(574)	(39)	(613)
Cumulative translation adjustment		-	-	-	1,176	-	-	1,176	-	1,176
Share-based compensation expense	11	-	-	201	-	-	-	201	22	223
Balance at March 31, 2024		67,367	\$ 234,906	\$ 28,252	\$ 4,924	\$ -	\$ (118,231)	\$ 149,851	\$ 2,371	\$ 152,222

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows

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

	Note	Three Months Ended March 31,	
		2024	2023
Cash flow used in operating activities			
Net loss for the period		\$ (613)	\$ (959)
Items not affecting cash			
Depreciation	9	4	2
Unrealized foreign exchange gain (loss)		21	(37)
Unrealized loss (gain) from long term investments		(18)	162
Share-based compensation expense	11	223	284
Changes in non-cash operating working capital			
Other receivables and prepaid expenses		(143)	(73)
Accounts payable and accrued liabilities		334	39
Total cash outflows from operating activities		(192)	(582)
Cash flows used in investing activities			
Purchase of long-term investments		(25)	-
Proceeds from option agreement	8(b)	-	1,005
Recovery of exploration expenditures	8(b)	4	-
Purchase of equipment		(162)	(2)
Reclamation deposit		-	(86)
Exploration and evaluation expenditures	8	(1,144)	(520)
Total cash inflows (outflows) from investing activities		(1,327)	397
Foreign exchange impact on cash and cash equivalents		12	58
Decrease in cash and cash equivalents		(1,507)	(127)
Cash and cash equivalents – beginning of period		19,823	25,673
Cash and cash equivalents – end of period		\$ 18,316	\$ 25,546
Cash		\$ 2,420	\$ 2,327
Cash equivalents		\$ 15,896	\$ 23,219
		\$ 18,316	\$ 25,546

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

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - 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 March 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 \$613 (2023 – net loss of \$959) for the three months ended March 31, 2024, and an accumulated deficit of \$118,231 as at March 31, 2024 (December 31, 2023 - \$117,657). The Company’s working capital as at March 31, 2024 is \$18,256 (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 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 IFRS Accounting Standards (“IFRS Accounting Standards”) 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, 2023.

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, 2023. 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, 2023.

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 May 27, 2024.

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.

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

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3. Estimates, risks, and uncertainties

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these 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 condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim 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 condensed consolidated interim 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.

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 marketable securities, and long-term investments, and carrying value of exploration and evaluation assets.
- 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.

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4. Material accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in notes 2, 3 and 4 to the Company's audited consolidated financial statements for the year ended December 31, 2023.

Recent accounting pronouncements

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

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 amendment has had no impact on the Company's condensed consolidated interim financial statements on adoption.

5. Other receivables and prepaid expenses

	March 31, 2024	December 31, 2023
Other receivables	\$ 1,208	\$ 1,057
Prepaid expenses	782	696
	\$ 1,990	\$ 1,753

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6. Financial instruments and risk management

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	March 31, 2024		December 31, 2023	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
Cash and cash equivalents	18,316	18,316	19,823	19,823
Long-term investments	508	508	465	465
Financial liabilities				
Accounts payable and accrued liabilities	2,050	2,050	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, March 31, 2024
Long-term investments	508	-	-	508
	\$ 508	\$ -	\$ -	\$ 508

	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 period ended March 31, 2024.

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, marketable securities, and 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.

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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.

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 condensed consolidated interim statement of loss and comprehensive income. The Company attempts to mitigate currency risk through the preparation of short and long-term expenditure budgets in the foreign currencies.

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Notes to the Condensed Consolidated Interim Financial Statements

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

7. Long-term investments

	December 31, 2023 Fair value	Acquired and FX	Proceeds received from sale	Realized and unrealized (loss)/gain	March 31, 2024 Fair value
Long-term investments	\$ 465	\$ 25	\$ -	\$ 18	\$ 508

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, 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

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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

8. Exploration and evaluation assets

	Metates (a, d)	Regional (c)	Talapoosa (b)	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 (b)	-	-	(1,181)	(1,181)
Impairment (c, e)	-	(109)	-	(109)
December 31, 2023	132,565	3,984	5,346	141,895
Effect of foreign exchange on translation	785	195	-	980
Assays	97	35	-	132
Concession acquisition	68	130	-	198
Community, taxes, camp, and supplies	49	18	-	67
Drilling	-	138	-	138
Environmental	22	-	-	22
Geological and engineering	364	181	1	546
License, dues, and fees	-	-	2	2
Travel and other	25	15	-	40
Recovery from option agreement (b)	-	-	(4)	(4)
March 31, 2024	133,975	4,696	5,345	144,016

a. Metates Project

The Company owns a 100% interest in the Metates project (“Metates”) 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.

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

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, based on advice from Mexican legal 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. The Company's Mexican legal counsel has initiated legal proceedings against the DGM with the Federal Court of Administrative Justice in the state of Durango to contest the legality of the cancellation of the San Vicente 3 mineral concession on the grounds that: (i) the DGM failed to comply with mandated cancellation procedures in accordance with applicable legislation; and (ii) the DGM determined, erroneously, that evidence submitted in support of the exploration work was insufficient. The Company intends to vigorously defend its position with respect to the San Vicente 3 mineral concession.

On May 3, 2023, the Company initiated legal proceedings against the Dirección General de Minas of Mexico ("DGM") with the Federal Court of Administrative Justice in the state of Durango, Mexico, in response to the DGM's cancellation of the San Vicente 3 mineral concession. The San Vicente 3 mineral concession is one of 12 mineral concessions comprising the Metates property and encompasses a portion of the Metates mineral resource.

b. 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 \$116.39 (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 has the right to acquire, in multiple stages, up to a 75% interest in Appaloosa for cumulative exploration and development expenditures of \$46.29 (US\$35) million, cash payments totaling \$6.61 (US\$5) million to Gunpoint and completing a minimum indicated resource estimate of 1.0 million gold ounces.

In September 2022, Gunpoint received \$322,000 (US\$250,000) upon signing the Newcrest Agreement. In January 2023, Newcrest elected to enter into the Option Phase and continue to explore Appaloosa by providing a \$1,005,000 (US\$750,000) cash payment to the Company in January 2023. The Option Phase is 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.

c. 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 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 mine construction, the Company will have acquired 100% interest in the Teresa claim with a final US\$150 final payment. During 2022 the Teresa option agreement continued in good standing. However, the Teresa 2023 payment was on standby pending of legal resolutions between the owner and the Mexican Mines Office (DGM). The 2023 payment that was pending has been made during three months ended March 31, 2024 as the legal issue has been resolved and the Company acquired 60% of the Teresa claim.

The El Duraznito Project second claim is under negotiation.

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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 expects to continue exploring 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)

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.

d. 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);
- 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).

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 three months ended March 31, 2024, there was no further impairment on the Company's exploration assets.

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9. Equipment

Cost	Exploration Equipment
Cost as at December 31, 2022	\$ 140
Additions	4
Cost as at December 31, 2023	144
Additions	162
Cost as at March 31, 2024	\$ 306

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	(4)
Accumulated depreciation as at December 31, 2023	\$ (127)

Carrying Amount	Exploration Equipment
Carrying value as at December 31, 2023	\$ 21
Carrying value as at March 31, 2024	\$ 179

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 March 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.

Three months ended March 31, 2024

There were no share transactions during the three months ended March 31, 2024.

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 March 31, 2024, the remaining share options available for issue under the plan were 2,711,437 (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

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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 March 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 March 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 per cent annually, commencing December 4, 2024, 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:

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

The weighted average fair value per stock options granted for the period	March 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	-	-	520	2.10
Exercised	-	-	-	-
Cancelled	-	-	-	-
Forfeited/Expired	-	-	(243)	4.29
Outstanding – end of year	4,025	\$ 3.55	4,025	\$ 3.55

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

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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	113	4.55	19-Jan-26
40	10	1.92	28-Sept-27
200	50	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	3,076	\$ 3.55	

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	

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During the three months ended March 31, 2024, the Company recognized \$223 (2023 - \$284) as share-based compensation expense, of which \$201 (2023 - \$262) relates to the Company and \$22 (2023 - \$22) related to the NCI of Gunpoint.

The weighted average contractual life of outstanding stock options as at March 31, 2024 was 1.46 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 period ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
Consulting	\$ 41	\$ 52
General and administration – salary	70	88
General and administration – directors' fees	79	60
Legal	62	23
Management fees	63	63
Share-based compensation expense	207	35

Management and rental 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 March 31, 2024, the Company had amounts payable of \$108 to related parties (December 31, 2023 - \$39), of which \$108 (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 March 31, 2024, 6,290,000 shares issued to a Company controlled by the former CEO are still held in escrow.

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:

	March 31, 2024	December 31, 2023
Total equity for owners	\$ 149,851	\$ 149,048
Less: cash	(18,316)	(19,823)
	131,535	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 March 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

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which the Company has not complied. There were no changes in the Company's approach to capital management during the three months ended March 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:

March 31, 2024	Canada	Mexico	USA	Total
Cash	\$ 18,034	\$ 272	\$ 9	\$ 18,316
Other receivables and prepaid expenses	519	1,471	-	1,990
Long-term investments	43	-	465	508
Exploration and evaluation assets	45,128	93,543	5,345	144,016
Reclamation bonds	-	-	364	364
Equipment	-	179	-	179
Total assets	\$ 63,725	\$ 95,465	\$ 6,183	\$ 165,373
Loss for the three months ended	\$ (427)	\$ (100)	\$ (86)	\$ (613)
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 three months ended March 31, 2023	\$ (641)	\$ (79)	\$ (239)	\$ (959)

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15. Restatement

During the fourth quarter ended December 31, 2023, the Company recalculated the foreign exchange effect on its exploration assets and determined that there would be a net increase of \$4,575. This adjustment was applied to each quarterly period retrospectively. The impact on the condensed consolidated interim statement of financial position and the condensed consolidated interim statement of loss and comprehensive loss is as follows:

	March 31, 2023 as reported	March 31, 2023 as restated
Exploration and evaluation asset	\$134,747	\$137,726
Total Assets	\$162,931	\$165,910
Reserves	\$27,157	\$30,136
Total Equity	\$151,802	\$154,781
Cumulative translation adjustment	\$(1,181)	\$1,798
Total comprehensive income (loss)	\$(2,140)	\$839

16. Subsequent Events

- On May 23, 2024, the Company announced that it and its wholly-owned subsidiary, Alderley Gold Corp. have entered into an agreement with Hycroft Mining Holding Corporation and its wholly owned subsidiaries, to acquire the patents, patent applications, technology and certain other rights to a leaching technology which are currently held under license from Hycroft by Alderley. Pursuant to the purchase agreement, Chesapeake has agreed to pay \$2-million in cash and to issue 1,026,518 common shares of the company for the intellectual property rights. The common shares will be subject to a hold period of four months and one day.