Chesapeake Gold Corp.

Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(amounts expressed in thousands of Canadian dollars, except where indicated)

Independent auditor's report

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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, 2023, and 2022 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, 2023 and 2022, 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Grant Thornton LLP

Toronto, Canada
April 22, 2024

Chartered Professional Accountants
Licensed Public Accountants

Chesapeake Gold Corp.

Consolidated Statements of Financial Position

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

		As at	
	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	6	$ 19,823	$ 25,673
Other receivables and prepaid expenses	5	1,753	1,373
Total current assets		21,576	27,046
Long-term investments	6,7	465	890
Exploration and evaluation assets	8	141,895	136,394
Equipment	9	21	27
Reclamation bonds		356	270
Total assets		$ 164,313	$ 164,627
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6, 13	$ 1,784	$ 1,705
Total current liabilities		1,784	1,705
Deferred income tax liabilities		10,749	9,006
Decommissioning obligation		344	258
Total liabilities		12,877	10,969
Shareholders’ equity			
Share capital	11	234,906	234,906
Reserves		31,799	28,076
Deficit		(117,657)	(112,012)
Shareholders’ equity – attributable to the shareholders		149,048	150,970
Non-controlling interest (“NCI”)		2,388	2,688
Total shareholders’ equity		151,436	153,658
Total liabilities and shareholders’ equity		$ 164,313	$ 164,627

Nature of operations (note 1)
Subsequent events (note 19)

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	Year Ended December 31, 2023	2022
General and administration expenses			
Depreciation	9	$ (10)	$ (9)
Exploration		(89)	(283)
General and administrative	13	(2,070)	(2,053)
Management fees	13	(250)	(250)
Professional fees	13	(917)	(638)
Share-based compensation expense	12, 13	(959)	(1,112)
Total general and administration expenses		(4,295)	(4,345)
Other income (expense)			
Finance income		800	467
Finance costs		(2)	(4)
Foreign exchange loss		(122)	(22)
Unrealized loss on marketable securities and investments	7	(425)	(520)
Impairment – exploration and evaluation asset	8	(109)	(5,831)
Impairment – VAT recoverable		(133)	-
Gain from debt settlement	10	-	52
Other income		32	68
Total other income (expenses)		41	(5,790)
Net Loss before income taxes		(4,254)	(10,135)
Deferred income tax expense		(1,743)	(855)
Net loss		(5,997)	(10,990)
Other comprehensive (loss) income			
Items that may be reclassified subsequently to net earnings:			
Cumulative translation adjustment		2,816	(1,402)
Total comprehensive loss		(3,181)	(12,392)
Net income (loss) attributable to			
Shareholders of the Company		(5,665)	(10,710)
Non-controlling interest		(332)	(280)
Total net (loss) income		(5,997)	(10,990)
Other comprehensive (loss) income attributable to			
Shareholders of the Company		2,816	(1,402)
Non-controlling interest		-	-
Total other comprehensive (loss) income		$ 2,816	$ (1,402)
Loss per share – basic and diluted		$ (0.09)	$ (0.16)
Weighted average shares outstanding (000's) – basic and diluted		67,367	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	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)	$ 160,516	$ 1,762	$ 162,278
Net loss for the year		-	-	-	-	-	(10,710)	(10,710)	(280)	(10,990)
Cumulative translation adjustment		-	-	-	(1,402)	-	-	(1,402)	-	(1,402)
Share-based compensation expense	11	-	-	1,027	-	-	-	1,027	85	1,112
Gunpoint share issuance	10	-	-	-	-	-	1,539	1,539	1,121	2,660
Balance at December 31, 2022		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	12	-	-	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

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)

Supplemental cash flow information (note 16)	**Note**	**Year Ended December 31, 2023**	**2022**
Cash flow used in operating activities			
Net loss for the year		$ (5,997)	$ (10,990)
Items not affecting cash			
Depreciation	9	10	9
Deferred income tax expense		1,743	855
Unrealized foreign exchange loss		48	22
Unrealized loss (gain) from marketable securities and investments		425	520
Share-based compensation expense	12	959	1,112
Gain on debt settlement		-	(52)
Impairment – Exploration and evaluation assets		109	5,831
Impairment – VAT recoverable		133	
Other Income		-	(12)
Changes in non-cash operating working capital			
Other receivables and prepaid expenses		(383)	(457)
Accounts payable and accrued liabilities		(107)	(1,336)
Total cash outflows from operating activities		(3,060)	(4,498)
Cash flows provided by financing activities			
Proceeds from private placement – Gunpoint Exploration Ltd.		-	1,455
Proceeds from exercise of options – Gunpoint Exploration Ltd.		12	225
Total cash inflows from financing activities		12	1,680
Cash flows used in investing activities			
Proceeds from sale of marketable securities		-	159
Proceeds from option agreement	8(b)	1,005	322
Recovery of exploration expenditures	8(b)	175	
Purchase of equipment		(4)	(7)
Reclamation deposit		(91)	
Exploration and evaluation expenditures	8	(3,909)	(3,957)
Total cash outflows from investing activities		(2,824)	(3,483)
Foreign exchange impact on cash and cash equivalents		22	157
Decrease in cash and cash equivalents		(5,850)	(6,144)
Cash and cash equivalents – beginning of year		25,673	31,817
Cash and cash equivalents – end of period		$ 19,823	$ 25,673
Cash		$ 1,790	$ 1,561
Cash Equivalents		$ 18,033	$ 24,112
		$ 19,823	$ 25,673

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 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, 2023, the Company owns 67% (December 31, 2022 – 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.

The Company had a consolidated net loss of $5,997 (2022 – net loss of $10,990) for the year ended December 31, 2023, and an accumulated deficit of $117,657 as at December 31, 2023 (December 31, 2022 - $112,012). The Company's working capital as at December 31, 2023 is $19,792 (December 31, 2022 - $25,341) 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 22, 2024.

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.

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.

4. Material accounting policies

Principles of consolidation

As at December 31, 2023, 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 are consolidated: 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.

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 subsidiary operates. 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.

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 with the objective of locating, defining and delineating mineral reserves on specific properties are capitalized as exploration and evaluation assets. 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 evaluated annually and then reclassified (subject to impairment test) as mineral properties upon completion of technical feasibility and commercial viability.

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%

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, 2023, the Company had 4,025,000 (2022 – 3,748,500) potentially dilutive shares relating to outstanding stock options.

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 and accrued liabilities, and promissory note 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

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.

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies.

The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS12)

The amendment clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. The amendments were applied effective January 1, 2023, and did not have a material impact on the Company's consolidated 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:

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:

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

- 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. Earlier application is permitted. The amendment is expected to have no impact on the Company's consolidated financial statements on adoption.

5. Other receivables and prepaid expenses

	December 31, 2023	December 31, 2022
Other receivables	$ 1,057	$ 822
Prepaid expenses	696	551
	$ 1,753	$ 1,373

6. Financial instruments and risk management

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	December 31, 2023		December 31, 2022	
	Carrying value $	**Fair value $**	**Carrying value $**	**Fair value $**
Financial assets				
Cash and cash equivalents	19,823	19,823	25,673	25,673
Long-term investments	465	465	890	890
Financial liabilities				
Accounts payable and accrued liabilities	1,784	1,784	1,705	1,705

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, 2023
Long-term investments	465	-	-	465
	$ 465	$ -	$ -	$ 465

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

	Level 1	Level 2	Level 3	Total, December 31, 2022
Long-term investments	890	-	-	890
	$ 890	$ -	$ -	$ 890

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, 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, 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.

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, 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 $30 on the consolidated statement of loss and comprehensive loss. 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)

7. Long-term investments and marketable securities

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

Marketable securities and 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, 2021 Fair value	Acquired reclassified and	Proceeds received from sale	Realized and unrealized (loss)/gain	December 31, 2022 Fair value
Marketable securities	$ 336	$ (107)	$ (159)	$ (70)	$ -
Long-term investments	$ 1,328	$ 12	$ -	$ (450)	$ 890

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

8. Exploration and evaluation assets

	Metates (a, d)	Yarely	Regional (c)	Talapoosa (b)	Total
December 31, 2021	125,588	4,665	3,684	5,778	139,715
Effect of foreign exchange on translation	(1,442)	-	(150)	-	(1,592)
Assays	77	-	14	-	91
Concession acquisition	316	-	240	-	556
Community, taxes, camp, and supplies	409	-	18	-	427
Drilling	1,344	-	-	-	1,344
Environmental	120	-	-	-	120
Geological and engineering	1,133	-	84	257	1,474
License, dues, and fees	-	-	-	272	272
Travel and other	86	-	18	36	140
Recovery from option agreement (b)	-	-	-	(322)	(322)
Impairment (f)	-	(4,665)	(1,166)	-	(5,831)
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, d)	-	-	(109)	-	(109)
December 31, 2023	132,565	-	3,984	5,346	141,895

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 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.

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

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 $89.94 (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.

Stage	Payment (in '000)	Expenditure	Newcrest Interest %	Time Schedule
Investigation	$322 (US$250 received)	-	-	Until January 21, 2023
Option Phase	US$750 (received)	US$2,000,000*	-	18 months
Stage 1	US$1,500	US$10,000,000	51%	3 years
Stage 2**	US$1,000	US$23,000,000	65%	3 years
Stage 3	US$1,500	Minimum mineral resource estimate of 1.0 million gold ounces	75%	2 years

*Minimum expenditure commitment required by Newcrest if it elects to enter into the Option Phase

**If Newcrest elects to terminate Stage 2 or does not earn the additional 14%, Newcrest's interest in Appaloosa will decrease to a 49% interest

c. Regional

During 2020 – early 2021, the Company completed the regional exploration on the eastern flank of Metates. Three gold-silver prospects, Crisy, San Javier and Cerro Pelon, were explored within different regional structural settings associated with intermediate composition intrusive rocks. San Javier and Cerro Pelon Projects were dropped due to exploration results. During the year ended December 31, 2023, the Company fully acquired the Crisy property and the project currently sits in standby as the Company focuses its efforts on active exploration programs.

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 has been pending was made during 2024 as the legal issue has been resolved.

The El Duraznito Project second claim agreement was finalized subsequent to year end and the Company exercised its option to earn into the 60% ownership.

Lucy (Sinaloa State, Mexico)

Lucy was staked by Chesapeake in 2017and 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 30, 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 on other regional projects.

Tatatila (Veracruz State, Mexico)

The project is currently on standby as the Company focuses on other regional projects.

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 the 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”);

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

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).

The Company accounted for the Alderley Gold acquisition in accordance with IFRS 3, Business Combinations, and has elected to utilize the optional concentration test to treat the transaction as an acquisition of assets. The purchase price allocation of the transaction is summarized as follows:

Fair value of common shares issued	$	45,000
Transaction cost – deferred charges and other		128
Total consideration allocated to exploration and evaluation assets		**45,128**

During the year ended December 31, 2022, the Company determined the sub-licensed technology acquired through the acquisition of Alderley, which was accounted for as an asset acquisition under IFRS 3, to be an integral part of the Metates project. As a result, the Company reclassified the carrying value of the Technology in the amount of $45,128 from Intangible Assets in accordance with IAS 38 to Exploration and Evaluation Assets in accordance with IFRS 6. The reclassification resulted in a $45,128 reduction to Intangible Assets and a corresponding increase in Exploration and Evaluation Assets as at December 31, 2021. This reclassification was applied retrospectively on the balance sheet, with no impact to earnings or the statement of cash flow. The reclassification was determined in 2022 to accord with the principal application of the Technology in 2022 and going forward as a principal and fundamental contributor to the future enhancement of the Metates project. As the Technology is now considered an integral component of the Metates Exploration and Evaluation Asset and accounted for as an Exploration and Evaluation Asset in accordance with IFRS 6, it is not subject to amortization, and instead is assessed for impairment at each reporting period, as required by IFRS 6.

e. Impairment

During the fiscal year ended December 31, 2022, the Company has discontinued its exploration efforts for the Yarely project and certain areas of Regional, resulting an impairment of $5,831. 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.

9. Equipment

Cost	Exploration Equipment	
Cost as at December 31, 2021	$	133
Additions		7
Cost as at December 31, 2022		140
Additions		4
Cost as at December 31, 2023	$	144

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

Accumulated Depreciation	Exploration Equipment
Accumulated depreciation as at December 31, 2021	$ (104)
Depreciation expense	(9)
Accumulated depreciation as at December 31, 2022	(113)
Depreciation expense	(10)
Accumulated depreciation as at December 31, 2023	$ (123)

Carrying Amount	Exploration Equipment
Carrying value as at December 31, 2022	$ 27
Carrying value as at December 31, 2023	$ 21

10. Promissory note

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.

11. 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, 2023, 9,000,000 (December 31, 2022 – 9,712,500) 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, 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.

Year ended December 31, 2022

b) During the year ended December 31, 2022, Gunpoint issued 3,443,333 common shares for a 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 67%. This dilution resulted in an increase of NCI by $886 and decrease in retained deficit of $1,549.

12. 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, 2023, the remaining share options available for issue under the plan were 2,711,437 (December 31, 2022 – 2,988,186).

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, 2022 and 2023, there is no room for further issuance), representing approximately 0.30% of the current issued and outstanding common shares as at December 31, 2022 and 2023. 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.

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

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 Dec. 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.

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 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 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 September 28, 2022, the Company granted 60,000 stock options to officers of the Company. These options vest and are exercisable 25% annually with the first anniversary of the date of the grant commencing September 28, 2023, with an exercise price of $1.92 per share for a 5 year term expiring September 28, 2027.

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

	Year ended December 31, 2023	Year ended December 31, 2022
Risk-free interest rate	**3.15 %**	3.15 %
Expected life (years)	**5**	5
Expected volatility	**73%**	70%
Forfeiture rate	**0%**	0%

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 in the prior year. During the year ended December 31, 2022, the Company repaid $107 of the amount owed to the option holders, resulting in an outstanding amount of $nil
.

The weighted average fair value per stock options granted for the period	**December 31, 2023**		**December 31, 2022**	
	Number of options (000's)	**Weighted average exercise price**	**Number of options (000's)**	**Weighted average exercise price**
Outstanding – beginning of year	3,748	$ 3.80	4,773	$ 3.89
Granted	520	2.10	60	1.92
Exercised	-	-	-	-
Cancelled	-	-	-	-
Forfeited/Expired	(243)	4.29	(1,085)	3.98
Outstanding – end of year	4,025	$ 3.55	3,748	$ 3.80

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	

The following table discloses the number of options and vested options outstanding as at December 31, 2022:

Number of options ('000s)	Number of options vested ('000s)	Exercise price	Expiry Date
1,665	1,665	3.30	29-Aug-24
400	200	3.15	14-May-25
1,400	775	4.56	10-Dec-25
150	38	4.55	19-Jan-26
73	18	4.37	31-May-26
60	-	1.92	28-Sept-27
3,748	2,696	3.80	

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

During the year ended December 30, 2023, the Company recognized $959 (2022 - $1,112) as share-based compensation expense, of which $907 (2022 - $1,027) relates to the Company and $52 (2022 – $85) related to the NCI of Gunpoint.

The weighted average contractual life of outstanding stock options as at December 31, 2023 was 1.71 years (December 31, 2022 – 2.36).

13. 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 December 31, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Consulting	$ 192	$ 250
General and administration – salary	476	355
General and administration – directors' fees	291	248
Legal	210	200
Management fees	250	250
Share-based compensation expense	723	760

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 December 31, 2023, the Company had amounts payable of $39 to related parties (December 31, 2022 - $64), of which $39 (December 31, 2022 - $47) relates to Chesapeake and $Nil (December 31, 2022 - $17) 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 the 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, 2023, 6,660,000 shares are still held in escrow.

As at December 31, 2023, the Company had a payable of $Nil (December 31, 2022 - $107) in trust for one of its employees related to the exercise of stock options.

14. 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, 2023	December 31, 2022
Total equity for owners	$ 149,048	$ 150,970
Less: cash	(19,823)	(25,673)
	129,225	125,297

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

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, 2023, 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.

15. 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, 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)

December 31, 2022	Canada	Mexico	USA	Total
Cash	$ 25,493	$ 164	$ 16	$ 25,673
Other receivables and prepaid expenses	340	1,033	-	1,373
Long-term investments	350	-	540	890
Exploration and evaluation assets	45,128	85,245	6,021	136,394
Reclamation bonds	-	-	270	270
Equipment	-	27	-	27
Total assets	$ 71,311	$ 86,469	$ 6,847	$ 164,627
Loss for the year ended	$ (5,507)	$ (4,929)	$ (554)	$ (10,990)

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

16 Supplemental cash flow information

	Year Ended December 31,	
	2023	2022
Promissory note settled from issuance of Gunpoint common shares (note 10)	$ -	$ 1,032
Marketable securities transferred to settle payable (note 7)	-	107

17 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,	
	2023	2022
Loss before income taxes	$ (4,254)	$ (10,135)
Income tax recovery at statutory rates (2023 – 27%; 2022 – 27%)	1,149	2,736
Difference in foreign tax rates	(5)	108
Non-deductible expenses	(312)	(1,205)
Change in unrecognized deferred income tax asset	(1,002)	(1,611)
Tax losses expired	(847)	(991)
Foreign exchange and other	(726)	108
Deferred income tax (expense) recovery	$ (1,743)	$ (855)

The components of deferred income taxes are as follows:

	2023	2022
Deferred income tax assets		
Operating losses carried forward	$ 4,220	$ 4,509
	$ 4,220	$ 4,509
Deferred tax liabilities		
Investment in mineral properties	(14,480)	(12,957)
Other	(489)	(559)
	$ (14,969)	$ (13,516)
Net deferred income tax liability	$ (10,749)	$ (9,007)

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

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

	2023	2022
Operating losses carried forward	**$ 32,928**	$ 30,687
Equipment	8	8
Investment in mineral properties	2,671	2,706
Marketable securities and long-term investment	1,867	1,483
Other	967	1,599
	$ 38,441	$ 36,483

The following are the non-capital loss carry forwards as at December 31, 2023:

Expiry date	Canada	Mexico
31-Dec-24	-	664
31-Dec-25	290	1,233
31-Dec-26	1,758	917
31-Dec-27	1,361	861
31-Dec-28	2,273	839
31-Dec-29	192	794
31-Dec-30	1,333	1,240
31-Dec-31	1,625	1,403
31-Dec-32	402	1,544
31-Dec-33	1,048	1,604
31-Dec-34	897	-
31-Dec-35	669	-
31-Dec-36	745	-
31-Dec-37	880	-
31-Dec-38	706	-
31-Dec-39	602	-
31-Dec-40	1,963	-
31-Dec-41	2,199	-
31-Dec-42	2,138	-
31-Dec-43	2,223	-
	$ 23,304	$ 11,099

18 Restatement

During the year ended December 31, 2022, the Company determined the sub-licensed technology acquired through the acquisition of Alderley to be an integral part of the Metates project and, therefore, reclassified the asset as an Exploration and Evaluation Asset as part of the Metates exploration expenditures. As at December 31, 2022, the Company reclassified $45,128 in intangible assets relating to the Alderley Technology as Exploration and Evaluation Assets. This treatment was retroactively applied. The impact on the Consolidated Statements of Financial Position is presented below:

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

	December 31, 2021 as reported	December 31, 2021 as restated
Exploration and evaluation asset	$93,200	$139,715
Intangible asset	$45,128	$-
Total assets	$172,911	$174,298

19 Subsequent events

- On January 1, 2024, the Company completed a vertical short-form amalgamation pursuant to the Business Corporations Act (British Columbia), effective January 1, 2024, 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.
- On February 28, 2024, the Company filed its Final Short Form Base Shelf Prospectus to allow the Company to raise up to $100,000,000.
- 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.
- Subsequent to the year ended December 31, 2023, the El Duraznito Project second claim agreement was finalized subsequent to year end and the Company exercised its option to earn into the 60% ownership.