



NEWS RELEASE

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Chesapeake Provides Yarely Drilling and Exploration Update

Chesapeake Gold Corp. (“Chesapeake”) is pleased to provide an update of the Phase 1 drilling and district wide exploration program at its regional Yarely project (“Yarely”) in Sinaloa State, Mexico. Yarely is strategically located 10 kilometres from a paved highway and within 25 kilometres of the proposed Metates processing plant site. Metates hosts one of the largest undeveloped gold, silver and zinc reserves in the world and is 100% owned by Chesapeake.

During the past year, Chesapeake has assembled a land position of 72,000 contiguous hectares at Yarely. In 2017, a systematic exploration program has been undertaken including geological mapping, rock chip channel sampling and trenching supplemented by an extensive IP/Resistivity geophysics survey. The exploration work has led to the discovery of precious and base metal mineralization hosted within several different deposit types including skarns, veins, disseminated zones, stockwork and breccias. Six separate significant prospects have been defined namely: Central, Loretos, Yasmin, Lucy, Sundae and Los Mimbres.

The Phase I 5,000 metre drill program commenced in October. The first drill holes were designed to test the Central Prospect’s large IP anomalies and the Spaniards vein swarm. To date, five core holes totaling 1,200 metres have been completed in the Central Prospect (see attached map and table).

Central Prospect

The Central Prospect’s southern area hosts four subparallel north-northwest trending stockwork zones over one kilometre in length. These structural corridors bracket a strong northeast trending IP chargeability anomaly several kilometres long and one kilometre wide. Two widely spaced exploratory holes (Y-02 and Y-03) were designed to provide data on the thickness of the stratigraphic units overlying a possible intrusive, the vertical geochemical and rock alterations zonation, the size and shape of potential mineralized bodies, and to determine the mineralogical nature of the IP anomaly. Holes Y-02 and Y-03 were spaced 650 metres apart and are outlined below:

- Drill hole Y-02 was drilled to intersect the IP chargeability anomaly at less than 300 metres depth. The hole intersected highly altered sandstone, conglomerate and minor siltstone, which have locally converted to hornfels. The bottom 189 metres of the hole contained variable disseminated pyrite and veinlets with trace chalcopyrite and averaged 421 ppm copper, suggesting the existence of a copper-mineralized intrusive system.
- Drill hole Y-03 was drilled to intersect a northeast-trending breccia zone and the adjacent IP anomaly. Similar to Y-02, the hole from top to bottom intersected a highly altered sedimentary package. Two intervals including 45 metres (19 to 64 metres) of 2.5 g/t silver and 0.30% zinc and 45 metres (250 to 295 metres) of 3.0 g/t silver and 432 ppm copper demonstrate a zonation of shallow zinc to copper at depth similar to Y-02.

Drill hole Y-01 was collared 800 metres southwest of Y-02 and targeted a northwest-trending stockwork quartz zone outside the high IP anomaly. The hole intersected 17 metres of anomalous gold and silver values in altered sandstone with disseminated pyrite. Y-01 did not cut the quartz veining sampled on surface (25 metres of 0.9 g/t gold and 24 g/t silver) due to a change in dip orientation.

Central - Spaniard Zone

The Spaniard zone is located in the northern part of the Central Prospect and contains a swarm of north-northeast trending quartz-calcite veins with oxidized gold and silver mineralization. The veins average 2 metres in width and can be traced for over a kilometre in length. During the Spanish Colonial period, the oxidized veins were mined to an average depth of 15 metres before encountering transitional sulfides. The drill program is targeting the lateral and down dip mineralized continuity of these sulfide bearing veins. Two holes, Y-05 and Y-06, drilled the same vein at different depths along the same section.

- Drill hole Y-05 was drilled to cut the vein at a shallow depth. The single vein was intersected at 42 metres downhole where a 1.0 metre intercept returned 6.3 g/t gold, 969 g/t silver, 0.5% lead, 0.6% zinc.
- Drill hole Y-06 was drilled to cut the vein at an intermediate depth. The faulted vein was intersected at 70 metres downhole where a 5.1 metre drill sample assayed 0.6 g/t gold and 58 g/t silver.

Results from holes Y-05 and Y-06 confirm that sulfide precious metal mineralization likely extends to at least 100 metres depth. To date, ten veins have been discovered and traced within the swarm encompassing 1,000 metres in width and 1,500 metres along strike.

Loretos Prospect

Loretos is located west of the Central Prospect. Hole Y-04 is collared 1,500 metres west of hole Y-02 adjacent to a separate high IP anomaly. Altered and mineralized limestone outcrops suggest the existence of an intrusive body that generated widespread hydrothermal activity. A second diamond drill rig was added in late November. The drill rig experienced mechanical problems delaying hole Y-04 progress. Currently, Y-04 is advancing below 300 metres depth and has intersected over 100 metres of potassic feldspar and silica flooded breccias cut by quartz veinlets with associated sulfides. The targets are skarns, breccia bodies and a proximal mineralized intrusive.

Yasmin Prospect

Yasmin is a large quartz vein system related to a breccia body. During 2017, Chesapeake completed 40 kilometres of IP survey lines and 4 kilometres of mechanized trenching. At least two strong chargeability anomalies have been defined one of which is more than 4 kilometres along strike and up to 900 metres wide. Geochemical sampling from a trench over the anomaly returned values from 0.1 to 0.7 g/t gold in zones 5 to 30 metres wide. Quartz veins samples further to the northeast yielded 3.3 metres of 5.0 g/t gold, 179 g/t silver and 3 metres of 4.2 g/t gold.

Lucy Prospect

At Lucy, polymetallic carbonate replacement and multiple mantos are hosted within limestones. Recent exploration traced this non-continuous zone over 1.5 kilometres along strike. Channel sampling returned 30 metres of 0.4 g/t gold, 12 g/t silver, and 3.7% zinc and 3 metres of 0.5 g/t gold, 24 g/t silver, 5.5% zinc

and 0.3% copper. A 4 kilometre long geophysical line has defined a 900 metre wide low resistivity anomaly below the mineralized mantos. Two additional large lateral chargeability anomalies exist to the west and east.

Sundae Prospect

Sundae is an epithermal system more than 3 kilometres long and 1 kilometre wide. Mechanized trenching has discovered a silica cap with several associated sub-parallel vein swarms that can be projected to depths of more than 350 metres in the resistivity sections. The silica types and textures are typical of the upper part of the epithermal system. Assays of up to 0.1 g/t gold and 8 g/t silver were obtained from rock chip geochemical sampling.

Mr. Randy Reifel, President states, “We are very early in the drill program with only five holes completed in the Central Prospect. We are very encouraged that Y-02 and Y-03 tested a deep blind IP anomaly that underlies a 3.0 x 1.5 kilometre hydrothermal system exposed on surface and confirms its continuity to a depth of 500 metres. The strength and types of the alteration with increasing copper values lower in the system indicates a potential significant mineralized intrusive. We are also pleased with the first two drill holes in the Spaniard zone. Drill results confirmed the depth of the gold-silver sulfide mineralization to at least 100 metres. Resistivity profiles indicate that several of these structures may extend more than 350 metres below surface.”

2018 Exploration

The Phase 1 drill program will be expanded to test the Lucy, Yasmin and Sundae district scale prospects. Petrographic, structural and mineralogic studies of the drill core will characterize the hydrothermal systems and the mineralization controls. A detailed 3D geophysical model is expected in January for the 2017 IP/Resistivity surveys completed which will further delineate untested sulfide and structural targets.

Presently, Chesapeake is well funded with \$20 million in working capital.

ALS Global was the analytical laboratory used for the samples included in this release. The split core sample preparation was primarily performed in Guadalajara and Hermosillo, Mexico and analysed in Vancouver, Canada. Certified standard and blank samples were included every 25-30 samples for QA/QC purposes depending on the length of the drill hole. The required analysis were Fire Assay 30g with ICP finished for gold and ICP by 4 acid digestion for 33 other elements.

Alberto Galicia, P. Geo, Vice President Exploration for Chesapeake and a Qualified Person as defined by NI43-101, has reviewed the technical information in this release.

For more information on Chesapeake and its Metates Project and regional exploration program, please visit our website at www.chesapeakegold.com or contact investor relations at 604-731-1094.

CHESAPEAKE GOLD CORP

“P. Randy Reifel”

P. Randy Reifel
President

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