

**Form 62-103F1**  
**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

**Item 1 - Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to the acquisition of common shares (“**Common Shares**”) of Chesapeake Gold Corp. (the “**Issuer**”).

The head office of the Issuer is located at:

201 - 1512 Yew Street  
Vancouver, British Columbia  
V6K 3E4

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable.

**Item 2 - Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

Sun Valley Gold LLC  
620 Sun Valley Road  
Sun Valley, ID 83353  
USA

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On August 28, 2019, Sun Valley Gold LLC acquired control and direction over 1,334,000 Common Shares on behalf of Sun Valley Gold Master Fund Ltd. (“**Sun Valley Gold Master Fund**”), a client account over which it has discretionary trading authority, pursuant to a non-brokered private placement by the Issuer (the “**Private Placement**”) for a subscription price of \$2.25 per share.

**2.3 State the names of any joint actors.**

Palmedo Holdings LLLP and Peter Palmedo are the managing members of Sun Valley Gold LLC. Sun Valley Gold Company, a company in which Peter Palmedo is the majority shareholder, is the majority securityholder of Palmedo Holdings LLLP. Sun Valley Gold International, Ltd., of which Sun Valley Gold LLC is the Investment Manager, and Sun Valley Gold, L.P., of which Sun Valley Gold LLC is the General Partner, are the sole holders of the common shares of Sun Valley Gold Master Fund, a client account over which

Sun Valley Gold LLC has discretionary authority. Accordingly, Sun Valley Gold LLC, Sun Valley Gold Master Fund, Sun Valley Gold Company and Mr. Palmedo (collectively, the “**Sun Valley Group**”) are joint actors in respect of securities of the Issuer.

**Item 3 - Interest in Securities of the Reporting Issuer**

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.**

See Item 2.2.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

Sun Valley Gold LLC acquired the Common Shares that triggered the requirement to file this report on behalf of Sun Valley Gold Master Fund.

- 3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

- 3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Before giving effect to the transaction described in Item 2.2, the Sun Valley Group exercised control and direction over an aggregate of 4,299,613 Common Shares, representing approximately 9.65% of the then current issued and outstanding Common Shares.

Immediately after giving effect to the transactions described in Item 2.2, the Sun Valley Group exercised control and direction over an aggregate of 5,633,613 Common Shares, representing approximately 10.99% of the issued and outstanding Common Shares.

- 3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

The Sun Valley Group, collectively, has ownership and control over all of the Common Shares referred to in Item 3.4.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Of the 5,633,613 Common Shares referred to in Item 3.4:

- (i) Sun Valley Gold Master Fund beneficially owns, and Sun Valley exercises control and direction over, 3,248,738 Common Shares representing 6.34% of the issued and outstanding Common Shares;
  - (ii) Sun Valley Gold Company owns 2,312,375 Common Shares representing 4.51% of the issued and outstanding Common Shares; and
  - (iii) Mr. Palmedo owns 72,500 Common Shares representing 0.14% of the issued and outstanding Common Shares.
- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

See Item 3.5(b).

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 - Consideration Paid**

**4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The 1,344,000 Common Shares over which Sun Valley Gold LLC acquired control and direction were acquired for \$2.25 per share (\$3,024,000 in the aggregate).

**4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable.

**4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

#### **Item 5 - Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**

- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders; or
- (k) an action similar to any of those enumerated above.

The Common Shares described in Item 2.2 were acquired as part of the Sun Valley Gold LLC's overall portfolio strategy. Each member of the Sun Valley Group may, depending on market and other conditions, increase or decrease its ownership of Common Shares or other securities of the Issuer, whether in the open market, by privately negotiated agreement or otherwise. None of the members of the Sun Valley Group has any current plans or intentions that relate to or would result in the items listed in (a) through (k) above.

#### **Item 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

None.

#### **Item 7 - Change in material fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

#### **Item 8 - Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and described the facts supporting that reliance.**

Not applicable.

**Item 9 - Certification**

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

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**Certificate**

The acquiror certifies that the statements made in this report are true and complete in every respect.

Date: August 28, 2019

**SUN VALLEY GOLD LLC**

By: "Peter F. Palmedo"  
Peter F. Palmedo  
President and Managing Member