

NOTICE

**RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS
(UNAUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

Second quarter financial statements for the nine months period ended September 30, 2023 and 2022 have not been reviewed by the auditors of Chesapeake Gold Corp.

CHESAPEAKE GOLD CORP.

"Navin Sandhu"
NAVIN SANDHU
Chief Financial Officer



Chesapeake Gold Corp.

Condensed Consolidated Interim Financial Statements
For the Nine Months Ended September 30, 2023 and 2022
(amounts expressed in thousands of Canadian dollars, except where indicated)

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

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

	Note	As at	
		September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	6	\$ 21,843	\$ 25,673
Other receivables and prepaid expenses	5	1,752	1,373
Total current assets		23,594	27,046
Long-term investments	6,7	508	890
Exploration and evaluation assets	8	135,731	136,394
Equipment	9	23	27
Reclamation bonds		336	270
Total assets		\$ 160,192	\$ 164,627
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6, 13	\$ 1,726	\$ 1,705
Promissory note	10	-	-
Total current liabilities		1,726	1,705
Deferred income tax liabilities		9,006	9,006
Decommissioning obligation		323	258
Total liabilities		11,055	10,969
Shareholders' equity			
Share capital	11	234,906	234,906
Reserves		27,048	28,076
Deficit		(115,282)	(112,012)
Shareholders' equity – attributable to the shareholders		146,672	150,970
Non-controlling interest ("NCI")		2,465	2,688
Total shareholders' equity		149,137	153,658
Total liabilities and shareholders' equity		\$ 160,192	\$ 164,627

Nature of operations (note 1)

Approved by the Board of Directors

"P. Randy Reifel"

Director

"Christian Falck"

Director

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

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

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
General and administration expenses					
Depreciation	9	\$ (3)	\$ (3)	\$ (8)	\$ (6)
Exploration		(489)	(27)	(948)	(225)
General and administrative	13	(379)	(515)	(1,477)	(1,537)
Management fees	13	(62)	(63)	(187)	(188)
Professional fees	13	(175)	(206)	(480)	(454)
Share-based compensation recovery (expense)	12, 13	(214)	(382)	(789)	(753)
Total general and administration expenses		(1,321)	(1,196)	(3,890)	(3,163)
Other income (expense)					
Finance income		379	93	688	193
Finance costs		-	(1)	(2)	(3)
Foreign exchange gain (loss)		35	241	10	13
Unrealized gain (loss) on marketable securities and investments	7	(84)	(441)	(382)	(617)
Gain from debt settlement	10	-	-	-	52
Other income		10	2	19	2
Net loss		(981)	(1,302)	(3,557)	(3,523)
Other comprehensive (loss) income					
Items that may be reclassified subsequently to net earnings:					
Cumulative translation adjustment		(63)	(648)	(1,753)	(935)
Total comprehensive loss		(1,044)	(1,950)	(5,310)	(4,458)
Net income (loss) attributable to					
Shareholders of the Company		(920)	(1,171)	(3,278)	(3,222)
Non-controlling interest		(61)	(131)	(279)	(301)
		(981)	(1,302)	(3,557)	(3,523)
Other comprehensive (loss) income attributable to					
Shareholders of the Company		(63)	(648)	(1,753)	(935)
Non-controlling interest		-	-	-	-
Total other comprehensive (loss) income		\$ (63)	\$ (648)	\$ (1,753)	\$ (935)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.05)
Weighted average shares outstanding (000's) – basic and diluted		67,367	67,367	67,367	67,367

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

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

			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, 2023		67,367	\$ 234,906	\$ 27,144	\$ 932	-	\$ (112,012)	\$ 150,970	\$ 2,688	\$ 153,658
Net loss for the year		-	-	-	-	-	(3,278)	(3,278)	(279)	(3,557)
Gunpoint option exercise		-	-	-	-	-	8	8	(8)	-
Cumulative translation adjustment		-	-	-	(1,753)	-	-	(1,753)	-	(1,753)
Share-based compensation charges	12	-	-	725	-	-	-	725	64	789
Balance at September 30, 2023		67,367	\$ 234,906	\$ 27,869	\$ (821)	\$ -	\$ (115,282)	\$ 146,672	\$ 2,465	\$ 149,137
Balance at January 1, 2022		67,367	\$ 234,906	\$ 26,116	\$ 2,334	\$ -	\$ (102,841)	\$ 160,515	\$ 1,762	\$ 162,277
Net loss for the period		-	-	-	-	-	(3,222)	(3,222)	(301)	(3,523)
Cumulative translation adjustment		-	-	-	(935)	-	-	(935)	-	(935)
Share-based compensation charges	11	-	-	688	-	-	-	688	65	753
Gunpoint share issuance	10	-	-	-	-	-	1,549	1,549	886	2,435
Balance at September 30, 2022		67,367	\$ 234,906	\$ 26,805	\$ 1,399	\$ -	\$ (104,514)	\$ 158,596	\$ 2,412	\$ 161,008

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows

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

Supplemental cash flow information (note 16)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Cash flow used in operating activities					
Net loss for the period		\$ (981)	\$ (1,302)	\$ (3,557)	\$ (3,523)
Items not affecting cash					
Depreciation	9	3	3	8	6
Unrealized foreign exchange (gain) loss		(35)	(241)	(10)	(13)
Unrealized loss (gain) from marketable securities and investments		84	441	382	617
Share-based compensation (recovery) expense	12	214	382	789	753
Gain on debt settlement		-	-	-	(52)
Changes in non-cash operating working capital					
Other receivables and prepaid expenses		(103)	56	(233)	(257)
Accounts payable and accrued liabilities		(252)	296	(94)	629
		(1,071)	(365)	(2,715)	(1,840)
Cash flows provided by financing activities					
Proceeds from private placement – Gunpoint Exploration Ltd.		-	-	-	1,455
Proceeds from exercise of options – Gunpoint Exploration Ltd.		-	-	12	-
		-	-	12	1,455
Cash flows used in investing activities					
Proceeds from sale of marketable securities		-	-	-	158
Proceeds from option agreement	8(b)	-	321	1,005	321
Purchase of equipment		-	(5)	(4)	(5)
Reclamation bonds		-	-	-	-
Mineral property expenditures	8	(1,185)	(858)	(1,959)	(3,433)
		(1,185)	(542)	(958)	(2,959)
Foreign exchange impact on cash and cash equivalents					
		329	16	(169)	52
Decrease in cash and cash equivalents					
		(2,256)	(891)	(3,661)	(3,292)
Cash and cash equivalents – beginning of year					
		23,770	29,416	25,673	31,817
Cash and cash equivalents – end of year					
		\$ 21,843	\$ 28,525	\$ 21,843	\$ 28,525
Cash		\$ 2,637	\$ 2,610	\$ 2,637	\$ 2,610
Short-term investments		\$ 19,206	\$ 25,915	\$ 19,206	\$ 25,915
		\$ 21,843	\$ 28,525	\$ 21,843	\$ 28,525

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

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

1. Nature of operations

Chesapeake Gold Corp. (“Chesapeake” or the “Company”) is a Canadian exploration and evaluation stage mining company focused on the exploration and development of precious metal deposits in North and Central America. The Company has exploration and evaluation assets and does not generate mining revenues from operations. The Company’s operations are principally directed towards the development of the Metates project in the state of Durango, Mexico and generating a pipeline of regional exploration projects in the region.

The Company is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol “CKG.V”. The Company also trades on the OTCQX marketplace in the United States, under the symbol “CHPGF”. The Company’s head office is located at 201 – 1512 Yew Street, Vancouver BC, Canada.

As at September 30, 2023, the Company own 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 \$3,557 (2022 – net loss of \$3,523) for the nine months ended September 30, 2023, and an accumulated deficit of \$115,282 as at September 30, 2023 (December 31, 2022 - \$112,012). The Company’s working capital as at September 30, 2023 is \$21,869 (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 unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022.

The Company’s management makes judgments in its process of applying the Company’s accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of the financial data requires that the Company’s management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company’s unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2022. In addition, the accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended December 31, 2022.

The Company’s Interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 31, 2023.

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

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

3. Estimates, risks, and uncertainties

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these unaudited condensed consolidated interim financial statements require management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- i. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- ii. Management is required to assess the functional currency of each entity of the Company. The Company determined the Canadian dollar to be its functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions.
- iii. Management is required to assess impairment in respect of its 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 commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.
- iv. Although, the Company takes steps to verify title to mineral properties investments in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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, 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.

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

4. Significant accounting policies

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited consolidated financial statements for the year ended December 31, 2022.

Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, were not yet effective for the period ended September 30, 2023 and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations were either not applicable or are not expected to have material impact on the Company's consolidated financial statements.

5. Other receivables and prepaid expenses

	September 30, 2023		December 31, 2022	
Other receivables	\$	1,121	\$	822
Prepaid expenses		630		551
	\$	1,752	\$	1,373

6. Financial instruments and risk management

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	September 30, 2023		December 31, 2022	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
Cash and cash equivalents	21,843	21,843	25,673	25,673
Marketable securities	-	-	-	-
Long-term investments	508	508	890	890
Financial liabilities				
Accounts payable and accrued liabilities	1,726	1,726	1,705	1,705
Promissory note	-	-	-	-

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.

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

	Level 1	Level 2	Level 3	Total, September 30, 2023
Marketable securities	-	-	-	-
Long-term investments	508	-	-	508
	\$ 508	\$ -	\$ -	\$ 508

	Level 1	Level 2	Level 3	Total, December 31, 2022
Marketable securities	-	-	-	-
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 period ended September 30, 2023.

The long-term investments and marketable securities 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 marketable securities and long-term investments are held in common shares of publicly traded companies. The carrying amount of the financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company settles its financial liabilities using its cash and cash equivalents. The Company manages liquidity risk through the management of its capital structure as described in Note 14. The accounts payable and accrued liabilities is due within the current operating period.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity and held with large Canadian financial institutions.

Foreign Exchange Rate Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States, Mexico, and Guatemala. Certain costs and expenses are incurred in US dollars and Mexican pesos. The Company attempts to mitigate currency risk through the preparation of short and long-term expenditure budgets in the foreign currencies.

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

Price Risk

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

7. Long-term investments and marketable securities

	December 31, 2022 Fair value	Acquired reclassified and FX	Proceeds received from sale	Realized and unrealized (loss)/gain	September 30, 2023 Fair value
Long-term investments	\$ 890	\$ -	\$ -	\$ (382)	\$ 508

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

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

8. Exploration and evaluation assets

	Metates (a)	Yarely	Regional (d)	Talapoosa (b)	Total Restated (note 18)
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
Other (b)	-	-	-	(322)	(322)
Impairment	-	(4,665)	(1,166)	-	(5,831)
December 31, 2022	127,631	-	2,742	6,021	136,394
Effect of foreign exchange on translation	(1,565)	-	(53)	-	(1,618)
Assays	66	-	-	-	66
Concession acquisition	-	-	127	-	127
Community, taxes, camp, and supplies	123	-	64	-	187
Drilling	1	-	447	-	448
Environmental	36	-	17	-	53
Geological and engineering	443	-	132	62	637
License, dues, and fees	-	-	-	346	346
Travel and other	63	-	33	-	96
Other (b)	-	-	-	(1,005)	(1,005)
September 30, 2023	126,798	-	3,509	5,424	135,731

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\$9.0 million).

On August 9, 2014, the Company entered into an agreement ("Agreement") whereby the Company has assigned its interest in the Metates 1.5% NSR to Wheaton Precious Metals Corp. (formerly known as Silver Wheaton Corp.) ("WPM") for US\$9.0 million. As part of the Agreement, the Company had the right at any time for a period of five years to repurchase two-thirds of the Metates NSR (that being a 1% net smelter returns royalty) from WPM for US\$9.0 million with WPM continuing to hold a 0.5% interest in the Metates NSR. Also as part of the transaction, Chesapeake through AGM, will hold a right of first refusal to purchase the Metates NSR in the event WPM elects to sell the Metates NSR to a third party, on the same terms and conditions as the third party's offer. The Agreement also contains customary terms and conditions for a royalty transaction. The Company has also entered into a right of first refusal agreement with WPM whereby the Company has granted WPM a right of first refusal on any future silver stream or royalty for which the Company receives and accepts an offer to purchase, on the same terms and conditions as the third party's offer.

On August 9, 2019, the Company exercised the option to re-purchase a 1% NSR for \$11,972.2 (US\$9,000) from WPM.

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and 2022

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

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, representing 700 hectares of the 4,260 hectares in the Metates project, and encompasses a portion of the Metates mineral resource.

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.

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 US\$88. In addition, there are certain payments required for the land owned subject to leases with private land owners (the "Fee Leased Land"). The current annual payments for Fee Leased Land are approximately US\$89.

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 US\$35 million, cash payments totaling US\$5 million to Gunpoint and completing a minimum indicated resource estimate of 1.0 million gold ounces.

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. 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 is on standby pending of legal resolutions between the owner and the Mexican Mines Office (DGM).

The El Duraznito Project second claim agreement is still being finalized.

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d. 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.

e. 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 CEO of Chesapeake Gold). Through the acquisition of Alderley Gold, the Company gained access to the mining technology (“Technology”) that is currently being used to determine the technical and commercial feasibility of the Metates project.

Under the terms of the Agreement, the Company issued 10 million common shares (fair value of \$45,000) (the “Alderley Shares”) to the shareholders of Alderley Gold. The Alderley Shares were and will be released based on time or milestone conditions over 7 years as follows:

- i. 5% released on each of the first four anniversaries of January 19, 2021 (“Closing Date”);
- ii. 10% released on the earlier of: (a) date of a positive feasibility study or (b) the fifth anniversary of Closing Date (January 19, 2025);
- iii. 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, 2026); and
- iv. 40% released on the earlier of: (a) duly certified commencement of commercial production or (b) the seventh anniversary of Closing Date (January 19, 2027).
- v. 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

f. 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 period ended September 30, 2023, there were no impairment losses.

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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 September 30, 2023	\$ 144

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	(8)
Accumulated depreciation as at September 30, 2023	\$ (121)

Carrying Amount	Exploration Equipment
Carrying value as at December 31, 2020	\$ 29
Carrying value as at December 31, 2021	\$ 27
Carrying value as at September 30, 2023	\$ 23

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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 September 30, 2023, 9,212,500 (December 31, 2022 – 9,712,500) common shares were held in escrow, subject to release per escrow conditions in note 8(e) and upon approval of the regulatory authorities.

Period ended September 30, 2023

- a) During the nine months ended September 30, 2023, Gunpoint issued 50,000 common shares for as an option holder 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 \$8 and a decrease in retained deficit of \$8.

Year ended December 31, 2022

- b) During the year ended December 31, 2022, Gunpoint issued 3,443,333 common shares for debenture transaction and raised \$1,455 through the issuance of 3,000,000 common shares. The common shares issuance from Gunpoint diluted the Company's share ownership to 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 September 30, 2023, the remaining share options available for issue under the plan were 2,911,437 (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 September 30, 2023 and December 31, there are no room for further issuance), representing approximately 0.30% of the current issued and outstanding common shares as at September 30, 2023 and December 31 2022. In addition, in any calendar year, the number of bonus common shares issuable to insiders of the Company, also taking options into account, is limited to 0.5% of the total number of common shares which were issued and outstanding at the end of the preceding calendar year, 10% of the issued and outstanding common shares, and no more than 5% of the issued and outstanding shares to any one person in a 12-month period.

On 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 Feb. 7, 2028. The stock options were granted to

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directors of the company. The options will vest and be exercisable on the basis of 25% annually, commencing Feb. 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.

Of these stock options, the Company assisted the exercising of some of these stock options on behalf of the option holders through the Company's corporate investment account. The Company received \$760 of option holder's gains in trust. During the year ended December 31, 2022, the Company repaid \$107 (2021 - \$653) of the amount owed to the option holders, resulting in an outstanding amount of \$nil (2021 - \$107).

The weighted average fair value per stock options granted for the period ended September 30, 2023 was \$2.04 (December 31, 2022 - \$3.09).

	September 30, 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	320	2.04	60	1.92
Exercised	-	-	-	-
Cancelled	(243)	4.29	(450)	4.56
Forfeited/Expired	-	-	(635)	3.75
Outstanding – end of period	3,825	\$ 3.63	3,748	\$ 3.80

The fair value of common shares issued upon exercise of stock options was \$3.63 (December 31, 2022 - \$3.80) per share.

The following table discloses the number of options and vested options outstanding as at September 30, 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	625	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
3,825	2,675	3.63	

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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	

During the period ended September 30, 2023, the Company recognized \$789 (2022 - \$753) as share-based compensation expense, of which \$728 (2022 - \$549) relates to the Company and \$64 (2022 - \$204) to Gunpoint.

The weighted average contractual life of outstanding stock options as at September 30, 2023 was 1.79 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 and are considered to be at arm's length.

Short-term employee benefits include salaries payable within twelve months of the statement of financial position date and other annual employee benefits.

The Company incurred the following expenses with related parties during the period ended September 30, 2023 and 2022:

	Three months Ended September 30,		Nine months Ended September 30,	
	2023	2022	2023	2022
Consulting	\$ 50	\$ 62	\$ 150	\$ 188
General and administration – salary	156	88	336	267
General and administration – directors' fees	81	67	186	187
Legal	75	12	106	93
Management fees	62	63	187	188
Share-based compensation expense	123	175	472	490

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 directors of the Company.

As at September 30, 2023, the Company had amounts payable of \$137 to related parties (December 31, 2022 - \$64), of which \$137 (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 CEO of the Chesapeake Gold Corp.). Through the acquisition of Alderley Gold, the Company gained access to the mining technology ("Technology") that is currently being used to determine the technical and commercial feasibility of the Metates project. 7,400,000 shares were issued to a company controlled by the CEO. The remaining 2,600,000 shares were issued to non-related parties. As at September 30, 2023, 6,660,000 shares are still held in escrow.

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As at September 30, 2023, the Company held \$Nil (December 31, 2022 - \$Nil) of marketable securities and a corresponding 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. 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:

	September 30, 2023	December 31, 2022
Total equity for owners	\$ 146,672	\$ 150,970
Less: cash	(21,843)	(25,673)
	124,828	125,297

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 September 30, 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.

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15. Segment disclosures

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

September 30, 2023	Canada	Mexico	USA	Total
Cash	\$ 21,590	\$ 241	\$ 12	\$ 21,843
Other receivables and prepaid expenses	363	1,389	-	1,752
Long-term investments	-	-	508	508
Exploration and evaluation assets – mineral properties	-	85,179	5,424	90,603
Exploration and evaluation assets - technology	45,128	-	-	45,128
Reclamation bonds	-	-	336	336
Equipment	-	23	-	23
Total assets	\$ 67,049	\$ 86,832	\$ 6,311	\$ 160,192
Segment income (loss) for the three months ended	\$ (940)	\$ (83)	\$ 41	\$ (981)
Segment income (loss) for the nine months ended	\$ (2,997)	\$ (244)	\$ (316)	\$ (3,557)
September 30, 2022	Canada	Mexico	USA	Total
Cash	\$ 28,400	\$ 109	\$ 16	\$ 28,525
Other receivables and prepaid expenses	265	892	-	1,157
Marketable securities	-	-	-	-
Long-term investments	329	-	452	781
Investment in mineral properties	-	89,158	5,903	95,061
Other long-term assets	45,128	-	-	45,128
Reclamation bonds	-	-	274	274
Equipment	-	28	-	28
Total assets	\$ 74,122	\$ 90,187	\$ 6,645	\$ 170,954
Segment income (loss) for the three months ended	\$ (1,754)	\$ 56	\$ 396	\$ (1,302)
Segment income (loss) for the nine months ended	\$ (4,426)	\$ 187	\$ 716	\$ (3,523)

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16 Supplemental cash flow information

	Nine Months Ended September 30,	
	2023	2022
Promissory note settled from issuance of Gunpoint common shares (note 10)	\$ -	\$ 1,032
Marketable securities transferred to settle payable (note 7)	-	107