

NOTICE

**RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS
(UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018**

The three and six month financial statements for the period ended June 30, 2018 and 2017 have not been reviewed by the auditors of Chesapeake Gold Corp.

CHESAPEAKE GOLD CORP.

"Sam Wong"

SAM WONG

Chief Financial Officer



Chesapeake Gold Corp.

Condensed Consolidated Interim Financial Statements
Three and Six Months Ended June 30, 2018 (unaudited)
(amount expressed in thousands of Canadian dollars, except where indicated)

Chesapeake Gold Corp.**Condensed Consolidated Interim Statements of Financial Position**

(unaudited - amount expressed in thousands of Canadian dollars, except where indicated)

	Note	June 30, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	5	\$ 17,250.4	\$ 18,914.2
Other receivables and prepaid expenses	4	419.4	316.2
Marketable securities	5,6	1,549.9	1,731.0
		19,219.7	20,961.4
Long term investment	5,6	731.9	1,029.6
Investment in mineral properties	7	73,341.9	72,021.3
Equipment	8	51.1	62.4
Reclamation bond		214.0	205.8
Total assets		\$ 93,558.6	\$ 94,280.5
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 1,192.5	\$ 1,144.4
Promissory note	9	700.0	-
Convertible debenture	9	-	700.0
		1,892.5	1,844.4
Deferred income tax liabilities		5,838.9	5,838.9
Decommissioning obligation		282.1	273.1
Total liabilities		8,013.5	7,956.4
Shareholders' equity			
Share capital	10	148,353.3	148,293.9
Reserves		25,381.4	25,169.8
Deficit		(90,049.2)	(89,071.3)
		83,685.5	84,392.4
Non-controlling interest ("NCI")		1,859.6	1,931.7
Total shareholders' equity		85,545.1	86,324.1
Total liabilities and shareholders' equity		\$ 93,558.6	\$ 94,280.5

*Nature of operations (note 1)***Approved by the Board of Directors**

"P. Randy Reifel"

Director

"Greg Smith"

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 - amount expressed in thousands of Canadian dollars, except where indicated)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
General and administration expenses					
Depreciation	8	\$ (2.7)	\$ (2.9)	\$ (11.3)	\$ (11.5)
Exploration		(70.8)	(59.1)	(115.1)	(136.3)
General and administrative		(163.0)	(122.0)	(325.6)	(335.8)
Management fees	12	(62.5)	(62.5)	(125.0)	(125.0)
Professional fees		(71.4)	(47.8)	(87.7)	(114.1)
Share-based compensation	11	(393.3)	(385.7)	(826.5)	(873.3)
		(763.7)	(680.0)	(1,491.2)	(1,596.0)
Other (expenses) income, net					
Finance income		89.5	147.7	165.6	262.0
Finance cost		(29.7)	(23.8)	(57.5)	(48.2)
Foreign exchange (loss) gain		13.7	(18.1)	(19.8)	(27.5)
Unrealized losses on investment		(12.0)	-	(305.8)	-
Other (expenses)		82.3	-	82.3	-
Net loss		(619.9)	(574.2)	(1,626.4)	(1,409.7)
Other comprehensive loss					
Items that may be reclassified subsequently to net earnings:					
Cumulative translation adjustment		507.9	(105.7)	(19.4)	(814.3)
Unrealized gain (loss) on available for sale investments	6	-	(483.9)	-	(81.5)
Total comprehensive loss		(112.0)	(1,163.8)	(1,645.8)	(2,305.5)
Net income (loss) attributable to					
Owners of the Company		(600.5)	(570.7)	(1,549.7)	(1,402.3)
Non-controlling interest		(19.4)	(3.5)	(76.7)	(7.4)
		(619.9)	(574.2)	(1,626.4)	(1,409.7)
Other comprehensive (loss) income					
Owners of the Company		507.9	(479.3)	(19.4)	(912.4)
Non-controlling interest		-	(110.3)	-	16.6
Total other comprehensive gain (loss)		507.9	(589.6)	(19.4)	(895.8)
Loss per share – basic and diluted		\$ (0.04)	\$ (0.01)	\$ (0.04)	\$ (0.03)
Weighted average shares outstanding		44,571	44,555	44,563	44,536
Total shares issued and outstanding (000's)		44,574	44,555	44,574	44,555

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

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

			Attributable to owners of the Company							
	Notes	Shares ('000)	Share capital	Share based compensation reserves	Foreign translation reserves	Investment revaluation reserves	Deficit	Total for owners	NCI	Total equity
Balance at January 1, 2018		44,555	\$ 148,293.9	\$ 22,540.5	\$ 2,057.5	\$ 571.8	\$ (89,071.3)	\$ 84,392.4	\$ 1,931.7	\$ 86,324.1
Net loss for the period		-	-	-	-	-	(1,549.7)	(1,549.7)	(76.7)	(1,626.4)
Cumulative translation adjustment		-	-	-	(19.4)	-	-	(19.4)	-	(19.4)
Reclass of investment revaluation reserves to deficit	2	-	-	-	-	(571.8)	571.8	-	-	-
Option exercised		19	59.4	(19.1)	-	-	-	40.3	-	40.3
Unrealized gain (loss) in available for sale investments		-	-	-	-	-	-	-	-	-
Share-based compensation charges	11	-	-	821.9	-	-	-	821.9	4.6	826.5
Balance at June 30, 2018		44,574	\$ 148,353.3	\$ 23,343.3	\$ 2,038.1	\$ -	\$ (90,049.2)	\$ 83,685.5	\$ 1,859.6	\$ 85,545.1
Balance at January 1, 2017		44,517	\$ 148,175.0	\$ 20,900.2	\$ 1,875.3	\$ 1,241.4	\$ (86,894.3)	\$ 85,297.6	\$ 2,041.7	\$ 87,339.3
Net loss for the period		-	-	-	-	-	(1,402.3)	(1,402.3)	(7.4)	(1,409.7)
Cumulative translation adjustment		-	-	-	(814.3)	-	-	(814.3)	-	(814.3)
Option exercised		38	118.9	(38.3)	-	-	-	80.6	-	80.6
Unrealized loss in available for sale investments		-	-	-	-	(98.1)	-	(98.1)	16.6	(81.5)
Share-based compensation charges		-	-	879.2	-	-	-	879.2	(5.9)	873.3
Balance at June 30, 2017		44,555	\$ 148,293.9	\$ 21,741.1	\$ 1,061.0	\$ 1,143.3	\$ (88,296.6)	\$ 83,942.7	\$ 2,045.0	\$ 85,987.7

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statement of Cash Flow

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Cash used in operating activities					
Net loss for the quarter		\$ (619.9)	\$ (574.2)	\$ (1,626.4)	\$ (1,409.7)
Items not affecting cash					
Depreciation	8	2.7	2.9	11.3	11.5
Unrealized foreign exchange loss		(13.7)	18.1	19.8	27.5
Unrealized losses from investment		12.0	-	305.8	-
Share-based compensation charges	11	393.3	385.7	826.5	873.3
Other income		-	(46.0)	-	(46.0)
		(225.6)	(213.5)	(463.0)	(543.4)
Change in non-cash operating working capital					
Increase in accounts receivable and prepaid expense		(70.5)	190.4	(103.3)	68.7
Increase (decrease) in accounts payable and accruals		(34.4)	(56.5)	106.8	(122.6)
		(330.5)	(79.6)	(459.5)	(597.3)
Cash flows (used in) from financing activities					
Proceeds from options exercised		40.3	-	40.3	80.6
		40.3	-	40.3	80.6
Cash flows from (used in) investing activities					
Proceeds from sale of marketable securities		-	-	225.0	-
Proceeds from option agreement, net		-	-	-	1,343.0
Mineral property expenditures		(476.2)	(444.2)	(1,340.1)	(855.8)
		(476.2)	(444.2)	(1,115.1)	487.2
Increase (decrease) in cash and cash equivalents		(766.4)	(523.8)	(1,534.3)	(29.5)
Foreign exchange impact on cash and cash equivalents		(44.4)	(10.2)	(129.5)	(76.5)
Cash and cash equivalents – beginning of period		18,061.2	21,642.4	18,914.2	21,214.4
Cash and cash equivalents – end of period		\$ 17,250.4	\$ 21,108.4	\$ 17,250.4	\$ 21,108.4
Cash		\$ 1,272.7	\$ 1,547.0	\$ 1,272.8	\$ 1,547.0
Short term investment		15,977.6	19,561.4	15,977.6	19,561.4
Cash and cash equivalents – end of period		\$ 17,250.4	\$ 21,108.4	\$ 17,250.4	\$ 21,108.4
Supplemental cash flow information – non-cash investing activities					
Long term investment received on option agreement		\$ -	\$ -	\$ -	\$ 620.0

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2018

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

1 Nature of operations

Chesapeake Gold Corp. (“Chesapeake” or the “Company”) is a Canadian mining company focused on the exploration, development and recovery of precious metals. The Company is in the development stage and does not generate mining revenues from operations. The Company’s operations are principally directed towards the development of the Company’s Metates project in Durango State, Mexico and generating a regional pipeline of exploration projects near Metates

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 U.S., under the symbol “CHPGF”. The Company’s head office is at Suite 201 – 1512 Yew Street, Vancouver BC, V6K 3E4, Canada.

On November 26, 2010, the Company acquired an 81.93% interest in Gunpoint Exploration Ltd. (“Gunpoint”) through an acquisition of Gunpoint’s shares. As a result of this transaction the Company acquired control of Gunpoint. Subsequent to Gunpoint’s financing in October 26, 2012, the revised ownership decreased from 82% to 74%.

These unaudited interim consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company had a consolidated net loss of \$1,626.4 (June 30, 2017 - \$1,409.7) for the six months ended June 30, 2018, and an accumulated deficit of \$90,049.2 as at June 30, 2018 (December 31, 2017 - \$89,071.3). The Company’s working capital as at June 30, 2018 is \$17,327.2 (December 31, 2017 - \$19,117.0). To date, the Company has not generated operating revenue from its mineral properties. The ability of the Company to continue as a going concern is dependent upon obtaining additional equity and/or debt financing to complete the exploration and development of its mineral property interests and to commence profitable operations. Despite the general economic slow-down and significant uncertainty to key economic variables, the Company currently 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, 2017.

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, 2017. 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, 2017.

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

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 29, 2018.

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

New Accounting Standards Issued But Not Yet Effective

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2018

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make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its consolidated financial statements, or whether to early adopt this new requirement.

New Accounting Standards Adopted during the period

IFRS 9 – Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard was adopted on January 1, 2018 and the impact to the Company’s financial statements will be to classify its investments to fair value through profit or loss. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in a reclassification of \$571.8 from accumulated other comprehensive income to deficit on January 1, 2018. Future changes in the fair value of these investments will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on January 1, 2018 and did not have an impact on the financial statements.

3 Estimates, risks and uncertainties

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires 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 followings 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.

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2018

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

- 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 investment in mineral properties. 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. Management has determined that there were no triggering events present as defined in IFRS 6 for the other properties and as such, no impairment loss was recorded for the period ended June 30, 2018
- iv. Although, the Company takes steps to verify title to exploration and evaluation assets 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.
- iii. Management estimates the interest rate on a similar liability debenture that does not have an equity conversion option in the calculation of the fair value of the liability and equity portions of a compound instrument upon initial recognition.
- iv. Management's assessment regarding the Company's ability to continue as a going concern.
- v. Other significant accounting estimates include valuation of other receivables, accounts payable and accrued liabilities, useful lives and carrying values of equipment and mineral properties.

4 Other receivables and prepaid expenses

	June 30, 2018	December 31, 2017
Other receivables	\$ 235.7	\$ 135.6
Prepaid expenses	183.7	180.6
	\$ 419.4	\$ 316.2

Chesapeake Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2018

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

5 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	June 30, 2018		December 31, 2017	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value through profit and loss ("FVTPL")</i>				
Cash and cash equivalents	17,250.4	17,250.4	18,914.2	18,914.2
<i>Available-for-sale</i>				
Marketable securities	1,549.9	1,549.9	1,731.0	1,731.0
Long term investment	731.9	731.9	1,029.6	1,029.6
Financial liabilities				
<i>Other financial liabilities</i>				
Promissory note	700.0	700.0	-	-
Accounts payable and accrued liabilities	1,192.5	1,192.5	1,144.4	1,144.4

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 June 30, 2018
Cash and cash equivalents	\$ 17,250.4	\$ -	\$ -	\$ 17,250.4
Marketable securities	1,549.9	-	-	1,549.9
Long term investment	731.9	-	-	731.9
	\$ 19,532.2			\$ 19,532.2

	Level 1	Level 2	Level 3	Total December 31, 2017
Cash and cash equivalents	\$ 18,914.2	\$ -	\$ -	\$ 18,914.2
Marketable securities	1,731.0	-	-	1,731.0
Long term investment	1,029.6	-	-	1,029.6
	\$ 21,674.8			\$ 21,674.8

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 six months ended June 30, 2018.

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For the six months ended June 30, 2018

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

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, and marketable securities. 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. The Company's cash and cash equivalents are held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company settles its financial liabilities using its cash. The Company manages liquidity risk through the management of its capital structure as described in Note 13. The accounts payable 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 or fixed income securities. 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.

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, Mexican pesos and Guatemala quetzal. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

6 Long-term investments and marketable securities

	December 31, 2017 Fair value	Acquired and reclass	Proceeds received from redemption	FX impact	Realized and unrealized (loss)/gain	June 30, 2018 Fair value
Marketable securities	\$ 1,731.0	\$ -	\$ (225.0)	\$ -	\$ 43.9	\$ 1,549.9
Long-term investment	\$ 1,029.6	\$ 52.0	\$ -	\$ -	\$ (349.7)	\$ 731.9

	December 31, 2016 Fair value	Acquired and reclass	Proceeds received from redemption	FX impact	Realized and unrealized loss	December 31, 2017 Fair value
Marketable securities	\$ 2,066.9	\$ -	\$ -	\$ -	\$ (335.9)	\$ 1,731.0
Long-term investment	\$ 810.0	\$ 666.0	\$ -	\$ -	\$ (446.4)	\$ 1,029.6

Long-term investments and marketable securities are designated as available-for-sale and valued at fair value. Unrealized gains and losses due to period-end revaluation, other than those determined to be significant or prolonged losses, are recorded as operating expense.

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2018

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

7 Investment in mineral properties

	Metates (a)	Yarely (b)	Regional (b)	Escorpion (c)	Talapoosa (d)	Total
December 31, 2016	\$ 63,370.8	\$ 237.9	\$ 320.2	\$ 558.6	\$ 6,641.6	\$ 71,129.1
Disposal	-	-	-	-	(1,963.0)	(1,963.0)
FX effects on translation from measurement to reporting currency	182.2	-	-	-	-	182.2
Assays	-	251.7	-	-	-	251.7
Concession acquisition	46.9	212.4	19.3	-	-	278.6
Camp & supplies	206.0	385.2	3.6	-	-	594.8
Drilling	-	228.6	-	-	-	228.6
Geological & engineering	44.4	1,113.9	-	-	-	1,158.3
Environmental	-	5.3	-	-	-	5.3
Travel	5.5	139.9	2.2	6.3	-	153.9
Other	-	-	-	1.8	-	1.8
December 31, 2017	\$ 63,855.8	\$ 2,574.9	\$ 345.3	\$ 566.7	\$ 4,678.6	\$ 72,021.3
Disposal	-	-	-	-	-	-
FX effects on translation from measurement to reporting currency	(19.4)	-	-	-	-	(19.4)
Assays	-	104.4	-	-	-	104.4
Concession acquisition	28.0	86.7	12.2	-	-	126.9
Camp & supplies	36.4	200.5	3.6	-	48.8	289.3
Drilling	-	274.3	-	-	-	274.3
Environmental	-	2.7	-	-	-	2.7
Geological & engineering	22.6	421.0	-	-	6.4	450.0
License, dues and fees	-	-	-	0.7	-	0.7
Travel	3.3	80.8	6.2	1.4	-	91.7
June 30, 2018	\$ 63,926.7	\$ 3,745.3	\$ 367.3	\$ 568.8	\$ 4,733.8	\$ 73,341.9

a) Metates Project

On May 9, 2014, the Company acquired the 1.5% net smelter return royalty (“Metates NSR”) on the Metates project. 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 a purchase price of \$9,859.5 (US\$9,000.0).

On August 9, 2014, the Company entered into an agreement (the “Agreement”) whereby the Company has assigned its interest in the Metates NSR to Wheaton Precious Metals Corp. (formerly known as Silver Wheaton Corp.) (“WPM”) for US\$9,000.0. As part of the Agreement, the Company will have 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\$9,000.0 with WPM continuing to hold a 0.5% interest in the Metates NSR. Also as part of the transaction, Chesapeake through AGM, will hold a right of first refusal to purchase the Metates NSR in the event WPM elects to sell the Metates NSR to a third party, on the same terms and conditions as the third party’s offer. The Agreement also contains customary terms and conditions for a royalty transaction. The Company has also entered into a right of first refusal agreement with WPM whereby the Company has granted WPM a right of first refusal on any future silver stream or royalty for which the Company receives and accepts an offer to purchase, on the same terms and conditions as the third party’s offer.

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b) Yarely

In Sinaloa State, Mexico, the Company is focused on the Yarely project located 25 kilometers northwest of the planned El Paso process site. An exploration program including mapping, sampling, mechanized trenching and diamond drilling was undertaken on the project during the first six months of 2018.

c) El Escorpion

On June 14, 2013, the Company concluded an agreement in respect of the El Escorpion project ("El Escorpion") with Gunpoint, whereby Gunpoint acquired a 100% interest in the El Escorpion by issuing and granting the following to Chesapeake.

- 0.5 million Gunpoint common shares and 0.5 million Gunpoint warrants exercisable at \$1.50 per share for a term of five years
- A 1.5% NSR royalty in the event Chesapeake purchases the existing 1.0% net smelter return ("NSR") royalty
- 1.0 million Gunpoint common shares in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is achieved on the Escorpion property

On January 28, 2011, Hunt Exploration S.A. (a subsidiary of Gunpoint) entered into an agreement with a private owner whereby Hunt would earn a 100% interest in El Escorpion by making cash payments totalling US\$351.0 over five years. The payment schedule was amended on March 23, 2015 per the table below. In August 2015, the Ministry of Energy and Mines granted title to the concession.

Carrying amount (US\$)	US\$
Upon signing the agreement (paid)	16.0
On January 28, 2012 (paid)	25.0
On January 28, 2013 (paid)	30.0
On January 28, 2014 (paid)	35.0
On March 23, 2015 (paid)	25.0
On July 28, 2015 (paid)	20.0
On January 28, 2016 (see amendment below)	200.0
	351.0

On May 20, 2016, the Company amended the final US\$200.0 due January 28, 2016 per the schedule below:

Carrying amount (US\$)	US\$
On or before signing the amendment (paid)	60.0
On May 31, 2016 (paid)	70.0
On September 1, 2016 (paid)	35.0
On December 15, 2016 (paid)	15.0
On December 15, 2016 (payment outstanding)	20.0
	200.0

El Escorpion is subject to a 1.0% NSR royalty, which can be purchased for US\$585.0 at any time.

On August 19, 2015, the Ministry of Energy and Mines granted title for the El Escorpion concession. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including El Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the

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local community to support the cancellation of the suspension. The property vendor has agreed to an extension of the final payment of \$20,000 to purchase El Escorpion until the exploration suspension is lifted.

d) Talapoosa

The Company owns a 100% interest in the Talapoosa property which consists of 535 unpatented lode mining claims, including 509 claims owned by the Company and 26 claims 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\$75.0 and the annual lease payment for the Unpatented Lease land is US\$35.0. 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\$42.4.

On March 31, 2015, the Company closed a transaction ("Option Agreement") with Timberline Resources Corporation ("Timberline"), granting Timberline an option (the "Option") to acquire from Gunpoint's subsidiary, American Gold US, a 100% interest in the Talapoosa gold project located in Nevada. In consideration for the Option, Timberline has paid US\$300.0 thousand and issued 2.0 million common shares to American Gold. with a fair value of \$1,639.6.

Under the Option Agreement, Timberline has until September 12, 2017 to exercise the Option to acquire a 100% interest in Talapoosa (the "Option Period"). Timberline can exercise the Option by making a US\$10.0 million cash payment to American Gold US. For a period of five years after Timberline exercises the Option, Timberline would be required to pay American Gold US an additional US\$10.0 million (payable in cash and Timberline common shares) if the daily price of gold averages US\$1,600 per ounce or greater for a period of ninety consecutive trading days. Timberline plans to complete a feasibility study on Talapoosa during the option period. American Gold US retains a 1% net smelter royalty on Talapoosa which Timberline can purchase for US\$3.0 million.

On October 20, 2016, the Option Agreement with Timberline was amended. The Company agreed to extend the option ("Extended Option") by approximately 18 months from September 12, 2017 to March 31, 2019 ("Amended Option Period"). In consideration for the extension, Timberline will pay an additional US\$1.0 million and issue 3.5 million common shares to the Company. In addition, Timberline's repurchase option for Gunpoint's 1% net smelter return royalty ("NSR") on Talapoosa has been eliminated.

The amended terms of the Option Agreement are as follows:

- Payment of US\$1.0 million and one million common shares of Timberline by March 31, 2017 (Received).
- Payment of US\$2.0 million and one million common shares of Timberline by March 31, 2018.
- A final payment of US\$8.0 million and 1.5 million common shares of Timberline by March 31, 2019.
- Timberline commits to undertake cumulative project expenditures of a minimum of US\$7.5 million by December 31, 2018.
- Elimination of Timberline's US\$3.0 million purchase option of the 1% NSR retained by the Company upon Timberline's acquisition of Talapoosa.
- The Contingent payment based on escalating gold prices has been amended such that if gold prices average greater than or equal to US\$1,600 over any 90-day period ("Trigger Event") within a 5-year period commencing on the option exercise closing date, Timberline will pay the Company an additional US\$10.0 million of which a minimum of US\$5.0 million will be payable within six months of the Trigger Event, and the remaining US\$5.0 million payable within twelve months of the Trigger Event, with both payments payable in cash or, at Timberline's discretion, up to 50% in shares.

On March 31, 2018, Timberline did not make the option payment due to Gunpoint. Accordingly, Timberline's option to acquire the Talapoosa gold project has terminated and 100% ownership of Talapoosa has reverted back to Gunpoint. In total, Gunpoint has received pursuant to the Option Agreement, \$1,343.0 (US\$1.0 million) cash and 3.0 million common shares of Timberline. As at June 30, 2018, the market value of 3.0 million Timberline shares was \$450.0 (December 31, 2017 - \$885.0).

e) La Cecilia

In 2010, the Gunpoint acquired La Cecilia from Chesapeake Gold Corp. La Cecilia is located in Sonora State Mexico and comprises three mineral concessions totalling 794 hectares. On January 31, 2017, the Company entered into an agreement ("Option Agreement") with Riverside Resources Inc. (TSX-V: RRI) whereby Riverside has been granted an option to acquire a 100% interest in Gunpoint's La Cecilia-Margarita gold project ("La Cecilia") located in Sonora State, Mexico.

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Riverside has the right to acquire a 100% interest in La Cecilia by making \$250,000 in cash payments and issuing 1.0 million Riverside common shares to the Company per following schedule:

- A payment of \$10.0 upon execution of the Option Agreement (Received);
- A \$15.0 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico which occurred April 24, 2017 ("the Effective Date") (Received);
- A \$25.0 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date (Received)
- A \$75.0 cash payment and issuance of 300,000 common shares of Riverside on or before the second anniversary of the Effective Date; and
- A \$125.0 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of Effective Date.

Riverside will be responsible for the property taxes and holding costs to maintain La Cecilia in good standing during the term of the agreement. As at June 30, 2018, the La Cecilia property is recorded at \$nil (2017 - \$nil) value due to a previous impairment. The consideration received from Riverside will be recognized as an income in the consolidated statement of operations.

8 Equipment

	Cost December 31, 2016	Disposals	Cost December 31, 2017 & June 30, 2018
Vehicles	306.9	-	306.9
Exploration equipment	115.3	-	115.3
	\$ 422.2	\$ -	\$ 422.2

	Accumulated Depreciation December 31, 2016	Depreciation, & amortization	Disposal	Accumulated Depreciation December 31, 2017	Depreciation, & amortization	Accumulated Depreciation June 30, 2018
Vehicles	(288.5)	(9.8)	-	(298.3)	(1.6)	(299.9)
Exploration equipment	(54.5)	(7.0)	-	(61.5)	(9.7)	(71.2)
	\$ (343.0)	\$ (16.8)	\$ -	\$ (359.8)	\$ (11.3)	\$ (371.1)

Carrying amount	June 30, 2018	December 31, 2017
Vehicles	\$ 7.0	\$ 8.6
Exploration equipment	44.1	53.8
	\$ 51.1	\$ 62.4

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9 Convertible debenture

As at June 30, 2018, Gunpoint has a convertible debenture in the principal amount of \$700.0, (plus related accrued interest) outstanding and this amount is indebted to the President of the Company.

On March 31, 2018, the Company and the debenture holder mutually agreed that the conversion option has expired. The debenture will be treated as an unsecured promissory note ("Promissory Note") and due on demand. The interest rate will remain at a rate of 5% per annum.

Interest accrued for the six months period ended June 30, 2018 was \$17.5 (June 30, 2017 - \$17.5). As at June 30, 2018, the total accrued interest related to the remaining outstanding Promissory Note was \$220.2 (December 31, 2017 - \$202.7) and was included in account payables and accrued liabilities.

10 Share capital

- a) 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.
- b) On April 13, 2018, 18,750 stock options were exercised at a price of \$2.15.
- c) As at June 30, 2018, 375,000 (December 31, 2017 - 375,000) of the issued and outstanding common shares were held in escrow, subject to release upon approval of regulatory authorities.

11 Share based compensation

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is 8,500,000 common shares. The exercise price for options granted may not be less than the market price of the shares on the day immediately preceding the date of the grant of the option.

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, representing approximately 0.52% of the current issued and outstanding common shares. 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

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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.

	June 30, 2018		December 31, 2017	
	Number of shares (000's)	Weighted average exercise price	Number of shares (000's)	Weighted average exercise price
Outstanding – beginning of year	5,501	\$ 2.92	5,689	\$ 4.09
Granted	-	-	790	3.75
Exercised	(19)	2.15	(38)	2.15
Forfeited/Expired	(267)	2.95	(940)	10.75
Outstanding – end of year	5,215	\$ 2.67	5,501	\$ 2.92

The following table discloses the number of options and vested options outstanding as at June 30, 2018:

Number of options (000s)	Number of options vested (000s)	Exercise price	Expiry Date
2,340	1,742	\$3.30	29-Aug-24
2,085	1,061	2.15	21-Mar-21
790	-	3.75	27-Sept-22
5,215	2,803	2.91	

During the six months ended June 30, 2018, the Company recognized \$826.5 (2017 - \$873.3) as share-based compensation expense, of which \$808.4 (2017 - \$896.8) relates to the Company and \$18.1 (2017 - \$23.6 recovery) relates to Gunpoint, respectively.

The following table discloses the number of options and vested options outstanding as at December 31, 2017:

Number of options (000s)	Number of options vested (000s)	Exercise price	Expiry Date
2,514	1,860	\$ 3.30	29-Aug-24
2,197	521	2.15	21-Mar-21
790	-	3.75	27-Sept-22
5,501	2,381	2.92	

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12 Related party transactions

The Company's related parties include its subsidiaries, and key management personnel. 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 balance sheet date and other annual employee benefits.

The Company incurred the following expenses with related parties during the six months ended June 30:

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Consulting	\$ 35.1	\$ 49.8	\$ 69.7	\$ 102.9
Legal	-	9.0	-	9.5
Management fees	62.5	62.5	125.0	125.0
Rental	6.0	6.0	12.0	12.0

During the second quarter of 2017 and 2018, legal fees were paid or accrued to a legal firm of which one of the partners is the Corporate Secretary of the Company. Management and rental fees were paid or accrued to a company owned by the President of the Company. Consulting fees were paid or accrued to a director of the Company.

As at June 30, 2018 the Company had amounts payable of \$766.6 (December 31, 2017 - \$616.7) to these parties, of which \$719.2 (December 31, 2017 - \$575.4) were due to the President's company. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

13 Capital management

The capital of the Company consists of items included in shareholder's 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 and cash equivalents as follows:

	June 30, 2018	December 31, 2017
Total equity for owners	\$ 83,685.5	\$ 84,392.4
Less: cash and cash equivalents	(17,250.4)	(18,914.2)
	\$ 66,435.1	\$ 65,478.2

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 June 30, 2018, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next two years and beyond. There are no externally imposed capital requirements to which the Company has not complied.

14 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 7. The Company's assets by country are:

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June 30, 2018	Canada	Mexico	USA	Total
Cash and cash equivalent	\$ 17,201.7	\$ 5.1	\$ 43.6	\$ 17,250.4
Accounts receivable and prepaid expense	141.3	278.1	-	419.4
Marketable securities	1,549.9	-	-	1,549.9
	18,892.9	283.2	43.6	19,219.7
Long term investment	72.6	-	659.3	731.9
Investment in mineral properties	-	68,608.1	4,733.8	73,341.9
Other long term assets	36.1	-	177.9	214.0
Fixed assets	-	51.1	-	51.1
Total assets	\$ 19,001.6	\$ 68,942.4	\$ 5,614.6	\$ 93,558.6
Segment loss for the three months ended	\$ (493.1)	\$ (49.8)	\$ (77.0)	\$ (619.9)
Segment loss for the six months ended	\$ (1,200.7)	\$ (121.8)	\$ (303.9)	\$ (1,626.4)

June 30, 2017	Canada	Mexico	USA	Total
Cash and cash equivalent	\$ 20,985.2	\$ 79.6	\$ 43.6	\$ 21,108.4
Accounts receivable and prepaid expense	119.2	201.2	-	320.4
Marketable securities	1,919.7	-	-	1,919.7
	\$ 23,024.1	\$ 280.8	\$ 43.6	\$ 23,348.5
Long term investment	72.6	-	1,469.1	1,541.7
Investment in mineral properties	-	64,529.0	4,678.6	69,207.6
Other long term assets	33.5	-	177.9	211.4
Fixed assets	-	67.7	-	67.7
Total assets	\$ 23,130.2	\$ 64,877.5	\$ 6,369.2	\$ 94,376.9
Segment loss for the three months ended	\$ (503.9)	\$ (72.0)	\$ 1.7	\$ (574.2)
Segment loss for the six months ended	\$ (1,249.0)	\$ (147.1)	\$ (13.6)	\$ (1,409.7)