BC FORM 51-102F3

MATERIAL CHANGE REPORT

1. Reporting Issuer

Full name and address of the Reporting Issuer:

Chaparral Gold Corp. (the "Company" or “Chaparral”)
7950 E. Acoma Drive, Suite 211
Scottsdale, Arizona 85260
U.S.A.

2. Date of Material Change

February 26, 2014

3. Press Release

The date and place(s) of issuance of the press release are as follows:

The press release was distributed on February 26, 2014 to the Toronto Stock Exchange (“TSX”) and various other approved public media and was SEDAR filed with the appropriate Canadian Securities Commissions.

4. Summary of Material Change(s)

The Board of Directors (the “Board”) of Chaparral Gold Corp. (“Chaparral” or “Company”) has recommended that shareholders reject the hostile take-over bid to acquire 100% of the common shares of the Company at C$0.50 per share in cash made by Waterton Precious Metals Fund II Cayman, LP on February 19, 2014. The Board has also adopted a shareholder rights plan to allow the Board sufficient time to seek competing bids and alternative proposals to maximize shareholder value.

5. Full Description of Material Change

The Board has recommended that shareholders reject the hostile take-over bid (the “Hostile Bid”) to acquire 100% of the common shares of the Company at C$0.50 per share in cash made by Waterton Precious Metals Fund II Cayman, LP (“Waterton”) on February 19, 2014.

The Board’s recommendation was made after receiving the recommendation of the independent Special Committee and advice from its legal and financial advisors.

The Board has also adopted a Shareholder Rights Plan (the “Plan”) to allow the Board sufficient time to seek competing bids and alternative proposals to maximize shareholder value. The Plan seeks to ensure that all of the Company’s shareholders are treated fairly in any transaction involving a possible change of control of Chaparral.

The Special Committee has engaged DuMoulin Black LLP as its independent legal advisor. As previously disclosed, the Company has engaged Maxit Capital LP as its financial advisors and Axium Law Corporation as its legal advisors.

The basis for the Board’s recommendation will be further outlined in a Director’s Circular to be filed with Canadian regulators and mailed to Chaparral shareholders. The following is a summary of the principal reasons for the Board's recommendation that Chaparral shareholders reject the Hostile Bid and not tender their Chaparral shares.

(1) **The Hostile Bid implies negative value for Chaparral’s mineral properties.**

The Hostile Bid is not credible as it implies that the Company’s two open-pit, heap leach gold projects in Nevada are worthless. The Hostile Bid, net of the Company’s estimated working capital, implies a negative value for

Chaparral's mineral properties. Effectively Waterton is using Chaparral's cash and receivables to fund Waterton's proposed acquisition of Chaparral.

(2) **The Board is aggressively pursuing value-maximizing alternatives.**

In response to the inadequacy of the Hostile Bid, the Board and Special Committee have been working, together with Chaparral's management and financial and legal advisors, to develop, review and evaluate a range of alternatives consistent with the Board's focus on maximizing value to Chaparral shareholders. These alternatives include building upon existing value-enhancing initiatives, as well as engaging in discussions with third parties regarding strategic alternatives.

Chaparral has approached or been approached by a number of third parties who have expressed an interest in considering transactions with Chaparral. Chaparral has entered into confidentiality and standstill agreements with a number of such interested parties, several of which are examining confidential financial, technical and other relevant information. Discussions are on-going with these parties and others in order to generate value-enhancing alternatives. Tendering Chaparral shares to the Hostile Bid before the Board and its advisors have had an opportunity to fully explore all available alternatives to the Hostile Bid may preclude the possibility of a superior alternative transaction emerging. While there can be no assurances, Chaparral's pursuit of strategic alternatives may lead to a proposal superior to the Hostile Bid.

(3) **The Hostile Bid fails to recognize the strategic value of Chaparral's asset base.**

Chaparral's shareholders currently have indirect 100% ownership of two heap leach gold projects in mining-friendly Nevada. Chaparral's flagship Goldfield property is a relatively high-grade, low-cost, near-term production scenario. Chaparral's other project, Converse, contains a large gold resource and provides considerable leverage to the gold price. The Hostile Bid, being all cash, would deprive Chaparral shareholders of their exposure to the cash generating potential and gold price optionality of these two high-quality development projects.

a) <u>Goldfield</u>

Goldfield's National Instrument 43-101 compliant independent feasibility study was prepared by Micon International Limited in 2012 and was updated at the completion of basic engineering in 2013. The project is currently in a fast-track permitting process administered by the Bureau of Land Management and permitting is expected to be completed in the second quarter of 2015. Initial production is targeted for mid-2016, subject to financing.

Goldfield is forecast to produce approximately 76,000 ounces of gold annually at attractive total cash costs of US$612 per ounce over its initial six-year mine life. It is relatively high-grade in terms of open pit, heap leach deposits, with the project's average gold grade being four times the estimated cut-off grade of 0.25g/t gold. Chaparral management believes there is also significant potential to extend Goldfield's mine life.

b) <u>Converse</u>

Gold deposits the size of Converse are very rare, even more so within stable political jurisdictions. There are approximately 37 undeveloped gold deposits worldwide that are owned by junior companies that have larger gold resources than Converse. Of those 37 deposits, only 18 are in North America.

Converse remains subject to further evaluation in the current gold price environment, but provides significant leverage to rising gold prices. Based on the Company's 2012 independent scoping study, the project could generate cumulative pre-tax cash flows over its projected mine life of US$900 million to US$1.3 billion and internal rates of returns ranging from 18%-25% at gold prices between US$1,500 and US$1,700 per ounce.

Waterton has clearly recognized the value of this asset having made inquiries to Chaparral as early as October 2013 regarding a potential earn-in or acquisition opportunity related specifically to Converse.

(4) **The timing of the Hostile Bid is opportunistic.**

In 2013, the gold price decreased 28%, representing the greatest annual percentage decrease in gold since 1981, and the end of twelve consecutive annual gold price increases. Waterton is attempting to acquire Chaparral at a time when the Company's share price has been significantly impacted by the current challenging commodity price environment.

At the time of the announcement of the Hostile Bid, Chaparral had been trading on the TSX as an independent company for only 34 trading days (since December 30, 2013) and, as a result, has not had a full opportunity to re-rate to the trading price levels of its peer group with similar development gold projects in favourable jurisdictions. The Hostile Bid would prevent Chaparral shareholders from benefiting from this potential re-rating of the Chaparral share price.

(5) **The Hostile Bid is significantly below precedent multiples for similar-scale gold developers.**

The Hostile Bid represents a significant discount to the Price to Net Asset Value ("P/NAV") multiples and Enterprise Value per ounce of gold ("EV/oz") economic parameters that have been paid in prior acquisitions of similar-scale gold developers. In fact, as previously stated, net of the Company's estimated working capital (at December 31, 2013), the Hostile Bid implies a negative value for Chaparral's mineral properties.

(6) **The Hostile Bid represents an immaterial premium to Chaparral's share price**

The Hostile Bid of C$0.50 per share represents a meager 14.9% premium to the closing price of Chaparral shares on the TSX on February 14, 2014 (the last trading day prior to the announcement of the bid). Furthermore, as at February 26, 2014, the Hostile Bid represented a 12.3% discount to the closing price of C$0.57 for Chaparral's shares on the TSX. Chaparral Shares have not traded at or below the Hostile Bid price since the Waterton announcement.

(7) **Waterton's own financial advisors recognize the scarcity value of assets similar to Goldfield.**

In a research report on another gold company dated September 11, 2013, National Bank Financial ("NBF"), current financial advisor to Waterton, highlights the "absolute scarcity of near-term development projects at a time when many mid-tier and senior producers are seeing their production profiles decline." It continues: "analysis suggests a limited field of development projects likely to be in production within the next two years, more so in favourable locations like North and South America where we account for seven projects meeting our selection criteria (>75,000 oz/yr, 2014 or 2015 start dates, not owned by a mid-tier or senior producer)." NBF also highlight the benefits of heap leach projects as having relatively low up-front capital costs and the ability to scale production upwards over time.

While Goldfield is not estimated to be in production until mid-2016, it does meet all the other criteria described by NBF as being scarce, namely: it is located in North America; it has been advanced to a feasibility study; and it is projected to be capable of significant production.

In the same report, NBF depicts recent acquisitions and historical take-out multiples where the take-out averages as compiled by NBF equate to a P/NAV of 0.83x and an EV/Resource of US$98/oz. Applying those multiples to Chaparral would imply a dramatically higher price range than the Hostile Bid.

(8) **Chaparral has a strong balance sheet and no near-term dilution risk for shareholders.**

Contrary to Waterton's assertions, with approximately US$43 million in cash and a further US$18 million in receivables, Chaparral is in an enviable position, with one of the strongest balance sheets in its peer group. Further, given that the Company's flagship Goldfield project is currently in the permitting phase and that Converse is currently under evaluation, the Company and its shareholders are not subject to any onerous property holding costs, capital requirements or near-term financing requirements.

The Company's financial future is strong and it is under no financial duress. In fact, Waterton is essentially attempting to use the Company's (and by extension its shareholders') own working capital to acquire Chaparral's mining properties.

(9) **The Hostile Bid is financially inadequate.**

Maxit Capital LP, financial advisor to the Company, has opined to the Special Committee and Board of the Company that as of February 26, 2014, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered under the Hostile Bid for the Chaparral Shares is inadequate from a financial point of view to the Chaparral Shareholders, other than Waterton.

(10) **Rejection of the Hostile Bid by Chaparral's directors and officers.**

The directors and officers of Chaparral do not intend to tender any of their shares to the Hostile Bid. The directors and officers of Chaparral, after giving effect to the exercise of all of their stock options, would hold an aggregate of 5,394,527 Shares, representing approximately 4.5% of the outstanding Shares on a fully-diluted basis.

(11) **The Hostile Bid is highly conditional.**

The Board is concerned that the Hostile Bid is highly conditional, to the benefit of Waterton and contains 12 conditions which must be satisfied or waived before Waterton is obligated to take up and pay for common shares deposited under the Hostile Bid. Many of the conditions are not subject to a materiality threshold but rather provide Waterton with very broad discretion to decline to proceed with the Offer. Based on the foregoing, tendering to the Hostile Bid would, in effect, grant Waterton a free option to acquire the tendered shares.

Shareholder Rights Plan

In order to ensure that the Board has sufficient time and opportunity to explore alternative options that could maximize shareholder value and to encourage equal treatment of shareholders in connection with any take-over bid, the Board, based in part on the recommendation of the Special Committee, has adopted a Shareholder Rights Plan (the "Plan").

The Plan does not prevent a take-over of Chaparral. The Plan discourages discriminatory, coercive or unfair take-overs of Chaparral and gives the Board time if, in the circumstances, the Board determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited take-over bid is made for all or a portion of the outstanding Chaparral Shares.

Pursuant to the Plan, the Board has authorized the distribution of one share purchase right (a "Right") for each outstanding common share of the Company effective at the close of business today. Each Right is initially attached to and will trade with the Chaparral shares in respect of which it was issued. The issuance of the Rights will not change the manner in which shareholders currently trade their Chaparral shares.

The Rights will separate from the Chaparral shares to which they are attached and become exercisable at the "Separation Time", which occurs following the date a person or a group acting in concert (an "Acquiror") makes or announces an intention to make a takeover bid that is not a Permitted Bid (as such term is defined in the Plan). The Plan provides that the Separation Time may be deferred by the Board.

As the Hostile Bid is not a Permitted Bid, under the provisions of the Plan the Separation Time would occur on the close of business on Monday, March 3, 2014; however, the Board, in accordance with the Plan, has deferred the Separation Time in respect of the Hostile Bid until the day prior to the expiry date of the Hostile Bid.

In the event of an acquisition of 20% or more of the common shares of the Company by a an Acquiror, other than by way of a Permitted Bid, each Right will entitle the holder thereof, other than the Acquiror, to acquire common shares of the Company at a 50% discount to the then-current market price.

In order for a take-over bid to qualify as a Permitted Bid under the Plan, the bid must provide that no shares will be taken up under the bid for a period of at least 60 days after the bid is commenced. A Permitted Bid must also satisfy certain other conditions, including that more than 50% of the outstanding common shares held by persons unrelated to the bidder must be deposited pursuant to the bid and not withdrawn before any common shares may be taken up under the bid and paid for, and that, in the event that such number of shares are deposited, the bidder will make a public announcement of that fact and the bid will remain open for deposits of common shares for not less than ten business day following the date of such public announcement. The Hostile Bid by Waterton, which expires on March 27, 2014, does not qualify as a Permitted Bid under the Plan.

The Company intends to submit the Plan for approval by the Company's shareholders at its planned Annual General Meeting in May 2014. The Plan also remains subject to regulatory approval, including the approval of the TSX. The foregoing summary of certain terms of the Plan is qualified in its entirety by reference to the text of the Plan, which is being concurrently filed on SEDAR, at www.sedar.com.

The technical information reported in this material change report was reviewed by Chaparral's CEO and Qualified Person, Nick Appleyard.

6. Reliance on section 7.1(2) of National Instrument 51-102

Not Applicable

7. Omitted Information

Not Applicable

8. Executive Officer

The following senior officer of the Company is knowledgeable about the material change and may be contacted by the Commission at the following telephone number:

Nick Appleyard
Chief Executive Officer
7950 E. Acoma Drive, Suite 211
Scottsdale, Arizona 85260

Telephone: (480) 483-9932
Facsimile: (480) 483-9926

9. Date of Report

DATED at Scottsdale, Arizona this 27th day of February, 2014.