



NEWS RELEASE

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CHESAPEAKE ACQUIRES SANTO DOMINGO GOLD PROJECT IN NICARAGUA

Chesapeake Gold Corp. (“Chesapeake”) has entered into an agreement to acquire the Santo Domingo gold project in central Nicaragua. Santo Domingo is located approximately 130 kilometres northeast from Managua and is road accessible year round. Geologically, Santo Domingo hosts similar epithermal gold mineralization to the nearby La Libertad deposit, located 10 kilometres to the west.

Santo Domingo is a low sulfidation, gold-silver epithermal system hosted in Tertiary andesites and occurs in a series of high grade, structurally controlled veins that are associated with broad zones of stockworks and breccias. So far, at least eight major sub-parallel mineralized structures have been recognized at Santo Domingo. The structures trend mostly NE, vary from 2 to 30 meters in width and remain continuous for more than 3.5 kilometres along strike. High grade assay results of up to 230 g/t gold and 200 g/t silver were obtained from rock chip samples taken across the core of well-exposed quartz veins that represent the main feeder conduits of the mineralized system.

Since 1980 Santo Domingo has been owned by a Coop of individual miners. The Coop’s reported production from small workings scattered throughout the 650 hectare concession is approximately 14,000 ounces of gold. During this period the miners have and continue to excavate vertical shafts by hand to an average depth of 20 meters in oxidized mineralization. Production records indicate the Coop has mined approximately 56,000 tons at an estimated recoverable grade of 7.5 grams per ton. The historical production has not been verified by Chesapeake and should not be relied upon.

Recently, Chesapeake visited some of the Coop’s pits and shafts and visible gold was evident when several samples were crushed and panned. Numerous samples taken by Chesapeake in tailings and dump materials have been assayed and results range from 3 to 14 g/t gold and up to 24 g/t silver. Twelve 2 meter channel samples of oxidized quartz taken by Chesapeake from vein outcrops along 1 kilometre of strike averaged 7.3 g/t gold and 39 g/t silver. Additional channel samples taken in the stockworks and breccias adjacent to one poorly exposed structure returned the following results.

- 21 meters @ 1.3 g/t gold and 11.5 g/t silver
- 8 meters @ 6.8 g/t gold and 23.5 g/t silver
- 4 meters @ 1.6 g/t gold and 17.0 g/t silver
- 6 meters @ 1.2 g/t gold and 23.2 g/t silver
- 10 meters @ 1.0 g/t gold and 6.0 g/t silver

In 2003 Chesapeake staked La Union, a 24,500 hectare mineral concession situated north and west of Santo Domingo. Chesapeake undertook a regional stream sediments geochemistry program which led to the discovery of two structures with precious metals mineralization. One structure is a NNW trending low sulfidation epithermal vein and stockwork system that has been traced for over 1.5 kilometres. Initial rock chip samples collected from the quartz veins returned up to 17.8 g/t gold. Three intermittent channel samples from trenches hand dug along one kilometre of strike yielded 10 meters of 2.13 g/t gold, 4.5 meters of 3.2 g/t gold and 4.2 meters of 1.4 g/t gold.

The second epithermal structure found within the La Union concession trends NE and is believed to be part of the Santo Domingo system. Two 1.5 meter wide rock chip channel samples taken 100 meters apart along strike from a broad quartz stockwork zone returned 2.5 g/t gold and 51 g/t silver and 0.7 g/t gold and 27 g/t silver.

Within 6-8 weeks Chesapeake will initiate a detailed mapping, systematic trenching and rock chip sampling program on Santo Domingo covering the known zones and extensions along and across strike. Chesapeake will also focus on prospecting, mapping and sampling the other veins and alteration zones in the La Union concession.

For the past five years Chesapeake has maintained its office in Managua together with field vehicles and equipment purchased new in 2002. The acquisition of Santo Domingo together with La Union provides the potential to develop a multi-million ounce gold camp in Nicaragua. Management believes Santo Domingo adds significant depth and quality to Chesapeake's project portfolio and plans to advance it to the drill-ready stage during 2007.

Chesapeake has agreed to make staged payments totalling US\$3.0 million over four years to acquire Santo Domingo. The Coop retains a 2.5% NSR that can be purchased in instalments totaling US\$5 million at any time. Chesapeake can terminate the contract unilaterally at any time without further obligations to the Coop.

BSI Inspectorate Inc. is the analytical laboratory used to assay the samples of this project. Sample preparation was undertaken in Guatemala City and the final analysis was carried out in Reno, Nevada. Alberto Galicia, P. Geo, is the qualified person under NI 43-101 and is responsible for the exploration program in Nicaragua.

For more information on Chesapeake, please contact P. Randy Reifel, President at (604)731-1094.

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