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**CHESAPEAKE ANNOUNCES POSITIVE PRELIMINARY ECONOMIC ASSESSMENT FOR METATES**

Chesapeake Gold Corp. (“Chesapeake”) is pleased to announce the results of a positive Preliminary Economic Assessment (“PEA”) on its large 100% owned Metates gold-silver project located in Durango State, Mexico. The NI 43-101 compliant PEA was prepared by M3 Engineering & Technology of Tucson, Arizona (“M3”) with input from other prominent industry consultants.

The PEA indicates a large tonnage open pit mining operation using conventional mining and milling methods to produce a sulphide concentrate followed by pressure oxidation to be feasible using current and projected future economic conditions. Highlights of the PEA using base case prices of \$900 per ounce gold, \$14 per ounce silver and \$1.00 per pound zinc are as follows. All costs are quoted in US dollars and reference to “gold equivalent” refers to gold plus the gold equivalent of silver only, at gold to silver ratio of 1:64.3.

- **Base case ultimate pit mining 852 million tonnes of ore containing 17.4 million ounces gold, 463 million ounces silver and 3 billion lbs of zinc with a life of mine (LOM) strip ratio of 1.75 to 1**
- **27 year LOM production at 90,000 tonnes per day of ore throughput**
- **Annual average gold equivalent production during the first seven years of full operation averages 963,200 ounces at a direct cash cost of \$326 per ounce excluding zinc credits, \$267 per ounce including zinc credits**
- **LOM average annual gold equivalent production of 772,700 ounces at a direct cash cost of \$419 per ounce excluding zinc credits, \$366 per ounce including zinc credits**
- **Estimated initial capital cost of \$3.19 billion including \$493 million in contingency costs and working capital**
- **Unleveraged pre-tax internal rate of return (“IRR”) of 13.0% and a net present value (“NPV”) of \$1.2 billion at an 8% discount rate, including zinc recovery**
- **Payback period of 5.7 years and an undiscounted cumulative LOM net cash flow of \$11.0 billion, on a pre-tax basis and including zinc recovery.**

The PEA is based upon a new NI 43-101 compliant in-pit mineral resource estimate by Independent Mining Consultants of Tucson, Arizona (“IMC”) at a gold price of \$900 per ounce and a cut-off grade of 0.40 g/t gold equivalent.

Resource Class	Ore (Ktonnes)	Gold Grade (g/t)	Silver Grade (g/t)	Gold Eq. Grade* (g/t)	Zinc (%)
<b>Measured</b>	216,199	0.67	16.5	0.92	0.19
Contained Metal		4,658,000 oz	114,704,000 oz	6,416,000 oz	900,590 (Klbs)
<b>Indicated</b>	729,938	0.54	15.2	0.78	0.16
Contained Metal		12,524,000 oz	351,857,000 oz	17,941,000 oz	2,491,187 (Klbs)
<b>Measured + Indicated</b>	936,137	0.57	15.5	0.81	0.16
Contained Metal		17,182,000 oz	466,571,000 oz	24,357,000 oz	3,391,777 (Klbs)
<b>Inferred</b>	135,315	0.60	14.3	0.82	0.12
Contained Metal		2,611,000 oz	62,219,000 oz	3,572,000 oz	357,881 (Klbs)

\* Gold Equivalent equals Gold plus Silver/64.3, assuming equal metal recoveries

This new resource increases the existing (see news release dated May 7, 2009) Measured + Indicated mineral resources by 2.4 million ounces gold, 70 million ounces silver and 790 million pounds zinc and the Inferred mineral resources by 0.7 million ounces gold, 24 million ounces silver and 145 million pounds zinc.

IMC prepared the mine schedule used in the PEA from the new resource which includes Inferred mineral resources which are considered to be too speculative geologically to have economic considerations applied that would enable them to be categorized as mineral reserves. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves. The PEA is an estimate of the economic viability of the project and there is no certainty that the results projected will be realized and actual results may vary substantially. A variable gold equivalent cut-off grade ranging from 0.55 g/t to 0.43 g/t was used to optimize the grades and waste:ore ratio in the early years of production. The resource used in the PEA mines a lower tonnage but higher value portion of the updated resource estimate using 0.40 g/t gold equivalent cut-off grade.

### Metates Preliminary Assessment Summary

	Years 2-8	Life of Mine
<b>Processed Tonnes*</b>	230 million	852 million
<b>Gold (g/tonne)</b>	0.69	0.64
<b>Silver (g/tonne)</b>	25.0	16.9
<b>Gold Equivalent (g/tonne)</b>	1.07	0.90
<b>Zinc (%)</b>	0.24	0.16
<b>Waste: Ore Ratio</b>	0.83	1.75
<b>Average Annual Production</b>		
<b>Gold (ounces)</b>	615,300	547,200
<b>Silver (ounces)</b>	22,362,000	14,497,000
<b>Gold Equivalent (ounces)</b>	963,200	772,700
<b>Zinc (million pounds)</b>	128.6	90.4
<b>Gold Equivalent Cash Cost – no zinc</b>	\$326/ounce	\$419/ounce
<b>Gold Equivalent Cash Cost – with zinc</b>	\$267/ounce	\$366/ounce

\* Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The initial capital costs, including contingency and working capital and the zinc recovery plant are estimated at \$3.19 billion or approximately \$153 per ounce of LOM gold equivalent production. Average operating cost per tonne of ore mined LOM including mining, processing and G&A is estimated at \$11.58, including zinc recovery. The capital and operating costs are current to second quarter 2010.

### Capital and Operating Costs Summary

Initial	\$ 2.701 billion	Mining Cost	\$ 0.90 per tonne
Contingency and working capital	\$ 0.493 billion	Processing Cost	\$ 10.28 per tonne
Sustaining (including reclamation and salvage)	\$ 0.705 billion	G&A Cost	\$ 0.40 per tonne
Total	\$ 3.899 billion	Total	\$ 11.58 per tonne

The PEA is based on a mine production rate of 90,000 tonnes per day processed by a crushing and grinding system utilizing high pressure grinding to feed a sulphide flotation plant. The bulk sulphide rougher flotation concentrate representing about 11% of the original weight of the ore, will be transported by slurry pipeline 140 kilometres downhill to an area of relatively flat terrain proximate to a large limestone resource as well as existing power, water and supporting infrastructure. The concentrate will be treated via pressure oxidation with subsequent cyanidation and Merrill-Crowe recovery of gold-silver dore. Acidic solutions from pressure oxidation will be treated with limestone and lime produced on-site. A new process will be used to produce high quality zinc metal sulphide from the pressure oxidation solutions, with the sulphides shipped to a smelter for final processing. Electrical power is to be supplied from a dedicated coal fired power plant which is included in the initial capital cost. Overall gold and silver recoveries from ore through dore production are estimated at 84.7%. Overall zinc recovery is estimated at 85%. The PEA forecasts a 27 year mine life. Total LOM production is expected to recover 14.8 million ounces gold, 391 million ounces silver and 2.44 billion pounds of zinc.

The base case economic evaluation on a pre-tax basis and with  $\pm 10\%$  sensitivities are provided in the table below, which includes zinc recovery:

### Economic Results and Sensitivity Summary

	Base Case	Plus 10% Prices	Minus 10% Prices
<b>LOM Net cash Flow</b>	\$11.0 billion	\$13.1 billion	\$9.0 billion
<b>NPV (@ 5%)</b>	\$2.5 billion	\$3.5 billion	\$1.5 billion
<b>NPV (@ 8%)</b>	\$1.2 billion	\$1.9 billion	\$0.5 billion
<b>IRR (%)</b>	13.0	15.7	10.1
<b>Payback Period (yrs.)</b>	5.7	5.0	7.0
<b>Assumed Metal Prices</b>			
<b>Gold (\$/ounce)</b>	900	990	810
<b>Silver (\$/ounce)</b>	14.00	15.40	12.60
<b>Zinc (\$/pound)</b>	1.00	1.10	0.90

After two years of comprehensive work, management is very pleased with the results of the PEA. As a result, the Company plans to rapidly advance Metates towards pre-feasibility which is estimated to cost about \$3.0 million and take approximately 12-15 months to complete. Chesapeake believes the project economics can be improved by further work and trade-off studies investigating alternative zinc recovery methods, access road alignments and independent power sources. Excellent potential exists to expand the current gold resource at Metates as the deposit remains open along trend in both strike directions. As such, a significant tonnage of material within the existing pit design that has not been drill-tested is presently classed as waste rock.

Chesapeake currently has 38,309,797 shares outstanding and approximately C\$12.0 million in cash and liquid investments.

Mr. Gary Parkison, Metates Project Manager and a Qualified Person as defined by NI 43-101 supervised the preparation of the technical information in this release. Mr. Doug Austin P E , Senior Vice President with M3 and Mr. Michael Hester F AUS IMM, Vice President of IMC have also reviewed and approved the data in this new release.

The NI 43-101 PEA Technical Report will be available late May at [www.sedar.com](http://www.sedar.com) and on the Company's website. For more information on Chesapeake and its Metates Project, please visit our website at [www.chesapeakegold.com](http://www.chesapeakegold.com) or contact investor relations at 604-731-1094.

### CHESAPEAKE GOLD CORP

*"P. Randy Reifel"*

P. Randy Reifel  
President

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*This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding prospective gold, silver and zinc production, timing and expenditures to develop the Metates property, gold, silver and zinc grades and recoveries, cash costs per ounce, capital and operating expenditures and sustaining capital and the ability to fund mine development at Metates. The Company does not intend to, and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.*

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Chesapeake and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: ability to finance mine development, fluctuations in the prices of gold, silver and zinc, fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; risks in obtaining necessary licenses and permits, and challenges to the Company's title to properties; as well as those factors described in the section "risk factors" contained in the Company's most recent MD&A filed with the Canadian securities regulatory authorities. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.