



Chesapeake Gold Corp.

Condensed Consolidated Interim Financial Statements

June 30, 2015– Second Quarter

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

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

	Note	June 30, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	3	\$ 26,434.5	\$ 28,992.0
Other receivables and prepaid expenses		578.9	546.3
Marketable securities	3,4	2,234.4	2,475.0
		29,247.8	32,013.3
Long term investment	3,4	1,431.4	-
Investment in mineral properties	5	66,964.5	66,118.5
Equipment	6	125.5	153.5
Reclamation bond		205.3	195.4
Total assets		\$ 97,974.5	\$ 98,480.7
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	3	\$ 1,897.0	\$ 1,669.3
Convertible debt	7	750.0	750.0
		2,647.0	2,419.3
Deferred income tax liabilities		6,381.6	6,381.6
Decommissioning obligation		270.4	259.5
Total liabilities		9,299.0	9,060.4
Shareholders' equity			
Share capital	8	147,594.4	147,594.4
Reserves		17,796.5	16,207.6
Deficit		(78,971.2)	(76,730.6)
		86,419.7	87,071.4
Non-controlling interest ("NCI")		2,255.8	2,348.9
Total shareholders' equity		88,675.5	89,420.3
Total liabilities and shareholders' equity		\$ 97,974.5	\$ 98,480.7

Nature of operations (note 1)

Commitment (note 13)

Approved by the Board of Directors

"P. Randy Reifel"

Director

"Gerald L. Sneddon"

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 – expressed in thousands of Canadian dollars, except where indicated)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
General and administration expenses					
Depreciation	6	\$ (13.0)	\$ (22.4)	\$ (28.0)	\$ (46.0)
Exploration		(116.0)	(91.7)	(371.4)	(306.7)
General and administrative		(260.4)	(272.1)	(611.8)	(670.8)
Management fees	10	(62.5)	(62.5)	(125.0)	(125.0)
Professional fees		(70.5)	(192.8)	(130.6)	(287.6)
Share-based compensation	9	(859.5)	(277.9)	(1,575.7)	(619.6)
		(1,381.9)	(919.4)	(2,842.5)	(2,055.7)
Other (expenses) income, net					
Finance income		116.0	133.4	232.3	269.4
Finance cost		(24.3)	(29.2)	(44.6)	(40.0)
Foreign exchange loss		(152.0)	(125.5)	348.7	(199.7)
Impairment on investment in associate		-	(80.4)	-	(80.4)
Loss from investment in associates		-	(7.6)	-	(13.9)
Other		-	(0.7)	-	68.9
Net loss		(1,442.2)	(1,029.4)	(2,306.1)	(2,051.4)
Other comprehensive loss (“OCI”)					
Items that may be reclassified subsequently to net earnings:					
Cumulative translation adjustment		(384.3)	(88.1)	49.8	(269.7)
Unrealized gain (loss) on available for sale investments	4	(173.4)	172.7	(64.2)	263.7
Total comprehensive loss		(1,999.9)	(944.8)	(2,320.5)	(2,057.4)
Net loss attributable to					
Owners of the Company		(1,431.0)	(979.2)	(2,240.6)	(1,985.6)
Non-controlling interest		(11.2)	(50.2)	(65.5)	(65.8)
		(1,442.2)	(1,029.4)	(2,306.1)	(2,051.4)
Other comprehensive (loss) income attributable to					
Owners of the Company		\$ (527.0)	\$ 84.0	\$ 23.5	\$ (6.6)
Non-controlling interest		(30.7)	0.6	(37.9)	0.6
Total other comprehensive loss		\$ (557.7)	\$ 84.6	\$ (14.4)	\$ (6.0)
Loss per share					
Basic and diluted		\$ (0.03)	\$ (0.02)	\$ (0.05)	\$ (0.04)
Weighted average shares outstanding (000’s)					
Basic and diluted		44,216	44,216	44,216	44,216
Total shares issued and outstanding (000’s)		44,216	44,216	44,216	44,216

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

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

	Notes	Attributable to owners of the Company								Total equity
		Shares ('000)	Share capital	Share based compensation reserves	Foreign translation reserves	Investment revaluation reserves	Deficit	Total for owners	NCI	
Balance at January 1, 2015		44,416	\$ 147,594.4	\$ 15,794.6	\$ (224.0)	\$ 637.0	\$ (76,730.6)	\$ 87,071.4	\$ 2,348.9	\$ 89,420.3
Net loss for the period		-	-	-	-	-	(2,240.6)	(2,240.6)	(65.5)	(2,306.1)
Cumulative translation adjustment		-	-	-	49.8	-	-	49.8	-	49.8
Unrealized gain in available for sale investments	4	-	-	-	-	(26.3)	-	(26.3)	(37.9)	(64.2)
Share-based compensation charges	9	-	-	1,565.4	-	-	-	1,565.4	10.3	1,575.7
Balance at June 30, 2015		44,416	\$ 147,594.4	\$ 17,360.0	\$ (174.2)	\$ 610.7	\$ (78,971.2)	\$ 86,419.7	\$ 2,255.8	\$ 88,675.5
Balance at January 1, 2014		44,416	\$ 147,594.4	\$ 13,804.1	\$ 415.5	\$ 750.0	\$ (72,296.0)	\$ 90,268.0	\$ 2,541.0	\$ 92,809.0
Net loss for the period		-	-	-	-	-	(1,985.6)	(1,985.6)	(65.8)	(2,051.4)
Cumulative translation adjustment		-	-	-	(269.7)	-	-	(269.7)	-	(269.7)
Unrealized gain in available for sale investments		-	-	-	-	263.1	-	263.1	0.6	263.7
Gain on sales of marketable securities		-	-	-	-	(69.6)	-	(69.6)	-	(69.6)
Share-based compensation charges		-	-	603.3	-	-	-	603.3	16.3	619.6
Balance at June 30, 2014		44,416	\$ 147,594.4	\$ 14,407.4	\$ 145.8	\$ 943.5	\$ (74,281.6)	\$ 88,809.5	\$ 2,492.1	\$ 91,301.6

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

Chesapeake Gold Corp.

Condensed Consolidated Interim Statement of Cash Flows

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

	Notes	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Cash used from operating activities					
Net loss for the period		\$ (1,442.2)	\$ (1,029.4)	\$ (2,306.1)	\$ (2,051.4)
Items not affecting cash					
Depreciation	6	13.0	22.4	28.0	46.0
Unrealized foreign exchange (gain) loss		152.0	125.5	(348.7)	199.7
Loss from investment in associates		-	7.6	-	13.9
Impairment on investment in associates		-	80.4	-	80.4
Share-based compensation charges	9	859.5	277.9	1,575.7	619.6
Finance cost – accretion of convertible debt		-	-	-	7.1
Other		-	0.7	-	(68.9)
		(417.7)	(514.9)	(1,051.1)	(1,153.6)
Change in non-cash operating working capital					
Increase in accounts receivable and prepaid expense		267.3	348.6	221.0	326.4
Decrease in accounts payable and accruals		208.8	36.4	223.8	(816.3)
		58.4	(129.9)	(606.3)	(1,643.5)
Cash flows used in investing activities					
Proceeds from sale of marketable securities	4	-	-	225.0	338.6
(Cost) proceeds from disposition of mineral property, net	5	(14.4)	-	83.8	-
Royalty investment expenditures		-	(9,859.5)	-	(9,859.5)
Mineral property expenditures	5	(1,142.9)	(478.1)	(2,613.6)	(1,130.3)
		(1,157.3)	(10,337.6)	(2,304.8)	(10,651.2)
Increase (decrease) in cash and cash equivalents		(1,098.9)	(10,467.5)	(2,911.1)	(12,294.7)
Foreign exchange impact on cash and cash equivalents		(149.7)	(122.2)	353.6	(203.3)
Cash and cash equivalents – beginning of period		27,683.1	33,097.1	28,992.0	35,005.4
Cash and cash equivalents – end of period		26,434.5	22,507.4	26,434.5	22,507.4
Cash		\$ 180.0	\$ 982.8	\$ 180.0	\$ 982.8
Short term investment		26,254.5	21,524.6	26,254.5	21,524.6
Cash and cash equivalents – end of period		\$ 26,434.5	\$ 22,507.4	\$ 26,434.5	\$ 22,507.4

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

Chesapeake Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

(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 pipeline of exploration projects in north western Mexico.

The Company is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol “CKG.V”. On April 8, 2015, the Company traded on the OTCQX marketplace in the U.S., under the symbol “CHPGF”. The Company’s registered 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 81.93% to 74.46%.

These condensed consolidated interim 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 \$2,306.1 for the six months ended June 30, 2015, and an accumulated deficit of \$78,971.2 as at June 30, 2015. 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, 2014.

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, 2014. 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, 2014.

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 31, 2015.

3 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

Chesapeake Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

	June 30, 2015		December 31, 2014	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value through profit and loss (“FVTPL”)</i>				
Cash and cash equivalents	26,434.5	26,434.5	28,992.0	28,992.0
Other receivables	396.5	396.5	431.6	431.6
Reclamation bond	205.3	205.3	195.4	195.4
<i>Available-for-sale</i>				
Long term investment	1,431.4	1,431.4	-	-
Marketable securities	2,234.4	2,234.4	2,475.0	2,475.0
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities	1,897.0	1,897.0	1,669.3	1,669.3

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, 2015
Cash and cash equivalents	\$ 26,434.5	\$ -	\$ -	\$ 26,434.5
Marketable securities	2,234.4	-	-	2,234.4
Long term investment	1,431.4	-	-	1,431.4

	Level 1	Level 2	Level 3	Total December 31, 2014
Cash and cash equivalents	\$ 28,992.0	\$ -	\$ -	\$ 28,992.0
Marketable securities	2,475.0	-	-	2,475.0

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, 2015.

Chesapeake Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

4 Investments

	December 31, 2014 Fair value	Acquired (see note 5)	Proceeds received from redemption	Realized and unrealized loss	June 30, 2015 Fair value
Marketable securities	\$ 2,475.0	\$ -	\$ (225.0)	\$ (15.6)	\$ 2,234.4
Long term investment	-	\$ 1,480.0	\$ -	\$ (48.6)	\$ 1,431.4

	December 31, 2013 Fair value	Reclassification from investment in associate	Proceeds received from redemption	Realized and unrealized loss	December 31, 2014 Fair value
Marketable securities	\$ 2,862.9	\$ 91.9	\$ (338.6)	\$ (141.2)	\$ 2,475.0

5 Mineral properties

	La Cecilia	Talapoosa	Metates	Tatatila	Regional	Escorpion	Nicole	Total
January 1, 2014	\$ 198.6	\$ 8,071.4	\$ 53,928.7	\$ 207.5	\$ -	\$ 263.3	\$ 118.7	\$ 62,788.2
Concession acquisition	-	78.3	95.4	-	144.4	39.5	-	357.6
FX effects on translation from measurement to reporting	-	-	(635.7)	(2.4)	-	-	(1.4)	(639.5)
Deferred exploration costs								
Assays	-	116.7	89.4	-	-	-	-	206.1
Camp & supplies	-	0.1	317.3	-	41.8	2.3	-	361.5
Drilling	-	-	6.2	-	-	-	-	6.2
Environmental	-	88.6	7.1	-	-	-	-	95.7
Geological & engineering	-	148.6	3,021.9	-	40.5	-	-	3,211.0
Travel	-	2.5	57.3	-	66.7	8.8	-	135.3
Impairment	(198.6)	-	-	(205.1)	-	-	-	(403.7)
Other	-	114.2	-	-	(44.3)	(69.8)	-	0.1
December 31, 2014	\$ -	\$ 8,620.4	\$ 56,887.6	\$ -	\$ 249.1	\$ 244.1	\$ 117.3	\$ 66,118.5
Concession acquisition	-	-	48.4	-	94.0	31.4	-	173.8
Disposal	-	(1,817.5)	-	-	-	-	-	(1,817.5)
FX effects on translation from measurement to reporting	-	-	49.5	-	0.2	-	0.1	49.8
Assays	-	-	26.7	-	-	-	-	26.7
Camp & supplies	-	-	32.5	-	48.1	-	-	80.6
Geological & engineering	-	4.9	2,218.3	-	24.3	-	-	2,247.5
Travel	-	0.4	27.1	-	36.2	1.5	-	65.2
Other	-	17.0	-	-	-	2.9	-	19.9
June 30, 2015	\$ -	\$ 6,825.2	\$ 59,290.1	\$ -	\$ 451.9	\$ 279.9	\$ 117.4	\$ 66,964.5

Chesapeake Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

Talapoosa

Gunpoint 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\$75,000 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.

During the six months ended June 30, 2015, Gunpoint closed a transaction with Timberline Resources Corporation (“Timberline”), granting Timberline an option (the “Option”) to acquire from Gunpoint’s subsidiary, American Gold Capital US Inc. (“American Gold”), a 100% interest in the Talapoosa gold project located in Nevada. In consideration for the Option, Timberline has agreed to pay US\$300.0 and issue 2.0 million shares of common stock (\$1,480.0 of fair value) of Timberline to American Gold over 24 months per the vesting schedule below:

Vesting date (date initial securities are released from escrow)	Timberline Common Shares ('000)
September 12, 2015	500
March 12, 2016	500
September 12, 2016	500
March 12, 2017	500
	2,000

For accounting purpose, the Company revalued the Timberline common stock as at June 30, 2015. The fair value as at June 30, 2015 was \$1,431.4 (December 31, 2014 - \$nil). The change in fair value was recorded to OCI.

Timberline has paid US\$100.0 and will pay an additional US\$200.0 to American Gold by October 1, 2015 (accrued as other receivables as at June 30, 2015). As a result of this transaction, American Gold owns 16.7% of the outstanding shares issued in Timberline.

Timberline has within 27 months from March 12, 2015 to exercise the Option to acquire a 100% interest in Talapoosa. Timberline can exercise the Option by making a US\$10.0 million cash payment to American Gold. For a period of five years after Timberline exercises the Option, Timberline would be required to pay American Gold 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 retains a 1% net smelter royalty on Talapoosa which Timberline can purchase for US\$3.0 million.

6 Equipment

	Cost December 31, 2013	Additions	Disposals	Cost December 31, 2014	Cost June 30, 2015
Office and furniture	\$ 35.5	\$ -	\$ -	\$ 35.5	\$ 35.5
Vehicles	306.9	-	-	306.9	306.9
Exploration equipment	370.2	-	(192.1)	178.1	178.1
	\$ 712.6	\$ -	\$ (192.1)	\$ 520.5	\$ 520.5

Chesapeake Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements

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

	Accumulated Depreciation December 31, 2013	Depreciation, depletion & amortization	Disposals	Accumulated Depreciation December 31, 2014	Depreciation, depletion & amortization	Accumulated Depreciation June 30, 2015
Office and furniture	\$ (24.5)	\$ (2.3)	\$ -	\$ (26.8)	\$ (2.4)	\$ (29.2)
Vehicles	(214.8)	(31.5)	-	(246.3)	(16.6)	(262.9)
Exploration equipment	(249.0)	(37.0)	192.1	(93.9)	(9.0)	(102.9)
	\$ (488.3)	\$ (70.8)	\$ 192.1	\$ (367.0)	\$ (28.0)	\$ (395.0)

Carrying amount	June 30, 2015	December 31, 2014
Office and furniture	\$ 6.3	\$ 8.7
Vehicles	44.0	60.6
Exploration equipment	75.2	84.2
	\$ 125.5	\$ 153.5

7 Convertible debenture

On March 15, 2012, Gunpoint issued a convertible debenture ("First Debenture") of \$750.0. The First Debenture carries interest at the rate of 5% per annum, payable on the earlier of conversion or maturity. The First Debenture was unsecured. Each First Debenture is convertible at the holder's option any time prior to or on maturity into fully paid units ("First Units") of Gunpoint at a conversion price of \$0.80 per First Unit. Each First Unit consisted of one fully paid common share in the capital of Gunpoint and one-half of one share purchase warrant ("First Warrant"). Each whole First Warrant was exercisable until March 14, 2014 to purchase an additional common share at \$1.00. The Company could redeem all or any portion of the First Debenture at any time prior to or on March 14, 2014.

On March 14, 2014, Gunpoint and the holders of the First Debenture extended the term of the First Debenture by 12 months to March 16, 2015. The First Debenture is currently due on demand and the outstanding, \$750.0 is due to directors of Gunpoint.

Based on the discount factor of 10% over the loan life of two years, the equity portion was valued at \$65.1. Accreted interest for the debenture for six months ended June 30, 2015 was \$nil (2014 - \$7.1). Interest accrued for the six months ended June 30, 2015 was \$18.8 (2014 - \$18.8). As at June 30, 2015, the total accrued interest related to the debenture was \$123.4 (December 31, 2014 - \$104.7).

8 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 June 30, 2015, 375,000 of the issued and outstanding common shares were held in escrow, subject to release upon approval of regulatory authorities.

9 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

Chesapeake Gold Corp.

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

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 5,500,000 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 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, 2015		December 31, 2014	
	Number of shares (000's)	Weighted average exercise price	Number of shares (000's)	Weighted average exercise price
Outstanding – beginning of year	4,408	\$ 5.98	4,032	\$ 6.53
Granted	-	-	2,643	3.30
Exercised	-	-	(2,092)	3.30
Forfeited	(810)	9.1	(175)	10.28
Outstanding – end of period	3,598	\$ 5.28	4,408	\$ 5.98

The following is a table discloses the number of options and vested options outstanding as at June30, 2015:

Number of options (‘000s)	Number of options vested (‘000s)	Exercise price	Expiry Date
2,643	-	\$ 3.30	29-Aug-24
955	716	10.75	05-Feb-17
3,598	716	5.28	

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

During the six months ended June 30, 2015, the Company recognized \$1,575.7 (2014- \$619.6) as share-based compensation expense respectively, of which \$1,510.7 (2014 - \$555.0) relates to the Company and \$65.0 (2014- \$64.6) relates to Gunpoint.

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, 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.

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

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Consulting	\$ 95.2	\$ 89.1	\$ 176.8	\$ 188.0
Legal	43.0	63.2	45.0	75.9
Management fees	62.5	62.5	125.0	125.0
Rental	6.0	6.0	12.0	12.0

Legal fees were paid or accrued to a legal firm of which one of the partners has been the Corporate Secretary of the Company during 2015 and 2014. Management and rental fees were paid or accrued to a Company owned by an officer of the Company. Consulting fees were paid or accrued to a director of the Company. These expenses were measured at the exchange amounts agreed upon by the parties. As at June 30, 2015 the Company had amounts payable of \$389.0 (December 31, 2014 - \$161.7) to these parties. These amounts are unsecured and non-interest bearing.

11 Commitment

During Q3 and Q4 2015, the Company is committed to spend \$1,500.0 to complete an updated pre-feasibility study on the Metates project.

12 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 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, 2015, 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.

13 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 6. The Company's assets by country are:

Chesapeake Gold Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

June 30, 2015	Canada	Mexico	USA	Total
Cash and cash equivalent	\$ 26,398.4	\$ 36.1	\$ -	\$ 26,434.5
Accounts receivable and prepaid expense	352.0	226.9	-	578.9
Marketable securities	2,234.4	-	-	2,234.4
	28,984.8	263.0	-	29,247.8
Long term investment	1,431.4	-	-	1,431.4
Investment in mineral properties	-	60,139.3	6,825.2	66,964.5
Other long term assets	205.3	-	-	205.3
Fixed assets	8.3	117.2	-	125.5
Total assets	\$ 30,629.8	\$ 60,519.5	\$ 6,825.2	\$ 97,974.5
Segment loss for the three months ended	\$ 1,290.0	\$ 107.7	\$ 44.5	\$ 1,442.2
Segment loss for the six months ended	\$ 1,806.4	\$ 240.1	\$ 259.6	\$ 2,306.1

June 30, 2014	Canada	Mexico	USA	Total
Cash and cash equivalent	\$ 22,468.0	\$ 39.4	\$ -	\$ 22,507.4
Accounts receivable and prepaid expense	129.1	261.6	-	390.7
Marketable securities	2,788.0	-	-	2,788.0
Royalty investment	-	9,859.5	-	9,859.5
	25,385.1	10,160.5	-	35,545.6
Investment in associates	79.7	-	-	79.7
Investment in mineral properties	-	55,436.3	8,213.2	63,649.5
Other long term assets	183.3	-	-	183.3
Fixed assets	4.3	174.0	-	178.3
Total assets	\$ 25,652.4	\$ 65,770.8	\$ 8,213.2	\$ 99,636.4
Segment loss for the three months ended	\$ 610.5	\$ 154.0	\$ 264.9	\$ 1,029.4
Segment loss for the six months ended	\$ 1,252.8	\$ 471.9	\$ 326.7	\$ 2,051.4