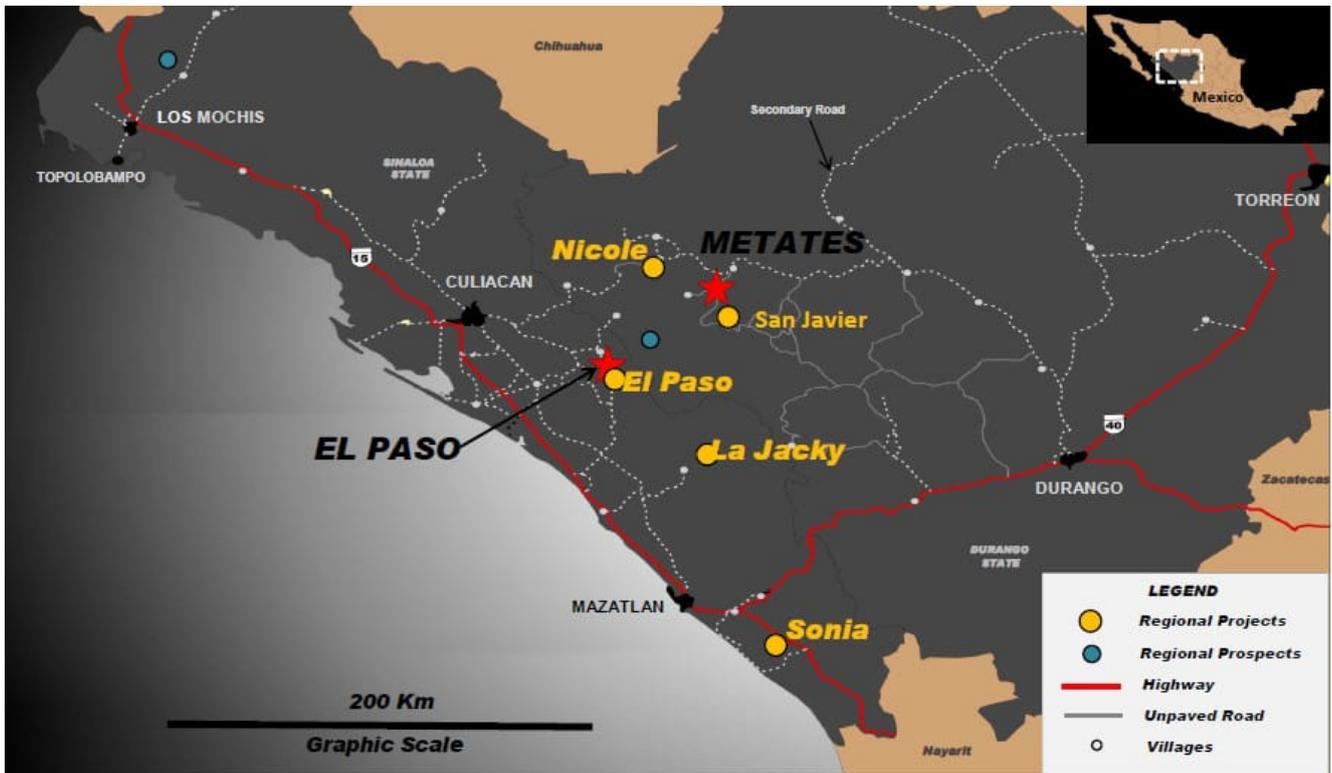


The treasure chest of Chesapeake Gold

We have sometimes referred to Chesapeake Gold Corp. (TSXV: CKG | OTCQX: CHPGF) as a treasure chest but what sort of a chest has only one gem in it? It could be interpreted that the polymetallic nature of Metates gives it the right to be referred to as multiple gems but in this case we prefer to regard the string of other properties that Chesapeake owns in the general vicinity as being the other treasures in its chest. Ultimately a deal may be done on the Metates project (rather than a takeover of the whole company) in which case then the “other” jewels in the chest will rise to prominence as the company’s main focus of attention.

The ultimate outcome of Metates has become somewhat of a waiting game to see which suitor will jump first (and when) so the company has rightly turned its attention in recent times to the other plays that it has in the region where some work has been done in the past but has been little noted by investors due to the epic nature of Metates which understandably puts all else in the shade.

To put the true extent of Chesapeake into perspective, its regional land position totals more than 85,000 hectares. Its four “other” projects are strategically located along a prolifically mineralized corridor that parallels the Pacific coast and lies along the western margin of the Sierra Madre Occidental. Two projects, Yarely and El Paso, are located within 15 kilometers of paved highways and 25 kilometers of the El Paso plant site.



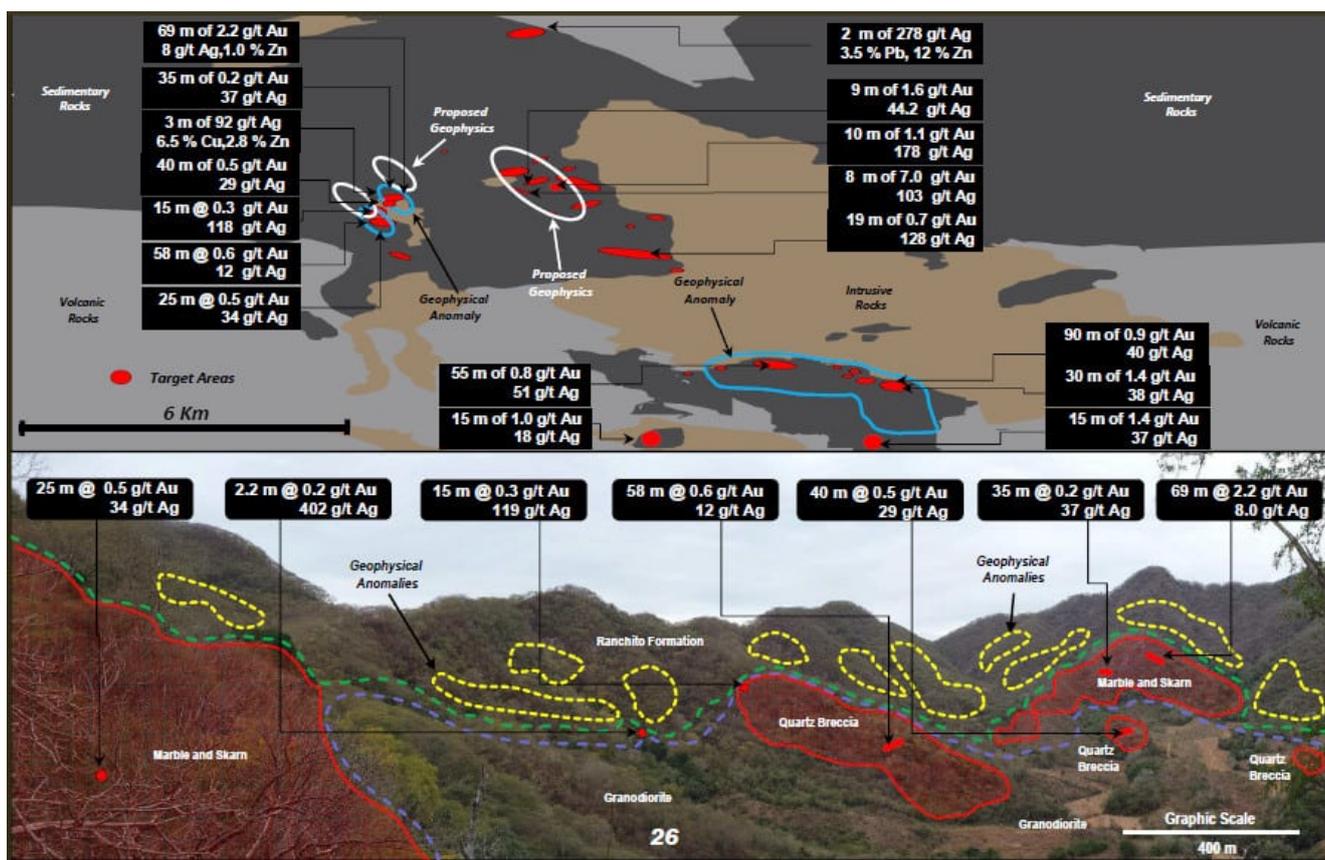
A Closer Look

Chesapeake believes this prospective, under-explored region could develop an organic pipeline of projects with potential synergies with the future development of Metates. More importantly for us is that they are potential suppliers of ore to the El Paso plant. In its updated PFS published early last year Chesapeake made a major change in moving the processing plant from the previously designated Ranchito location to the El Paso site. Ore will travel down a 103km slurry line to the processing plant. This new siting is beside a large high-grade limestone resource and close to key infrastructure including power, water, transportation and labour.

In a recent release highlighting these targets for intensified exploration the company stressed their proximity to either Metates or El Paso. While there are two sites the company is looking at “up-country” in the vicinity of Metates, we are more intrigued at those closer to the coast around El Paso and shall give them some attention here.

The El Paso District, Sinaloa

The El Paso district is located northwest of the town of Cosala and covers more than 150 square kilometers near the El Paso processing site. The district hosts extensive polymetallic exoskarn and intrusive-hosted quartz stockwork zones. Channel samples within wollastonite-magnetite-garnet skarn returned 69 meters of 2.2 g/t gold, 8 g/t silver, 1.0 % zinc and 50 meters of 0.6 g/t gold and 12 g/t silver within the quartz stockwork. A combined Magnetometer-IP/Resistivity survey is planned later this year to delineate drill targets.



Yarely, Sinaloa

Through staking and acquisition, Chesapeake has assembled a 70,000 hectare land package at Yarely. This has been the site of the most active (non-Metates) exploration effort by Chesapeake. The company has been following up encouraging stream sediment anomalies and new mineralized targets with the assays thereon pending. The geophysics program is expanding the grid and mechanized trenching and sampling is extending the known zones of mineralization.

The on-going regional reconnaissance northwest of the El Paso plant site has identified a large area of extensive alteration hosting several mineralized hydrothermal systems. A systematic program of geological mapping, trenching, and channel sampling has defined three multi-phase mineralized zones (North, Central and South) within an open corridor over 4 kilometers long and up to 2 kilometers wide.

Yarely North hosts a swarm of north-south trending high grade quartz carbonate epithermal veins hosted within coarse and medium grained sandstone. Mapping and sampling has discovered over 100 historical workings from the Colonial period. Back then, the Spanish mined high grade oxide veins to an average depth of 20 meters which overlies a sulfide zone at depth. Chesapeake has traced 12 veins ranging up to 11 meters in width each with an average strike length of 650 meters. Surface and underground channel samples returned values of 2 meters of 19.5 g/t gold and 505 g/t silver, 11 meters of 1.1 g/t gold and 42 g/t silver, 8 meters of 1.6 g/t gold and 33 g/t silver and 3 meters of 1.1 g/t gold and 805 g/t silver. The vein complex remains open laterally and along strike.

Yarely Central contains several wide zones of quartz stockwork and disseminated polymetallic mineralization hosted in highly altered sedimentary rocks. The mineralized area measures 1.5 by 2.0 kilometers. Channel samples collected from trenches reported 14 meters of 1.5 g/t gold and 143 g/t silver, 93 meters of 17 g/t silver and 36 meters of 0.7 g/t gold and 26 g/t silver.

Preliminary sampling within breccias, veins and disseminations at Yarely South has discovered silver, copper and molybdenum mineralization with channel samples up to 83 g/t silver, 2.9% copper and 0.12% molybdenum.

An 80 line-kilometer IP/Resistivity geophysical survey is currently underway. The final interpretation of the geophysics program at Yarely will be integrated with the geology and

geochemistry to prioritize drill targets. A 5,000 meter drill program is planned for the third quarter pending permit approvals.

Conclusion

As it pertains to gold, in Canada they are called mining camps, in Australia and South Africa they are called goldfields but in Latin America we must confess to have heard no more descriptive term than “zonas mineras” (mining zones). The mooted work that Chesapeake intends to undertake seems geared towards taking an amorphous *zona minera* with old mines from colonial days and starting to crystallise the concept of a mining camp with the pole of attraction being the El Paso plant associated with the Metates property. Management have stated that “A greenfield discovery at Yarely or El Paso would have the strategic advantage of capitalizing on any future development of a process plant and infrastructure for Metates”.

With Chesapeake well-funded with CAD\$20 million in working capital undertaking quite extensive exploration work on prospective targets should not eat into the company’s cash hoard to a significant extent and could well provide news fodder for a market crying out for more gold projects in the industry’s collective pipeline and, more specifically, in Chesapeake’s pipeline. Indeed, Yarely, in particular may end up being an interesting starter project for Chesapeake.