



Management's Discussion and Analysis

Year Ended – December 31, 2024

(Expressed in Canadian dollars, unless otherwise noted)

April 23, 2024

For further information on the Company, including the Company's Annual Information Form ("AIF"), reference should be made to its public filings on SEDAR+ at www.sedarplus.ca. Information is also available on the Company's website at www.chesapeakegold.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 and related notes thereto which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The MD&A contains certain forward looking statements, please review the disclaimers that are provided on the last page of the report.

CORPORATE OVERVIEW

Chesapeake Gold Corp. ("Chesapeake" or the "Company") is a Canadian exploration and evaluation stage mining company focused on the exploration and development of precious metal deposits in North and Central America. Furthermore, the Company is developing a proprietary precious metal oxidation process to apply to Metates to derisk the project and unlock value at Metates. The Company has exploration and evaluation assets and does not generate mining revenues from operations. The Company trades on the TSX Venture Exchange under the symbol "CKG" and on the OTCQX market in the United States under the symbol CHPGF. The Company has its head office located at 201 – 1512 Yew Street, Vancouver, B.C.

The Company's primary asset is the Metates project ("Metates") located in Durango State, Mexico. Metates hosts one of the largest in-situ undeveloped gold-silver deposits in the Americas. On July 26, 2021, the results of the Preliminary Economic Assessment (the "PEA") were published. The PEA focuses on the application of the sulphide heap leach technology as applied to the Metates project. The PEA has been superseded by the technical report titled "Metates Sulphide Heap Leach Project Phase 1 – Amended NI 43-101 Technical Report Preliminary Economic Assessment" dated January 13, 2023 with an effective date of December 15, 2022 (the "2023 Amended PEA"). The 2023 Amended PEA is available on SEDAR+ and the Company's website.

The Company also has a portfolio of exploration properties in Mexico comprising 10,008 hectares in the states of Durango, Sinaloa and Veracruz. As at the date of this report, the Company owns 67% of Gunpoint Exploration Ltd. ("Gunpoint") which owns the Talapoosa gold project in Nevada ("Talapoosa"). Gunpoint is publicly traded on the TSX Venture with a ticker symbol of "GUN".

HIGHLIGHTS – FOURTH QUARTER ENDED DECEMBER 31, 2024

- Cash position of \$11 million as at December 31, 2024.
- During the fourth quarter the Company began Phase 3 of its metallurgical testing program for its innovative precious metals oxidation processing technology.
- On December 2, 2024, the Company filed an appeal with the Collegiate Court in Mexico of the decision of the North Center III and Auxiliary Regional Chamber of the Federal Court of Administrative Justice upholding the cancellation of the San Vicente 3 mineral concession by the Direccion General de Minas of Mexico (DGM). The Company has appealed the decision to the Collegiate Court on the basis that the Chamber had erroneously found that the DGM had complied with mandated cancellation procedures and, therefore, it violated the Company's fundamental rights such as due process and effective judicial protection. The press release is available for review on SEDAR+ (www.sedarplus.ca) and the Company's website (www.chesapeakegold.com).

CORPORATE STRATEGY

On January 20, 2021, the Company closed the acquisition Alderley Gold Corp (“Alderley Gold”) pursuant to a definitive agreement dated December 9, 2020 (the “Agreement”) in order to gain access to an innovative precious metals oxidation processing technology (the “Technology”).

The Company is developing the Technology’s commercial application to Metates to derisk the project and unlock value at Metates. The Company is undertaking extensive metallurgical test work to optimize ~~of~~ this technology ~~to~~ for the sulphide ore of the Metates project to determine the viability of Metates as a heap leach operation. If successful, a new potential development approach could be financeable and deliverable by the Company and once operational, expandable as a sulphide heap leach.

During 2021, the Company completed a 2300 metre diamond drilling program to recover large diameter core samples for a comprehensive metallurgical test program. Also, the Company contracted M3 Engineering and Technology to compile a Preliminary Economic Assessment study (the “PEA”) that evaluates the sulphide heap leach option for Metates using the Technology. The results of the PEA were published on July 26, 2021. The PEA has been superseded by the 2023 Amended PEA.

An 18 hole in-fill drill program was completed in 2022 which improved the geological structural controls, drilling density and provided composite metallurgical samples for variability testing. With new drill core, an extensive metallurgical test program is being undertaken. During 2023 the Company continued its Phase 2 metallurgical test program for Metates investigating ways to speed up oxidation kinetics, including the running of multiple columns under varying conditions, varying crush size, different reagent strengths, different pH control conditions and varying air addition rates. In addition, in 2023 the Company announced an updated mineral resource estimate (MRE) referred to below.

During Q3 2024 the Company completed Phase 2 of its metallurgical test work. As expected, the longer the duration of oxidative leach, higher oxidation levels are achieved. Higher oxidation levels were positively correlated to higher gold recoveries through cyanide leaching. With no oxidation, a 33-per-cent gold recovery was realized. After 204 days of oxidation, an approximately 74-per-cent gold recovery was achieved. The results also highlight an improvement in silver recoveries by applying the technology relative to an untreated, non-oxidized baseline sample. After 146 days, the oxidation process increased the silver recoveries by over 20 per cent. Silver represents approximately 30 per cent of the economic value of Metates. Future test work will focus on improving and optimizing the conditions to increase the silver recoveries.

Technologies identified throughout the Phase 2 work program will continue to be applied to the next round of test work. Additional Metates core material from the 2021/2022 drilling program has been collected and shipped to the laboratory. The next stage of metallurgical activities will test Metates ore material in larger-diameter columns to provide final conditions for pilot plant and commercial operations.

The recent metallurgical test work will be incorporated into a PFS to further derisk Metates. During the past year, the Company has continued its environmental baseline work and related studies in support of the PFS. In addition, the Company is actively seeking other sulphide gold deposits where the technology can be applied to potentially unlock significant economic value.

During 2024 the Company completed its Phase 2 exploration at Lucy which includes 10 HQ drill holes totalling 900m to extend the identified mineralization along the 500m gold-bearing skarn corridor to the Southwest, where untested trenches with mineralization outcrop at the surface. The drill program also tested additional mineralized trenches within the corridor with the primary focus of delineating the dip direction of the mineralized skarn below the surface.

In addition, a reconnaissance mapping and geochemistry program is being undertaken along the strike of the gold-bearing skarn corridor to guide future exploration. This program includes soil, rock, and trench sampling to target the Northeast and Southwest extents of Lucy. Detailed mapping is underway to the Southwest to identify new skarn mineralization and geological structures.

On June 4, 2024, the Company, through its wholly owned subsidiary Alderley Gold, acquired the patents, patent applications, and certain other technology rights and assets for the sulphide leaching technology from Hycroft Mining Holding Corp. and its wholly owned subsidiaries.

METATES (Durango State, Mexico)

Overview

Metates is one of the largest, undeveloped disseminated in-situ gold, silver deposits in Mexico. The Metates property is comprised of twelve mineral concessions totalling 14,727 hectares. The Metates deposit is hosted by Mesozoic sedimentary rocks that have been intruded by a quartz latite body up to 300 metres thick and 1,500 metres long. Mineralization occurs in two zones: the Main Zone which is centered around the intrusive and the North Zone, within the sediments including conglomerate, sandstone and shale. The gold-silver mineralization occurs as sulphide veinlets and disseminations in both the intrusive and sedimentary host rocks.

Updated Mineral Resource Estimate - 2023

The updated mineral resource estimate for the Metates Project replaces the mineral resource estimate contained in the Company's 2023 Amended PEA. The measured and indicated mineral resource is 921.2 million tonnes at 0.57 g/t gold and 14.3 g/t silver for 16.8 million ounces of contained gold and 423.0 million ounces of contained silver. Inferred mineral resource is an additional 139.5 million tonnes at 0.47 g/t gold and 13.2 g/t silver for 2.13 million ounces contained gold and 59.0 million ounces of contained silver. Table 1 below shows the new resource statement for the Metates project.

The mineral resource is broadly divided into intrusive hosted and sediment hosted mineralization. In terms of measured and indicated mineral resource tonnes, about 80% of the resources are sediment hosted and 20% intrusive hosted. The mineral resources are based on a block model developed by Mr. Marc Jutras P.Eng., M.A.Sc, Principal, Mineral Resources of Ginto Consulting Inc. . All drill results including the recent metallurgical core drilling programs reported in the news releases dated June 28, 2021, February 15, 2022 and most recently April 27, 2022, have been included in this block model.

The measured, indicated, and inferred mineral resources reported are contained within a floating cone pit shell, and are compliant with the “reasonable prospects for economic extraction” requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”). The mineral resource cone shell is based on a gold price of US\$1,600 per ounce and silver at US\$20 per ounce.

Table 1: Metates Mineral Resource Statement

| Resource Category | Mt tonnes | | Gold Eq. (g/t) | Gold (g/t) | Silver (g/t) | | Gold (moz) | Silver (moz) |
|------------------------------------|--------------|--|----------------|-------------|--------------|--|--------------|--------------|
| Measured Mineral Resource | 31.1 | | 1.10 | 0.86 | 18.1 | | 0.86 | 18.1 |
| <i>Intrusive</i> | 19.8 | | 1.27 | 1.02 | 18.7 | | 0.65 | 12.0 |
| <i>Sediment</i> | 11.3 | | 0.79 | 0.57 | 17.1 | | 0.20 | 6.2 |
| Indicated Mineral Resource | 890.1 | | 0.75 | 0.56 | 14.2 | | 15.91 | 405.1 |
| <i>Intrusive</i> | 175.9 | | 0.91 | 0.74 | 12.7 | | 4.16 | 71.9 |
| <i>Sediment</i> | 714.20 | | 0.71 | 0.51 | 14.5 | | 11.76 | 333.2 |
| Measured/Indicated Resource | 921.2 | | 0.76 | 0.57 | 14.3 | | 16.77 | 423.2 |
| <i>Intrusive</i> | 195.7 | | 0.94 | 0.76 | 13.3 | | 4.81 | 83.8 |
| <i>Sediment</i> | 725.4 | | 0.71 | 0.51 | 14.6 | | 11.96 | 339.4 |
| Inferred Mineral Resource | 139.5 | | 0.65 | 0.47 | 13.2 | | 2.13 | 59.0 |
| <i>Intrusive</i> | 22.6 | | 0.80 | 0.67 | 9.9 | | 0.47 | 7.2 |
| <i>Sediment</i> | 116.9 | | 0.62 | 0.44 | 13.8 | | 1.64 | 51.8 |

Notes:

1. The Mineral Resources have an effective date of January 28, 2023 and the estimate was prepared using the definitions in CIM Definition Standards (May 10, 2014).
2. All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are based on prices of US\$1600/oz gold and US\$20/oz silver.
5. Mineral Resources are based on a gold equivalent cut off grade of 0.26 g/t.
6. The gold equivalent value is calculated as follows:
Gold Equivalent (g/t) = Gold (g/t) + Silver (g/t) / 74.67, based on gold recovery of 70% and silver recovery of 75%.
7. “Mt tonnes” = million metric tonnes; “g/t” = grams per metric tonne; “moz” = million troy ounces contained

The 2023 Amended PEA has not incorporated this new mineral resource estimate.

The following summary information about the Metates Project is all sourced from the 2023 Amended PEA.

The Company cautions that the results of the 2023 Amended PEA are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them to be classified as mineral reserves. There is no certainty that the results of the 2023 Amended PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mining and Processing

The Metates mine will be a conventional open pit operation. The mining is planned to be conducted by contractors. Mine operations will consist of conventional drilling, blasting, loading and hauling with large off-road trucks, hydraulic shovels and wheel loaders. Plant feed will be delivered to the primary crusher and waste to various waste storage facilities. The mine plan for this study only considered the higher grade intrusive hosted mineralization as potential plant feed. There will be a stockpile for sedimentary hosted resource that is not considered plant feed for the first phase of the operation. A low-grade stockpile facility has been sited to store marginal grade intrusive material for processing at the end of commercial pit operations. A support fleet of track dozers, rubber-tired dozers, motor graders, and water trucks is budgeted to maintain the working areas of the pit, waste storage areas, and haul roads.

The site layout features a very compact layout with all the major infrastructure located at or near site. A water diversion tunnel is required upstream of the mine and a water reservoir will be constructed below the site to supply water for the operations. Power will come to site via a connection to a nearby substation and allow power to be supplied from the national grid. All the major mining, waste dumps, stockpiles and leach pads are located in one watershed. The mine plan consumes significantly less power and water than a conventional sulphide flow sheet with a very low environmental footprint.

A mine plan was developed to supply plant feed to a conventional three stage crushing plant with the capacity to process 15,000 tpd. After crushing to 80% minus ½ inch the material is agglomerated in alkaline ~~solution~~ conditions and placed on a “on-off” pad to allow it to oxidize for up to 180 days. Spent oxidation solutions are continuously regenerated to maintain the alkalinity and remove sulphate build up prior to reintroduction to the oxidation process.

The oxidized material once completed is then transferred to a permanent pad for conventional cyanide leaching in multiple lifts resulting in gold and silver recoveries of 70% and 75% respectively.

Gold and silver bearing solutions from the permanent pad will be collected and processed in a conventional Merrill Crowe plant to recover the gold and silver.

Precipitate from the Merrill Crowe plant will be smelted on-site into Dore and shipped off site for final refining. The barren solution will be recharged with cyanide and returned to the gold and silver permanent leach pads.

Selected operating and production statistics from the 2023 Amended PEA are presented in Table 2.

Table 2: Estimated PEA Operating and Production Parameters

| Operating Metrics | | | | |
|--------------------------------------------|-----------------------------|--------------------|--------------------|-----------------|
| Material Mined | Life of Mine (“LOM”) | | | |
| Total Material Mined From Pit (K tonnes) | 533,998 | | | |
| Direct Feed To Process (K tonnes) | 127,294 | | | |
| Low Grade Stockpile (K tonnes) | 38,797 | | | |
| Waste Rock (K tonnes) | 367,907 | | | |
| Strip Ratio (Low Grade as Ore) | 2.22 | | | |
| Average Stacking Rate (K tonnes/yr) | 5,358 | | | |
| Average Processed Grades | Years 1-10 | Years 11-20 | Years 21-31 | LOM Avg. |
| Gold (g/t) | 0.859 | 0.931 | 0.511 | 0.756 |
| Average Processed Grades | Years 1-10 | Years 11-20 | Years 21-31 | LOM Avg. |
| Silver (g/t) | 23.18 | 11.22 | 12.75 | 15.71 |
| Average Annual Production | Years 1-10 | Years 11-20 | Years 21-31 | LOM Avg. |
| Gold (K oz.) | 104.8 | 114.7 | 57.1 | 91.1 |
| Silver (K oz.) | 3,004 | 1,467 | 1,598 | 2,030 |

Initial Capital Costs Summary

The initial capital costs, including contingency are estimated at \$359 million. A significant reduction from the 2016 PFS and reflects the smaller starter mine and compact site supported by nearby infrastructure including close proximity to the national grid and water source.

A summary of estimated initial capital costs is presented in Table 3.

Table 3: Summary of PEA Initial Capital Costs

| Summary of Initial Capital Costs | |
|-----------------------------------------|-----------------------|
| | Cost \$000 |
| Metates Site | |
| Mining Equipment & Mine Development | \$18,713 |
| Crushing & Conveying | \$36,104 |
| Ponds & Pads | \$28,404 |
| Reagent/Regeneration System | \$11,677 |
| Merrill-Crowe & Refinery | \$9,124 |
| Subtotal | \$104,022 |
| Infrastructure | |
| General Site/Earthworks/Access Roads | \$106,069 |
| Electric Power | \$7,851 |
| Water Supply | \$7,380 |
| Ancillaries & Buildings | \$11,121 |
| Subtotal | \$132,421 |
| Freight, Taxes & Duties | \$4,060 |
| Total Direct Field Cost | \$240,503 |
| Indirects-EPCM, Commissioning & Spares | \$32,047 |
| Total On Site Constructed Cost | \$272,550 |
| Contingency | \$63,459 |
| First Fills | \$6,000 |
| Owner's Cost | \$17,200 |
| Total Initial Capital Cost | \$359,209 |

Operating Costs Summary

Cash costs and AISC per payable gold ounce are non-IFRS financial measures. Please see "Cautionary Note Regarding Non-IFRS Measures".

Total estimated operating costs in the 2023 Amended PEA are presented in Table 4.

Table 4: Summary of PEA Operating Costs

| | LOM Average US\$/t processed | \$/Au Oz. Production |
|------------------------------------------------------------------|---------------------------------|-------------------------|
| Metates Site | | |
| Mining (including rehandle) | \$7.51 | \$441.70 |
| Processing (Crushing, Stacking, Oxidation, Leach, Merrill-Crowe) | \$8.05 | \$473.65 |
| Site Support | \$1.41 | \$82.69 |
| Profit Sharing | \$1.32 | \$77.74 |
| Total Operating Cost | \$18.29 | \$1,075.78 |
| Royalties (0.5% NSR & 7.5% Gov't EBITDA Royalty) | \$1.45 | \$85.35 |
| Doré Treatment Charges | \$0.17 | \$10.15 |
| By-Product Credit (Silver) | (\$8.25) | (\$485.31) |
| Total Cash Cost | \$11.66 | \$685.97 |
| Sustaining Capital, Reclamation & Closure | \$1.06 | \$62.49 |
| AISC | \$12.72 | \$748.46 |

Financial Analysis

The financial analysis presented in Table 5 with the key financial assumptions.

Table 5: Key PEA Financial Values

| Metal Price Assumptions | Low Case | Base Case | Spot |
|----------------------------------------------------|----------|-----------|---------|
| Gold (\$/oz.) | \$1,360 | \$1,600 | \$1,786 |
| Silver (\$/oz.) | \$19 | \$22 | \$26 |
| USD:CDN Exchange Rate \$ | 1:1.25 | | |
| USD:MEX Exchange Rate \$ | 1:20.05 | | |
| Unlevered Pre-Tax Economic Indicators | | | |
| NPV @ 5% (C\$M) | \$896 | \$1,427 | \$1,906 |
| NPV @ 5% (US\$M) | \$717 | \$1,142 | \$1,525 |
| IRR % | 25.3 | 35.4 | 45.2 |
| Payback (years) | 3.4 | 2.5 | 2.0 |
| Levered After-Tax Economic Indicators ¹ | | | |
| NPV @ 5% (C\$M) | \$506 | \$850 | \$1,160 |
| NPV @ 5% (US\$M) | \$405 | \$680 | \$928 |
| IRR % | 26.9 | 41.2 | 56.1 |
| Payback (years) | 3.4 | 2.2 | 1.6 |

Notes:

The Company expects to debt finance a significant portion of development costs. The levered economics assume initial capital is 60% debt financed at an annual interest rate of 7%, an upfront financing fee of 3%, and a seven-year term post commencement of commercial production with a balloon payment of 30% of the principal at maturity.

The following table represents exploration and evaluation costs incurred on the Company's mineral properties for the past two years:

| | Metates | Regional | Talapoosa | Total |
|-------------------------------------------|---------|----------|-----------|---------|
| December 31, 2022 | 127,631 | 2,742 | 6,021 | 136,394 |
| Effect of foreign exchange on translation | 2,430 | 360 | - | 2,790 |
| Assays | 73 | 73 | - | 146 |
| Concession acquisition | 143 | 128 | - | 271 |
| Community, taxes, camp, and supplies | 362 | 84 | - | 446 |
| Drilling | 1 | 469 | - | 470 |
| Environmental | 36 | 22 | - | 58 |
| Geological and engineering | 1,786 | 176 | 183 | 2,145 |
| License, dues, and fees | - | - | 323 | 323 |
| Travel and other | 103 | 39 | - | 142 |
| Recovery from option agreement | - | - | (1,181) | (1,181) |
| Impairment | - | (109) | - | (109) |
| December 31, 2023 | 132,565 | 3,984 | 5,346 | 141,895 |
| Effect of foreign exchange on translation | (2,748) | (558) | - | (3,306) |
| Assays | 94 | 96 | - | 190 |
| Concession acquisition | 132 | 242 | 265 | 639 |
| Community, taxes, camp, and supplies | 502 | 53 | - | 555 |
| Drilling | - | 162 | - | 162 |
| Environmental | 486 | 10 | - | 496 |
| Geological and engineering | 6,596 | 408 | - | 7,004 |
| Travel and other | 141 | 56 | - | 197 |
| December 31, 2024 | 137,768 | 4,453 | 5,611 | 147,832 |

The following table represents the project to date exploration expenditures on Metates:

| <i>(table amounts are expressed in thousands of CAD dollars)</i> | Year ended December 31, 2024 | Year ended December 31, 2023 | Project to date |
|------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------|
| Acquisition from American Gold in 2006 | \$ - | - | \$ 20,213 |
| Concession | 131 | 143 | 1,636 |
| Assay | 94 | 73 | 1,748 |
| Community, taxes, camp and supplies | 502 | 362 | 7,080 |
| Drilling | - | 1 | 8,193 |
| Environmental | 486 | 36 | 699 |
| Geological and engineering | 1,999 | 1,786 | 32,270 |
| Travel & other | 141 | 103 | 1,665 |
| License and evaluation of technical feasibility | 4,597 | - | 49,725 |
| Other | - | - | 11,914 |
| Total additions | \$ 7,950 | \$ 2,504 | \$ 135,143 |

During the year ended December 31, 2024, the Company incurred mineral exploration expenses of \$7.95 million on Metates. Most of the expenditure were related to metallurgical testwork.

Since acquisition, the Company has spent \$135.14 million exploring and advancing Metates.

Cancellation of San Vicente 3 Mineral Concession

In 2023, the Company became aware that the Dirección General del Minas of Mexico (the “DGM”) cancelled the San Vicente 3 mineral concession. The San Vicente 3 mineral concession is one of 12 mineral concessions comprising the Metates property, representing 700 hectares of the 4,260 hectares in the Metates project, and encompasses a portion of the Metates mineral resource.

On January 26, 2023, the DGM cancelled the San Vicente 3 mineral concession on the basis that the Company did not provide adequate evidence to support the Company’s performance of the exploration work required to maintain the concession. The Company’s legal position, supported by external Mexican counsel, is that the work required to maintain the concession was conducted on the property and appropriate evidence was submitted to the DGM to substantiate the work.

On May 3, 2023, the Company began nullity proceedings to have the cancellation of San Vicente 3 declared as null and void by the North Center III and Auxiliary Regional Chamber of the Federal Court of Administrative Justice (the “Chamber”) in the state of Durango, Mexico on the basis that the DGM failed to comply with mandated cancellation procedures in accordance with applicable legislation. The Chamber dismissed the Company’s lawsuit in a 2-1 split decision, with the dissenting judge finding the Company’s arguments to be well-founded. The Company has appealed the decision to the Collegiate Court on the basis that the Chamber had erroneously found that the DGM had complied with mandated cancellation procedures and, therefore, it violated the Company’s fundamental rights such as due process and effective judicial protection. The Company continues to pursue all legal remedies available to it to protect and defend its position with respect to San Vicente 3. The DGM has been barred by an Appellate Court from carrying out a bidding process for said mineral concession until a definitive decision is reached.

While the Company is confident that it will be successful in reinstating its ownership of the concession, there can be no assurance of this. In the event the Company is unsuccessful, the current resource estimate and the mine development plan for Metates as proposed in the Company’s 2023 Amended PEA would be materially affected and the Company’s ability to develop the Metates project may be materially affected. Reliance on the 2023 Amended PEA is therefore contingent on the outcome of the litigation.

REGIONAL EXPLORATION

During the year ended December 31, 2024, the Company spent \$1.03 million (2023 - \$0.11 million) on regional exploration.

LUCY (Sinaloa State, Mexico)

At the Lucy project, geological mapping, and a second rock-saw channel sampling program was carried out over 170 meters of the previously hand channel sampled trenches. The assay results returned similar or better gold values in the gold skarn zone. The environmental permit for drilling was received during 2023 Q1. During June 2023 the landowners’ permits were granted and the core drilling rig was mobilized to Lucy. A 1700 meter core drilling program began during the last week of June 2023. During the third quarter, 14 core drillholes totalling 1710 meters were drilled at Lucy which had resulted in the discovery of a high-grade gold mineralization zone.

On October 3, 2023, the Company announced that it had made a gold discovery at its Lucy project located in central Sinaloa, Mexico. In total, 14 holes were completed in the 2023 campaign, with approximately 1,710 metres drilled.

During Q1 2024, the Company completed a magnetometry geophysical survey of the Lucy project totalling 63 line kilometres. Additionally, a soil-rock geochemistry grid was sampled to the northeast of the Lucy gold zone covering an area of 225 x 400 metres. During Q1 2024 the Company initiated a drill program over the property which was completed in Q2 2024, this program extended the gold mineralization another 200 metres to the southwest along strike of the 2023 gold discovery area.

During the Company's phase 2 drill program it extended the gold-bearing skarn mineralized corridor at its Lucy project. In total, 12 holes and 939 metres were drilled along the known mineralized corridor, and an additional 101 surface soil and rock geochemistry samples were collected to the northeast of the drilled gold zone. The Company also completed a 63-line-kilometre ground magnetics survey covering the entire property.

Looking forward, Chesapeake is working towards completing the detailed mapping, the expanded soil and rock geochemistry grid and trenching program, additional metallurgical testwork and several early-stage studies to gather mineralogical, petrographic, and geo-structural data to further understand the scope and scale of the Lucy system. Once this work is complete and integrated, a more extensive next phase of core drilling and exploration is planned. During the second half of 2024 a trenching and sampling program was initiated to check under the gold anomalies found during the soil-rock grid sampling and the Company completed the required reports to apply for an environmental permit to complete a more extensive drilling program.

Assay Highlights from Lucy Drilling Campaigns¹

| Hole ID | From (m) | To (m) | Width (m)* | Au (g/t) |
|-----------|----------|--------|------------|----------|
| LU23-06 | 0 | 24 | 24 | 6.11 |
| LU23-13 | 3 | 27 | 24 | 3.95 |
| Including | 12 | 24 | 12 | 5.44 |
| LU23-09 | 0 | 30 | 30 | 2.57 |
| Including | 0 | 24 | 24 | 3.12 |
| LU24-23 | 0 | 6 | 6 | 5.21 |
| LU24-26 | 9.5 | 30 | 20.5 | 1.75 |
| Including | 18 | 30 | 12 | 2.82 |

**Drill intercepts are not considered representative of the true thickness of the gold mineralization*

OTHER EXPLORATION PROJECTS

CRISY (Durango State, Mexico)

The Crisy project is located South-east of Metates and during 2020 – early 2021, the Company completed the regional exploration on the eastern flank of Metates. A gold-silver prospect, Crisy, was explored within different regional structural settings associated with intermediate composition intrusive rocks. During the year ended December 31, 2023, the Company fully acquired the Crisy property and the Company is not currently undertaking any exploration activity on the project but intends to do so in the future.

NICOLE (Durango State, Mexico)

The Nicole project is located North of Metates during Q1 2023 a rock-soil sampling program was initiated at the Nicole Project. Several gold-silver anomalous zones were defined and will be followed up this year. In June 2023, a report to apply for a drilling environmental permit was received from an Environmental firm in Durango, Mexico. During the third quarter, the Nicole Environmental report was technically and legally revised for presentation to the Mexican Environmental Agency (Semarnat). The Company is not currently undertaking any exploration activity on the project but intends to do so in the future.

EL DURAZNITO (Durango State, Mexico)

On March 3, 2020, the Company announced an option to acquire a 100% interest in the El Duraznito gold-silver project ("El Duraznito") located near the town of Tayoltita in Durango State, Mexico. El Duraznito is located about 18 kilometers east of First Majestic Silver Corp.'s San Dimas Mine ("San Dimas"). At present, Chesapeake has an option agreement over one of El Duraznito Claims ("Teresa"). The Company paid US\$78 to earn 60% of the rights. After completion of the Feasibility Study, Chesapeake will pay to the Teresa Owners US\$100,000 to earn an additional 20%

interest in the project. Upon commencement of the Mine Construction, the Company will have acquired 100% interest in the Teresa claim with a US\$150,000 final payment. During 2024 the Teresa option agreement continued in good standing. During the year ended December 31, 2024, the Company made the final payment and acquired 60% of the Teresa claim.

The El Duraznito Project second claim is under negotiation.

TATATILA (Veracruz State, Mexico)

The Company owns 100% of the Tatatila Project (Veracruz, Mexico) comprising 8 concessions covering 16,669 hectares, which surround the Las Minas project owned by Mexican Gold. The Company undertook an exploration program, including rock chip sampling and a magnetic geophysical survey on regional limestone intrusive contacts along a three-kilometer south-east trending corridor from Las Minas and discovered four copper-gold mineralized skarn bodies. In addition, on Tatatila the Company has discovered other skarn mineralization trending up to five kilometers north-east of Las Minas. The Company is not currently undertaking any exploration activity at Tatatila.

SUNDAE (Sinaloa State, Mexico)

During the year ended December 31, 2023, the Company carried out an exploration program on its Sundae project located in Sinaloa, Mexico. Due to the exploration results obtained the Company decided to no longer continue exploration on this property and fully impaired the amount during the year ended December 31, 2023.

GUNPOINT EXPLORATION PROJECTS

TALAPOOSA (Nevada, USA)

On November 26, 2010, Gunpoint acquired from the Company a 100% interest in Talapoosa located in Lyon County, Nevada. Talapoosa is a low-sulphidation gold/silver property in the Walker Lane gold trend of western Nevada, approximately 45 kilometres east of Reno. Talapoosa consists of 535 unpatented lode mining claims and seven additional fee land sections which cover 14,780 hectares.

Talapoosa has a NI 43-101 compliant resource estimate (April 2013) hosting a measured (0.6 million) and indicated resource (0.4 million) of 1.0 million ounces of gold (31.2 million tons at a grade of 0.032 oz/t AuEq) and an inferred resource of 233,532 ounces of gold (11.2 million tons at a grade of 0.021 oz/t AuEq) using a cut-off of 0.015 oz/t gold equivalent.

On September 28, 2022, Gunpoint signed an option and earn-in agreement (the "Newcrest Agreement") with Newcrest Resources Inc., a wholly-owned subsidiary of Newcrest Mining Limited, ("Newcrest") to explore Gunpoint's Appaloosa property ("Appaloosa"), located in Nevada, USA. Appaloosa is an underexplored 7 kilometer long mineralized structural zone situated within Talapoosa. Under the terms of the Newcrest Agreement, Newcrest has the right to acquire, in multiple stages, up to a 75% interest in Appaloosa for cumulative exploration and development expenditures of US\$35 million, cash payments totaling US\$5 million to Gunpoint and completing a minimum indicated resource estimate of 1.0 million gold ounces. Newcrest had previously announced the results of the drill holes on the Central Target area of Appaloosa, with 4 holes reporting significant mineralization. Newcrest completed a widespread detailed geological mapping, soil grid sampling and ground geophysics program during 2023.

On March 28, 2024, Gunpoint received notice from Newmont Corp. (which acquired Newcrest Mining Ltd. in November 2023) electing to terminate the option and earn-in agreement on the Appaloosa property between the Company and Newcrest, announced on September 28, 2022, and aligned with the end of the minimum commitment phase within the earn-in agreement.

During the second quarter of 2024, a detailed review and evaluation was undertaken on the extensive geological data and field work completed by Newcrest. Investigation commenced on the recently discovered vein system in the eastern portion of the Talapoosa trend. An exploration program of geologic mapping, surface geochemistry and rock sampling is underway. Follow-up geophysical surveys and trenching is planned to generate drill targets.

SUMMARY OF CONSOLIDATED LOSS

| (tabled amounts are expressed in thousands of CAD dollars) | Year Ended December 31, | | |
|------------------------------------------------------------|-------------------------|---------|----------|
| | 2024 | 2023 | 2022 |
| Depreciation | \$ (15) | \$ (10) | \$ (9) |
| Exploration | (167) | (89) | (283) |
| General & administration | (1,948) | (2,070) | (2,053) |
| Management fees | (229) | (250) | (250) |
| Professional fees | (1,220) | (917) | (638) |
| Share based compensation expense | (634) | (959) | (1,112) |
| | (4,213) | (4,295) | (4,345) |
| Finance income, net | 827 | 798 | 463 |
| Foreign exchange gain | 17 | (122) | (22) |
| Unrealized gains (loss) on investments | 192 | (425) | (520) |
| Impairment – exploration and evaluation asset | - | (109) | (5,831) |
| Impairment – VAT recoverable | - | (133) | - |
| Gain from debt settlement | - | - | 52 |
| Other income | 31 | 32 | 68 |
| Net loss before income tax | (3,146) | (4,254) | (10,135) |
| Income tax provision | 457 | (1,743) | (855) |
| Net Loss | (2,689) | (5,997) | (10,990) |
| Other comprehensive loss | (3,449) | 2,816 | (1,402) |
| Net and comprehensive loss | (6,138) | (3,181) | (12,393) |
| Basic/Diluted loss per share | (0.04) | (0.09) | (0.16) |
| Non-current financial liabilities | - | - | - |
| Total assets | 161,283 | 164,313 | 164,627 |

The Company incurred a net loss of \$2.69 million (\$0.04 loss per share) for the year ended December 31, 2024, compared to a net loss of \$6 million (\$0.09 loss per share) in 2023. The change in net loss primarily relates to the following items:

- Market fluctuations which led to changes in finance income and income (loss) generated from investments.
- Increase in professional fees related to legal and due diligence costs incurred in connection with the acquisition of intellectual property.
- One off events such as the impairment of VAT and exploration and evaluation assets that occurred in prior years

The Company's general and administration expense was \$1.95 million in 2024 which was comparable to 2023 of \$2.07.

The Company incurred an increase in professional fees during the period which primarily related to legal fees incurred due to the current political climate in Mexico, and assessing the patentability of the mining technology.

The Company had an unrealized gain on investments of \$0.2 million in 2024 compared to a loss of \$0.4 million in 2023. The difference in the unrealized gain/loss on investment was due to the change in market conditions and fluctuation of the share prices for long-term investments.

The Company's timing of stock option vesting schedule may lead to fluctuation in share-based compensation expense from period to period. During the year ended December 31, 2024 the Company incurred \$0.63 million in share-based compensation expense compared to 2023 of \$0.96 million.

Other comprehensive gain (loss) fluctuations over the years are due to changes in the macro-economic environment related to foreign exchange translation. This includes the translation gains and losses incurred when translating subsidiary financials with functional currencies different from the reporting currency and the IFRS non-cash adjustment related to the translation of each entities functional currency to reporting currency.

Consolidated quarterly loss – 8 quarters historic trend

| <i>(table amounts are expressed in thousands of CAD dollars)</i> | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 - restated | Q2 2023 - restated | Q1 2023 - restated |
|------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------------------|---------------------------|---------------------------|
| Amortization | (3) | (3) | (5) | (4) | (2) | (3) | (3) | (2) |
| Exploration | (46) | (64) | (54) | (2) | 859 | (29) | (50) | (34) |
| General & administration ⁽¹⁾ | (849) | (703) | (1,035) | (810) | (1,094) | (616) | (824) | (703) |
| Share-based compensation | (12) | (195) | (204) | (223) | (169) | (214) | (292) | (284) |
| | (910) | (965) | (1,298) | (1,039) | (406) | (862) | (1,169) | (1,023) |
| Finance income, net | 91 | 139 | 178 | 419 | 212 | 379 | 117 | 90 |
| Foreign exchange (loss) gain | (13) | (58) | (8) | (21) | (58) | 35 | (62) | (37) |
| Unrealized gain(loss) on marketable securities and investments | 18 | 36 | 120 | 18 | (43) | (84) | (136) | (162) |
| Impairment – VAT recoverable | - | - | - | - | (133) | - | - | - |
| Impairment - exploration and evaluation asset | - | - | - | - | (109) | - | - | - |
| Other income | 5 | 8 | 8 | 10 | 13 | 10 | 9 | - |
| Income tax provision | 457 | - | - | - | (1,743) | - | - | - |
| Net loss | (352) | (840) | (1,000) | (613) | (2,267) | (522) | (1,241) | (1,132) |
| Other comprehensive (loss) income | (363) | (2,087) | (2,175) | 1,176 | 4,569 | (734) | 754 | 1,798 |
| Total comprehensive gain (loss) | (715) | (2,927) | (3,175) | 563 | 2,302 | (1,256) | (487) | 666 |
| Basic/Diluted earnings (loss) per share | (0.01) | (0.01) | (0.01) | (0.01) | 0.03 | (0.01) | (0.02) | (0.01) |
| Total assets | 161,282 | 162,147 | 165,015 | 165,373 | 164,313 | 164,598 | 165,844 | 165,910 |

(1) General and administration (“G&A”) consists of general and administrative expenses, professional fees and management fees

(2) During the fourth quarter ended December 31, 2023, the Company recalculated the foreign exchange effect on its exploration assets and determined that there would be a net increase of \$4,575. This adjustment was applied to each quarterly period retrospectively.

Three months ended December 31, 2024 vs three months ended December 31, 2023

During the three-month period ended December 31, 2024 the Company had a decrease in overall net loss compared to the comparative period in 2023 primarily due to impairment losses which were one off events. The Company had an increase in operating losses from \$0.41 million to \$0.91 million from the prior period due to the capitalization of exploration costs leading to a gain in exploration costs to be recognized in Q4 2023. During Q4 the Company recognized a tax recovery of \$0.46 million compared to a loss of \$1.74 million during Q4 2023 leading to a large change in net income.

Three months ended December 31, 2024 vs. all historic quarters in 2023 and 2022

The Company incurred a net loss of \$0.81 million (\$0.01 loss per share) for the three months ended December 31, 2024. The net loss fluctuated quarter to quarter due to changes in foreign exchange, potential impairment factors and prevailing interest rates effecting finance income on short term investments. Operating expenditures are driven by corporate activity which can fluctuate quarter over quarter due to exploration activity, fluctuation in business development opportunities and vesting of stock options.

General and administrative expenses are consistent with the historic quarters with minor differences from timing differences of expenses between the prior quarters. There were increased professional fees in connection to legal fees during Q4 2023 which led to slightly higher general & administrative expenses.

Unrealized gains and losses on investment are dependent on market conditions which fluctuate from quarter to quarter.

Foreign exchange gains and loss along with cumulative translation adjustment (other comprehensive income or loss) fluctuate from quarter-to-quarter dependent on the strength of the Canadian Dollar against the Mexico Pesos.

Change in total assets

The total assets declined since Q2 2022 primarily due to impairment of exploration and evaluation assets and use of cash.

LIQUIDITY AND CAPITAL RESOURCES

| | Year ended December 31, | | |
|------------------------------------------------------------------|----------------------------|------------|------------|
| <i>(table amounts are expressed in thousands of CAD dollars)</i> | 2024 | 2023 | 2022 |
| Cash outflows from operating activities | (2,351) | \$ (3,060) | \$ (4,498) |
| Cash inflows from financing activities | 225 | 12 | 1,680 |
| Cash outflows from investing activities | (6,651) | (2,824) | (3,483) |
| Foreign exchange impact on cash | (30) | 22 | 157 |
| Net cash flows before foreign exchange on cash | (8,807) | (5,850) | (6,301) |
| Cash balance | \$ 10,989 | \$ 19,823 | \$ 25,673 |

| <i>(tabled amounts are expressed in thousands of CAD dollars)</i> | 2024 | 2023 | 2022 |
|-------------------------------------------------------------------|------------------|------------------|------------------|
| Opening cash balance | \$ 19,823 | \$ 25,673 | \$ 31,817 |
| Proceeds from private placement, Gunpoint | - | - | 1,455 |
| Proceeds from option exercise, Gunpoint | 225 | 12 | 225 |
| Payback stock option upside | - | - | - |
| Purchase of equipment | (38) | (4) | (7) |
| Purchase of long-term investments | (25) | - | - |
| Proceeds from option agreement - Gunpoint | - | 1,005 | - |
| Recovery of exploration expenditures - Gunpoint | - | 175 | - |
| Purchase of long-term investments | (206) | - | - |
| Proceeds from sales of market securities | 227 | - | 158 |
| Proceeds from sale of mineral properties | - | - | 322 |
| Settlement of other receivables | - | - | (457) |
| Change in other receivables and prepaids | (136) | (383) | - |
| Investment income – cash received | 827 | 798 | 463 |
| Increase (decrease) in accounts payable | 449 | (32) | (1,336) |
| General & administration and other overhead | (3,397) | (3,237) | (2,941) |
| General exploration expense | (167) | (89) | (283) |
| Capitalized Exploration Expense | (6,634) | (4,000) | (3,957) |
| Foreign exchange impact on cash and others | 41 | (95) | 214 |
| Ending cash balance | \$ 10,989 | \$ 19,823 | \$ 25,673 |

As at December 31, 2024, the Company's net working capital (calculated as current assets less current liabilities) was \$9.42 million, which has declined from \$19.79 million as at December 31, 2023. This was driven by the use of cash for expenditures on exploration and evaluation assets and cash expenditures used in operating activities.

Cash outflows from operating activities for the year ended December 31, 2024 were \$2.35 million compared to a cash outflow of \$3.06 million in 2023, this was mainly driven by movements in working capital items and exploration expenditures.

Cash inflow from financing activities for the year ended December 31, 2024 was \$0.23 million, compared to a cash inflow of \$0.12 million in 2023.

The cash outflow from investing activities for the year ended December 31, 2024 was \$6.65 million compared to cash inflow of \$2.8 million in 2023. In the current period, the Company spent \$5.16 million in exploration and evaluation expenditures, which included the metallurgical sample testing, the continuation of the regional drilling program and the acquisition of the patents and underlying sulphide leach technology.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds. The Company has sufficient working capital to fund the planned development and corporate expenses through 2024 and beyond.

The following table reflects the Company's aggregate contractual commitments as of December 31, 2024:

| Contractual Obligations (in '000) | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|----------------------------------------------|-----------------|-----------------------------|------------------|------------------|------------------------------|
| Accounts payable and accrued liabilities | 2,090 | 2,090 | - | - | - |
| Decommissioning obligations | 371 | - | - | - | 371 |
| | \$ 2,461 | \$ 2,090 | \$ - | \$ - | \$ 371 |

On August 18, 2020, the Company closed a private placement with net proceeds of \$19.8 million. The net proceeds from the private placement were to be used for Metates metallurgical test work, ongoing regional exploration and for general working capital.

As at December 31, 2023, the use of proceeds was estimated as follows:

| Category | In million \$ |
|----------------------------------------------------------|----------------------|
| Total expenditures – year ended December 31, 2022 | 2.84 |
| Metallurgical testing – Metates | 1.8 |
| Drilling - Metates | - |
| Regional exploration | 1.0 |
| Total expenditures – year ended December 31, 2023 | 2.8 |
| Metallurgical testing – Metates | 1.7 |
| Drilling - Metates | - |
| Regional exploration | 0.9 |
| Total expenditures – year ended December 31, 2024 | 2.6 |
| Net proceeds raised | 19.85 |
| Remaining proceeds | 5.92 |

SHAREHOLDERS' EQUITY

As at December 31, 2024 and date of the report, the Company had the following common shares and stock options outstanding:

| ('000s) | Common shares | Stock options |
|-------------------|----------------------|----------------------|
| December 31, 2024 | 68,394 | 2,425 |
| Issued | - | 100 |
| Expired | - | - |
| Date of report | 68,394 | 2,525 |

The following table discloses the number of options and vested options outstanding as at the date of this MD&A:

| Number of options (‘000s) | Vested (‘000s) | Exercise price \$ | Expiry Date |
|------------------------------|----------------|-------------------|-------------|
| 400 | 400 | 3.15 | 14-May-25 |
| 1,250 | 938 | 4.56 | 10-Dec-25 |
| 150 | 113 | 4.55 | 19-Jan-26 |
| 40 | 20 | 1.92 | 28-Sept-27 |
| 200 | 50 | 2.15 | 07-Feb-28 |
| 20 | 5 | 2.70 | 28-Apr-28 |
| 100 | 25 | 1.70 | 31-May-28 |
| 200 | - | 2.20 | 04-Dec-28 |
| 65 | - | 1.80 | 05-Nov-29 |
| 2,425 | 1,551 | 3.68 | |

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this MD&A, the Company did not have any off-balance sheet arrangements.

Proposed transactions

As at the date of this MD&A, unless noted, the Company did not have any proposed transactions.

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 in the normal course of operations.

The Company incurred the following expenses with related parties during the year ended:

| Amounts in ‘000 | Year ended December 31 | |
|----------------------------------------------|------------------------|--------|
| | 2024 | 2023 |
| Consulting | \$ 165 | \$ 192 |
| General and administration – salary | 286 | 476 |
| General and administration – directors’ fees | 329 | 291 |
| Legal | 265 | 210 |
| Management fees | 229 | 250 |
| Share-based compensation expense | 490 | 723 |

Management fees were paid or accrued to a private company owned by the Executive Chairman of the Company. Consulting fees were paid or accrued to an officer of the Company.

As at December 31, 2024, the Company had amounts payable of \$122 to related parties (December 31, 2023 - \$39), of which \$122 (December 31, 2023 - \$39) relates to Chesapeake and \$Nil (December 31, 2023 - \$Nil) relates to Gunpoint. These amounts are unsecured and non-interest bearing, due on demand and are included in accounts payable and accrued liabilities.

On January 19, 2021, the Company closed the acquisition of Alderley Gold, a private British Columbia mining technology company (that was previously controlled by the CEO of the Chesapeake Gold Corp.). Through the

acquisition of Alderley Gold, the Company gained access to the mining technology (“Technology”) that is currently being used to determine the technical and commercial feasibility of the Metates project. 7,400,000 shares were issued to a company controlled by the CEO. The remaining 2,600,000 shares were issued to non-related parties. As at December 31, 2024, 6,290,000 shares issued to a Company controlled by the former CEO are still held in escrow.

Financial Instruments

The following provides a comparison of carrying and fair values of each classification of financial instrument:

| (tabled amounts are expressed in thousands of CAD dollars) | December 31, 2024 | | December 31, 2023 | |
|------------------------------------------------------------|-------------------|---------------|-------------------|---------------|
| | Carrying value \$ | Fair value \$ | Carrying value \$ | Fair value \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 10,989 | 10,989 | 19,823 | 19,823 |
| Long term investment | 636 | 636 | 465 | 465 |
| Financial liabilities | | | | |
| Accounts payable & accrued liabilities | 2,090 | 2,090 | 1,784 | 1,784 |

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Level 3 inputs are inputs that are not based on observable market data.

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.

| (tabled amounts are expressed in thousands of CAD dollars) | Level 1 | Level 2 | Level 3 | Total December 31, 2024 |
|------------------------------------------------------------|---------|---------|---------|----------------------------|
| Long-term investments | 636 | - | - | 636 |
| | \$ 636 | \$ - | \$ - | \$ 636 |

| (tabled amounts are expressed in thousands of CAD dollars) | Level 1 | Level 2 | Level 3 | Total December 31, 2023 |
|------------------------------------------------------------|---------|---------|---------|----------------------------|
| Long-term investments | 465 | - | - | 465 |
| | \$ 465 | \$ - | \$ - | \$ 465 |

The fair value of other financial instruments, including cash and cash equivalents, other receivables, accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments. 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 year ended December 31, 2024.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and long-term investments. The Company’s cash and cash

equivalents are held through large Canadian financial institutions. The Company's long-term investments are held in common shares of publicly traded companies. The carrying amount of the financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company settles its financial liabilities using its cash. The Company manages liquidity risk through the management of its capital structure as described in Note 13 of its consolidated financial statements. The accounts payable and accrued liabilities is due within the current operating period.

Market Risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. The Company closely monitors market values to determine the most appropriate course of action.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity and held with large Canadian financial institutions.

Foreign Exchange Rate Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States, Mexico, and Guatemala. Certain costs and expenses are incurred in US dollars and Mexican pesos. A 10% change in the exchange rate for USD or Mexican Peso will have an impact of \$27 on the consolidated statement of loss and comprehensive loss. The Company attempts to mitigate currency risk through the preparation of short and long-term expenditure budgets in the foreign currencies.

Subsequent events

On February 26, 2025, the Company granted 100,000 options of the Company at an exercise price of \$1 per share for a five-year term expiring February 26, 2030. The options will vest and be exercisable on the basis of 25% annually, commencing February 26, 2026, the first anniversary of the date of the grant.

Critical estimates, change in accounting policies, significant accounting policies, accounting policies not yet adopted

Please refer to the audited annual consolidated financial statements for the year ended December 31, 2024, which are filed on SEDAR+ for details surrounding the Company's material accounting policies.

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements require management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- i. Management is required to assess the functional currency of each entity of the Company. The Company determined the Canadian dollar to be its functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions.
- ii. Management is required to assess impairment in respect of its exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.

Accounting Estimates and Assumptions

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final outcomes of these tax-related matters are different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ii. Management estimates the fair values of share-based payment arrangements using the Black-Scholes option pricing model (assumptions used – fair value of trading price on grant, exercise price, volatility, forfeiture rate, dividend rate and risk free rate).
- iii. Other significant accounting estimates include valuation of long-term investments, and carrying value of exploration and evaluation assets.
- iv. The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

New standards and interpretations

Following is the new amendment to a standard issued by the IASB which is applicable to the Company's consolidated financial statements:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Amendment to standard not yet adopted

Following is the new amendment to a standard issued by the IASB which is applicable to the Company's consolidated financial statements:

Foreign Exchange Amendments (Amendment to IAS 21)

Effective January 1, 2025, these amendments provide guidance on estimating spot rates for currencies lacking exchangeability. The entity is currently analyzing the implications for currency translation and related disclosures. The amendment is expected to have no impact on the Company's consolidated financial statements on adoption.

Presentation and Disclosures in Financial Statements(IFRS 18)

Effective January 1, 2027, IFRS 18 introduces new requirements for the presentation and disclosure of financial information. The Company is currently evaluating the potential impact of IFRS 18 on its financial statements. While the full implications are yet to be determined, the standard is expected to enhance the transparency and comparability of financial disclosures. The Company will adopt IFRS 18 in accordance with its effective date and provide further updates in subsequent reporting periods.

Risk and uncertainties

This MD&A contains forward-looking statements. Readers are cautioned as to the risks and uncertainties related to the forward-looking statements and are directed to those risks and uncertainties discussed in the Annual Information Form ("AIF") dated August 2, 2023, which was filed on SEDAR. Also, please refer to the "Cautionary Statement on Forward-Looking Information" at the end of the MD&A.

Recent Mining Law Changes

Recent changes to mining laws in Mexico may affect the Company's ability to renew its concessions, explore and obtain new concessions, obtain permits to conduct mining operations or pledge its concessions as security for loan facilities to develop its mineral projects. These changes may have a material adverse effect on the Company's planned operations and development of the Metates project and future exploration in Mexico.

Regional Violence

The Company holds exploration assets in Sinaloa, Mexico, a region that has recently experienced heightened levels of violence and organized crime activity. These conditions pose risks to the Company's ability to access and operate certain regional properties. The safety of employees, contractors, and assets may be compromised, potentially leading to operational disruptions, increased security costs, or delays in project timelines. The Company continues to monitor the situation closely and implement measures to mitigate these risks, including enhanced security protocols and contingency planning. However, the unpredictable nature of the violence in Sinaloa represents a material uncertainty that could adversely affect the Company's financial performance and operational outcomes on certain properties.

Cautionary Statement on Forward Looking Statements

This MD&A contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking statements") 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 and silver production and planned work programs; the timing and amount of estimated future production; costs and timing of the development of new deposits; timing of completion of exploration programs; the success of exploration and development activities and mining operations; the future price of commodities; timing and expenditures to develop Metates; gold and silver resources, grades and recoveries; cash costs per ounce, capital and operating expenditures and sustaining capital; the Company's plans and intentions surrounding the technology acquired from the Alderley Transaction; completion of acquisitions and their potential impact on the Company and its operations; 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 are made based upon certain assumptions and other important factors that, while considered reasonable by the Company, are inherently subject to significant business economic, competitive, political and social uncertainties and contingencies. The Company has made assumptions based on many of these factors which include, without limitation: present and future business strategies; the environment in which the Company will operate in the future, including the future price of gold and silver; currency exchange rates; estimates of capital and operating costs; production estimates; estimates of mineral resources and metallurgical recoveries; mining operational and development risks; regulatory restrictions; activities by governmental authorities and changes in legislation; community relations; the speculative nature of mineral exploration; the global economic climate; loss of key employees; additional

funding requirements; and title to mineral claims or property. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

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 the Company 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 and silver, 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); risks of local violence; risks related to natural disasters, terrorism, civil unrest, public health concerns (including health epidemics or outbreaks of communicable diseases such as the COVID-19 pandemic) and other geopolitical uncertainties; 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.

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.

This Management's Discussion and Analysis makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS Accounting Standards (IFRS), do not have a standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS Accounting Standards measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS Accounting Standards. We use non-IFRS measures to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

Qualified Persons

Mr. Gary Parkison (VP Development) and Alberto Galicia (VP Exploration) are Qualified Persons as defined by NI 43-101 and responsible for the technical information on Metates in this MD&A.

The Metates 2022 PEA report (dated December 15, 2022) has been prepared by M3 to professional standards in the industry and is produced by Michael G. Hester, FAusIMM, Art S. Ibrado, PhD, PE, and Richard K. Zimmerman, MSc, RG, consultants, of M3 Engineering & Technology Corporation (M3).

Mr. Marc Jutras P.Eng., M.A.Sc, Principal, Mineral Resources of Ginto Consulting Inc, is the independent qualified person responsible for the MRE in accordance with NI 43-101. Mr. Carl Edmunds P.Geo., M.Sc. technical consultant to Chesapeake and is the qualified person who supervised the preparation of the technical information relating to the updated Mineral resource estimate.