

P. Randy Reifel
Gunpoint Exploration Ltd. & Chesapeake Gold Corporationⁱ
Corporate Communications
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Dear Mr. Reifel,

We are writing out of deep concern over Gunpoint Exploration's Escorpión project and the company's recent filings in which you report that the Guatemalan government has granted it a 900 hectare licence for the project, just west of Tahoe Resources' Escobal mine.

For over a year, we have been mystified as to where this project is located and to what mining concession it pertained, given that we have not been able to find any records of the Escorpión project or of Gunpoint Exploration in Guatemala. At first, the area illustrated on your company's website seemed to overlap with the 'Juan Bosco' exploration concession belonging to Tahoe Resources' Guatemalan subsidiary, Minera San Rafael S.A.. The environmental licence for this project was provisionally suspended by order of an Administrative Tribunal on April 10, 2015.

Our confusion deepened in November 2015, when we learned that a 900 hectare exploration concession called 'Las Lajitas' had been granted in our municipality of Casillas, department of Santa Rosa, to Esperanza Elizabeth Picón Castro. This concession had every appearance of being where your company says that it has been purchasing an interest, but the name of the title-holder left us doubting.

It has now come to our attention, however, that in your company's November 2015 filings, Gunpoint reported that, "On August 19, 2015, the Ministry of Energy and Mines granted title for the El Escorpión concession."ⁱⁱⁱ Interestingly, this is the same day that the 'Las Lajitas' concession was granted to Esperanza Elizabeth Picón Castro; a decision that was notified on November 9, 2015.

Earlier in November, however, your company reported that, "In Guatemala, Gunpoint received title from the government for its El Escorpión silver project."ⁱⁱⁱ We need to know, Mr. Reifel, is Esperanza Elizabeth Picón Castro acting on behalf of Gunpoint Exploration? If so, why is Gunpoint Exploration not acting through its own Guatemalan subsidiary Hunt Exploración, S.A.? What is the reason for this lack of transparency?

We further understand, based on your company's interim financial reports also filed in November 2015, and filings about your operations from April 2016, that Gunpoint was expected to finalize its last payment for the El Escorpión project to an unnamed person or group on January 28, 2016.^{iv} This payment of US\$200,000 would mean Gunpoint has paid a total of US\$351,000 for this project since 2011. With whom are you doing business with in Guatemala, Mr. Reifel? And perhaps, most importantly, why are you buying into this project?

What your company does not report to your shareholders is that in 2011, the very same year that your company made its first payment for the El Escorpión project, the municipality of Casillas held a referendum in which 98.6% of over 5,000 local residents who participated voted against any mining in our territory. In December 2015, based on this overwhelming vote against mining, two injunctions were filed with the Supreme Court of Justice against the exploration concession. The Mayor of the municipality of Casillas filed the first, followed two weeks later by community council leaders and local residents who filed a second. They stated that their right to water is being violated, claiming that approximately 100 water sources could be affected, and urged respect for the results of the municipal plebiscite held in 2011.^v We are optimistic, based on recent court decisions in Guatemala, that the injunction will be granted, especially based on the communities' human right to water and that is named as a principal complaint in the injunction.

Given the clear position of community members in our municipality against any mining in order to protect our water supplies and our agricultural activities for current and future generations, we would have hoped that you and your company would think twice about investing here. In particular, Mr. Reifel, given your long association to date with Goldcorp and your experience dating back to the 90s with the Marlin mine in northwestern Guatemala,^{vi} we would have hoped that you would choose not to speculate on an exploration project where local communities are clearly opposed to mining activities. The El Escorpión project's existence, however, and the lack of transparency about it on the part of Gunpoint Exploration and its parent company Chesapeake Gold seem to indicate otherwise.

In addition, we cannot help but point out that your company's name 'Gunpoint Exploration' is extremely inappropriate. As a result of the broad opposition to mining in the area of Tahoe Resources' Escobal mine, our municipality – like others – has been militarized. Tahoe Resources, in cooperation with Guatemalan authorities, have implemented a policy of fear and terror in the area in order to impose the Escobal mine project in the area. The mere name of your company feels like another threat to us.

Out of respect for our decision making process and our clear vote against any mining in the municipality of Casillas, we would ask you and your company to desist from the El Escorpión project and let us alone to rebuild the peace in our community that we enjoyed before Tahoe Resources arrived.

Thank you in advance for your consideration and prompt response.

Attentively,

The Defenders of Nature of Casillas — Community Development Council of San Juan Bosco
Santa Rosa, Guatemala

For the purpose of further correspondence, please address communications c/o Jennifer Moore, Latin America Program Coordinator, MiningWatch Canada, 250 City Centre Ave., Suite 508, Ottawa, ON, K1R 6K7 or via email at jen@miningwatch.ca.

- i Gunpoint Exploration is a subsidiary of Chesapeake Gold Corporation. Both companies are based in Vancouver, Canada and trade on the Toronto Stock Exchange.
- ii Gunpoint Exploration Ltd., Management's Discussion and Analysis, Third Quarter Report - September 30, 2015 (Nine months ended), November 30, 2015.
- iii Gunpoint Exploration Ltd., Management Information Circular, November 9, 2015.
- iv Gunpoint, Interim Financial Statements for nine month period ended September 30, 2015 and eight months ended September 30, 2014, filed on November 30, 2015.
- v Panorama Noticias, "Nuevo Amparo Contra Proyecto Minero 'Las Lajitas'", December 17, 2015; <http://panoramanoticias.com/?p=17928>
- vi In 1996, P. Randy Reifel was President of Montana Gold Corp with 30% of the company's shares whose subsidiary carried out prospecting activities in the area where the Marlin mine is now located. Montana Gold Corp was sold to Francisco Gold Corp in 2000 of which P. Randy Reifel was also the President. This company undertook further exploration activities on the site before the project was sold to Glamis Gold Ltd. in 2002.