

**GUNPOINT EXPLORATION LTD.**  
Suite 1201 – 1166 Alberni Street  
Vancouver, British Columbia V6E 3Z3  
Canada

**NOTICE**

**RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS FOR  
THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020.**

The first quarter financial statements for the three months ended March 31, 2021 and 2020 have not been reviewed by the auditors of Gunpoint Exploration Ltd.

**GUNPOINT EXPLORATION LTD.**  
"Sam Wong"  
**SAM WONG**  
Chief Financial Officer



## **Gunpoint Exploration Ltd.**

Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2021 and 2020 (unaudited)

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

# Gunpoint Exploration Ltd.

## Condensed Consolidated Interim Statements of Financial Position

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

	Note	As at March 31, 2021	As at December 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash	4	\$ 325.0	\$ 385.2
Amounts receivable and prepaid expenses		3.3	5.3
		328.3	390.5
Long-term investment	4,5	1,411.4	2,026.4
Investment in mineral properties	6	5,518.3	5,472.2
Reclamation deposits		220.8	223.4
Total assets		\$ 7,478.8	\$ 8,112.5
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4,7	\$ 345.7	\$ 354.7
Promissory note	7	700.0	700.0
		1,045.7	1,054.7
Due to related party	4,10	1,022.0	1,032.0
Decommissioning obligation		208.8	211.4
Total liabilities		2,276.5	2,298.1
<b>Shareholders' equity</b>			
Share capital	8	9,637.4	9,637.4
Reserves		43,362.9	43,355.4
Deficit		(47,798.0)	(47,178.4)
Total shareholders' equity		5,202.3	5,814.4
Total liabilities and shareholders' equity		\$ 7,478.8	\$ 8,112.5

*Nature of operations and going concern (note 1)*

### Approved by the Board of Directors

\_\_\_\_\_ "P. Randy Reifel" \_\_\_\_\_ Director \_\_\_\_\_ "Gerald L. Sneddon" \_\_\_\_\_ Director

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

# Gunpoint Exploration Ltd.

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

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

	Note	Three Months Ended	
		March 31, 2021	March 31, 2020
<b>Operating expenses</b>			
Exploration		\$ (0.6)	\$ (0.6)
General and administrative		(11.3)	(26.0)
Professional fees		(5.7)	(13.8)
Share-based compensation	9	(7.5)	(14.0)
		(25.1)	(54.4)
<b>Other income (expenses), net</b>			
Finance cost (net)		(9.1)	(8.9)
Foreign exchange gain (loss)		1.9	45.9
Other income (expenses)	6(b), (c), (d)	162.7	182.4
Unrealized gain (loss) on investment	5	(750.0)	(133.3)
Total other income (expenses)		(594.5)	86.1
<b>Net income (loss) and comprehensive loss</b>		(619.6)	31.7
<b>Earnings (loss) per share</b>			
Basic and diluted		(0.01)	0.00
<b>Weighted average shares outstanding</b>			
Basic		43,501,600	43,501,600
Diluted		43,501,600	44,294,053
<b>Total shares issued and outstanding</b>		43,501,600	43,501,600

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

## Gunpoint Exploration Ltd.

### Condensed Consolidated Statement of Changes in Shareholders' Equity

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

	Notes	Shares	Share capital	Additional paid-in capital	Warrant reserves	Share-based payments reserves	Convertible debentures reserves	Deficit	Total equity
<b>Balance at December 31, 2020</b>		43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43.0	\$ 1,737.4	\$ 65.1	\$ (47,178.4)	\$ 5,814.4
Net income for the period		-	-	-	-	-	-	(619.6)	(619.6)
Share-based compensation charges	9	-	-	-	-	7.5	-	-	7.5
<b>Balance at March 31, 2021</b>		43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43.0	\$ 1,744.9	\$ 65.1	\$ (47,798.0)	\$ 5,202.3
<b>Balance at December 31, 2019</b>		43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43.0	\$ 1,698.5	\$ 65.1	\$ (48,686.6)	\$ 4,267.3
Net loss for the period		-	-	-	-	-	-	31.7	31.7
Share-based compensation charges		-	-	-	-	14.0	-	-	14.0
<b>Balance at March 31, 2020</b>		43,501,600	\$ 9,637.4	\$ 41,509.9	\$ 43.0	\$ 1,712.5	\$ 65.1	\$ (48,654.9)	\$ 4,313.0

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

# Gunpoint Exploration Ltd.

## Condensed Consolidated Interim Statement of Cash Flows

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

	Note	Three Months Ended	
		March 31, 2021	March 31, 2021
<b>Cash used in operating activities</b>			
Net income (loss)		\$ (619.6)	\$ 31.7
Items not affecting cash			
Unrealized foreign exchange loss (gain)		(1.9)	(45.9)
Share-based compensation	9	7.5	14.0
Unrealized losses (gain) from investment		750.0	133.3
Gain from option agreements	6(c)	(135.0)	(56.0)
		1.0	77.1
Change in non-cash operating working capital			
Amounts receivable and prepaid expense		2.0	(7.4)
Accounts payable and accruals		(9.1)	15.7
		(6.1)	85.4
<b>Cash flows provided by (used in) investing activities</b>			
Cash receive from option agreements		-	-
Mineral property expenditures		(46.1)	(3.8)
		(46.1)	(3.8)
<b>Foreign exchange impact on cash</b>		(8.0)	57.7
<b>Increase (decrease) in cash</b>		(60.2)	139.3
<b>Cash– beginning of year</b>		385.2	653.5
<b>Cash– end of period</b>		325.0	792.8

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

# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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### 1 Nature of operations and going concern

Gunpoint Exploration Ltd. (“Gunpoint” or the “Company”) was incorporated under the laws of British Columbia on October 27, 1989. Gunpoint is focused on the acquisition and exploration of precious metals located in the United States, Mexico and Guatemala.

Gunpoint is domiciled in Vancouver, Canada and its common shares are listed on the TSX Venture Exchange under the trading symbol “GUN”. The Company is controlled by Chesapeake Gold Corp. (“Chesapeake”) which owns 74% of the Company. The Company’s registered office is at Suite 1201 – 1166 Alberni Street, Vancouver BC, V6C 3A6, Canada.

These consolidated 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 consolidated net loss of \$619.6 for the three months period ended March 31, 2021 (2020 – net income - \$31.7), and an accumulated deficit of \$47,798.0 as at March 31, 2021 (December 31, 2020 - \$47,178.4). The Company has a working capital deficiency of \$717.4 as at March 31, 2021 (December 31, 2020 - \$664.2). 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 for the exploration and development of its mineral properties. These conditions indicate the existence of material uncertainties that may cast substantial doubt about the Company’s ability to continue as a going concern.

The Company is currently holding its mineral properties on care and maintenance until additional financing can be raised from joint venture partners, divestures and investors.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These consolidated financial statements do not include any adjustments to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

### 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, 2020.

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, 2020. 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, 2020.

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 May 19, 2021.

# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

### 3 Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and investments. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as Canadian Government treasury bills, banker's acceptances or Guaranteed Investments Certificates, with initial maturity terms less than one year from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debts, acquire or dispose of assets or adjust the amount of cash and investments. There were no changes in the Company's approach to capital management during the three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

### 4 Financial instruments

#### Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	March 31, 2021		December 31, 2020	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
<b>Financial assets</b>				
Cash	325.0	325.0	385.2	385.2
Long-term investment	1,411.4	1,411.4	2,026.4	2,026.4
<b>Financial liabilities</b>				
Accounts payable & accrued liabilities	345.7	345.7	354.7	354.7
Due to related party	1,022.0	1,022.0	1,032.0	1,032.0

#### 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 March 31, 2021
Long-term investment	1,411.4	-	-	1,411.4
	\$ 1,411.4	\$ -	\$ -	\$ 1,411.4

The fair value of other financial instruments, including cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, promissory note payable, and amounts due to a related party, 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



# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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 three months ended March 31, 2021.

### 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. The Company's cash is held through large Canadian financial institutions.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. The accounts payable are 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 the equity markets. 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 and cash equivalents or fixed income securities. 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.

### 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, Mexican pesos and Guatemala quetzal. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

### Price Risk

The Company is exposed to price risk with respect to its investments, which consists of common shares of publicly-traded companies and is dependent upon the market price or the fair value of the common shares of these companies. The market price or the fair value of the common shares of publicly-traded companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

## 5 Investments

	December 31, 2020 Fair value	Acquired	Reclassification to long term investment	Unrealized gain/(loss)	Foreign exchange and other	March 31, 2021 Fair value
Long-term investment	\$ 2,026.4	\$ 135.0	\$ -	\$ (750.0)	\$ -	\$ 1,411.4
	December 31, 2019 Fair value	Acquired	Reclassification to long term investment	Unrealized gain/(loss)	Foreign exchange and other	December 31, 2020 Fair value
Long-term investment	\$ 442.2	\$ 73.3	\$ -	\$ 1,510.9	\$ -	\$ 2,026.4

Long-term investments are designated as fair value through profit and loss and carried at market value. Unrealized gains and losses are classified as part of the calculation of net income or loss. During the three months ended March 31, 2021, the unrealized loss recorded in investments is \$750.0 (December 31, 2020 gain – \$1,510.9)

# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

### 6 Mineral properties

	<b>Talapoosa</b>
<b>December 31, 2019</b>	\$ 5,176.8
Licence, dues and fees	263.8
Geological & engineering	23.0
Other	8.6
<b>December 31, 2020</b>	\$ 5,472.2
Licence, dues and fees	44.0
Other	2.1
<b>March 31, 2021</b>	\$ 5,518.3

#### a) Talapoosa, (Nevada)

In Nevada, the Company owns a 100% interest in the Talapoosa gold property ("Talapoosa") 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\$75.0 and the annual lease payment for the Unpatented Leased land is US\$35.0. In addition, there are certain payments required for the land owned subject to leases with private landowners (the "Fee Leased Land"). The current annual payments for Fee Leased Land are approximately US\$43.0.

On March 31, 2015, the Company entered into an agreement 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 Talapoosa. Under the Option, Timberline could acquire Talapoosa for US\$10 million in cash and share consideration. Timberline did not make an option payment due March 31, 2018 to Gunpoint. Timberline's option was terminated and a 100% interest reverted back to the Company. Total consideration received by Gunpoint during the option term was US\$3.0 million and 3.0 million common shares of Timberline.

#### b) La Cecilia (Sonora State, Mexico)

La Cecilia is located in Sonora State, Mexico and comprises three mineral concessions totalling 794 hectares. On January 31, 2017, the Company entered into an agreement ("Option Agreement") with Riverside Resources Inc. ("Riverside") whereby Riverside has an option to acquire a 100% interest in La Cecilia.

Pursuant to the Option Agreement, Riverside can acquire a 100% interest in La Cecilia by making \$250.0 in cash payments and issuing one million Riverside common shares to the Company per the following schedule:

- A payment of \$10.0 upon execution of the Option Agreement; (Received)
- A \$15.0 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico ("the Effective Date"); (Received)
- A \$25.0 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date; (Received)
- A \$75.0 cash payment and issuance of 300,000 common shares of Riverside on or before the second anniversary of the Effective Date; (Received) and
- A \$125.0 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of the Effective Date. (Received)

# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

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Riverside completed its acquisition of La Cecilia in 2020. In total, the Company received \$250,000 and 1.0 million shares of Riverside. As at December 31, 2020, the La Cecilia property is recorded at \$nil value due to a previous impairment. The consideration received from Riverside was recognized as income.

In September 2020, Riverside spun out their Penoles project in Mexico by way of a plan of arrangement issuing common shares of Capitan Mining Inc. ("Capitan") to existing Riverside shareholders. Capitan is a new public company on the TSX Venture Exchange. Gunpoint received 259,399 Capitan shares. As at March 31, 2021, the fair market value of the Capitan shares was \$59.7 (December 31, 2020 - \$68.7) and recorded as an unrealized gain on investment.

### c) La Gitana (Oaxaca State, Mexico)

The La Gitana Property ("La Gitana") is located in Oaxaca State and encompasses 494 hectares.

On June 4, 2019, the Company signed a non-binding letter of intent (the "LOI") with Inomin Mines Inc to sell its 100% interest in La Gitana. The LOI provides for an exclusivity period to conduct due diligence and conclude a definitive agreement to finalize the purchase terms of the Transaction.

Pursuant to the LOI, Inomin has an option to acquire La Gitana by making \$300.0 in cash payments and issuing 2,000,000 common shares as follows:

- A payment of \$10.0 on signing LOI; (Received)
- A payment of \$25.0 and 150,000 shares following execution of definitive agreement;
- A payment of \$50.0 and 250,000 shares on first anniversary;
- A payment of \$65.0 and 450,000 shares on second anniversary;
- A payment of \$75.0 and 500,000 shares on third anniversary; and
- A payment of \$75.0 and 650,000 shares on fourth anniversary.

The definitive agreement required a surface rights agreement with the Santa Maria Lachixonace Ejido community ("Ejido"). The Company was unable to reach an agreement with the Ejido and on August 4, 2020, Gunpoint agreed to sell La Gitana and another exploration property in Oaxaca state ("Pena Blanca") to Inomin for \$25,000 and 1.0 million common shares of Inomin.

On March 21, 2021, the TSX Venture Exchange approved the transaction and the Company received the consideration of a \$25.0 cash payment and 1.0 million common shares of Inomin.

The Company retains a 1.5% NSR on Pena Blanca. Inomin has the option to purchase 0.5% of the 1.5% NSR from Gunpoint for \$1.0 million dollars.

### d) Cerro Minas Project

The Cerro Minas Property ("Cerro Minas") is located 130 kilometers southwest of Oaxaca City and comprises 899 hectares.

On October 16, 2019, Gunpoint entered into an agreement ("Option Agreement") with Megastar Development Corp. ("Megastar") whereby Megastar was granted an option to acquire a 100% in Cerro Minas. Pursuant to the Option Agreement, Megastar can acquire Cerro Minas by making US\$100.0 in cash payments and issuing 800,000 Megastar common shares to Gunpoint over three years per the following schedule:

- A payment of US\$10.0 and 100,000 common shares of Megastar on the October 19, 2019 (Received)
- A US\$20.0 cash payment and 150,000 common shares of Megastar on or before October 19, 2020 (Received)
- A US\$30.0 cash payment and 250,000 common shares of Megastar on or before October 19, 2021; and
- A US\$40.0 cash payment and 300,000 common shares of Megastar on or before October 19, 2022.

Gunpoint retains a 1.5% net smelter royalty on Cerro Minas which Megastar has the option to purchase a 0.5% net smelter royalty for US\$1.0 million dollars. Megastar will be responsible for the property taxes and holding costs (including surface right agreement) to maintain Cerro Minas in good standing during the term of the agreement.

# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

### e) El Escorpion (Guatemala)

The Company acquired a 100% interest in El Escorpion by issuing 500,000 common shares of Gunpoint to Chesapeake and assuming the remaining property payments to the concession owner. To date, the vendor has received US\$331.0 of the US\$351.0 purchase price.

If Chesapeake elects to purchase the existing 1.0% NSR, Chesapeake will be granted a 0.5% NSR royalty. In addition, Gunpoint will issue 1.0 million common shares to Chesapeake in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is defined on El Escorpion.

On August 19, 2015, the Ministry of Energy and Mines granted title for the El Escorpion concessions. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including El Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the local community to support the cancellation of the suspension. The vendor has agreed to an extension of the final payment of US\$20,000 to purchase El Escorpion until the exploration suspension is lifted.

## 7 Promissory note

As at March 31, 2021, the Company has an unsecured promissory note of \$700.0 (December 31, 2020 - \$700.0) due to a company controlled by President of the Company, which is unsecured, and bears an interest rate of 5% per annum. The promissory note is due on demand. Interest accrued for the period ended March 31, 2021 was \$8.8 (2020 - \$8.8). As at March 31, 2021, the total accrued interest payable was \$316.5 (December 31, 2020 - \$307.7) and included in the account payables and accrued liabilities.

## 8 Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and 50,000,000 preferred shares without par value.

## 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 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 10% of the issued and outstanding common shares as at the date of grant. The options will be exercisable for 5 years from the grant date with vesting terms to be determined at the time by the Board of Directors.

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended March 31, 2021, the Company recognized share-based compensation expense of \$7.5 (2020 - \$14.0) for stock options issued to officers and directors of the Company. As at March 31, 2021, the weighted average remaining contractual life of outstanding stock options is 2.08 years (December 31, 2020 - 2.33 years).

	March 31, 2021		December 31, 2020	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of year	1,500,000	\$ 0.25	1,500,000	\$ 0.25
Expired/cancelled	-	-	-	-
Outstanding – end of period	1,500,000	\$ 0.25	1,500,000	\$ 0.25

# Gunpoint Exploration Ltd.

## Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

The following table provides the number of options and vested options outstanding as at March 31, 2021:

Number of options	Number of options vested	Price per share	Expiry Date
1,500,000	750,000	0.25	May 2, 2023

The following table provides the number of options and vested options outstanding as at December 31, 2020:

Number of options	Number of options vested	Price per share	Expiry Date
1,500,000	750,000	0.25	May 2, 2023

## 10 Related party transactions

For the three months ended March 31, 2021, an amount of \$4.3 (2019 - \$4.3) was paid to the Chief Financial Officer of the Company.

As at March 31, 2021, the Company has a promissory note (note 7) in the principal amount of \$700.0, (plus related accrued interest) outstanding indebted to a company controlled by the President of the Company.

As of March 31, 2021, an amount of \$1,022.0 (December 31, 2020 - \$1,032.0) was due to Chesapeake, the parent of the Company. The amounts due to Chesapeake are unsecured, non-interest bearing, and due on demand.

## 11 Segment disclosures

The Company operates in one operating segment in three countries. Details of the investments in mineral properties are disclosed in Note 6. The Company's assets by country are:

March 31, 2021	Canada	Mexico	USA	Other	Total
Cash	\$ 291.7	\$ 2.4	\$ 30.9	\$ -	\$ 325.0
Accounts receivable and prepaid expense	3.3	-	-	-	3.3
	295.0	2.4	30.9	-	328.3
Long term investment	541.4	-	870.0	-	1,411.4
Investment in mineral properties	-	-	5,518.3	-	5,518.3
Reclamation deposits	-	-	220.8	-	220.8
Total assets	\$ 836.4	\$ 2.4	\$ 6,640.0	\$ -	\$ 7,478.8
Segment income (loss) for the period ended March 31, 2021	\$ (237.1)	\$ 3.1	\$ (449.8)	\$ 64.2	\$ (619.6)

## Gunpoint Exploration Ltd.

### Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

<b>March 31, 2020</b>	<b>Canada</b>	<b>Mexico</b>	<b>USA</b>	<b>Other</b>	<b>Total</b>
Cash	\$ 751.7	\$ 2.3	\$ 38.0	\$ 0.8	\$ 792.8
Accounts receivable and prepaid expense	13.9	-	-	-	13.9
	765.6	2.3	38.0	0.8	806.7
Long term investment	170.0	-	194.9	-	364.9
Investment in mineral properties	-	-	5,180.6	-	5,180.6
Reclamation deposits	-	-	248.1	-	248.1
Total assets	\$ 935.6	\$ 2.3	\$ 5,661.6	\$ 0.8	\$ 6,600.3
Segment (loss) income for the period ended March 31, 2020	\$ 462.4	\$ (80.3)	\$ (316.9)	\$ (33.5)	\$ 31.7