

## **President's Letter**

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In the face of challenging gold markets, the general equities in 2017 are trading at record high indices. Noticeably, traditional catalysts for stronger gold such as quantitative easing, escalated government debt, inflation and rising geopolitical tensions appear uneventful. This year the bullion has traded in a narrow range up 10% while the GDX and GDXJ lag behind - only 8% and 3% higher.

Market volatility and retracement risk especially in the US markets are growing. A rotation of capital into other undervalued investments would be positive for gold. The global market value for all the public precious metal producers is less than 20% of Apple's capitalization.

Although it seems the gold market is struggling, we believe the climate is improving. Exploration spending is at a 10 year low. New discoveries are precious few. As such, industry fundamentals have changed with limited supply growth. Miners are now facing an era of declining production and reserves.

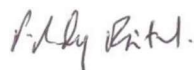
Cognizant of current market conditions, we remain committed to undertake measures that will ensure financial stability and preserve shareholder value. To raise capital and realize equity participation in an improving gold market, we monetized two of our projects on favorable leverage terms. At this time Gunpoint's operating budget only comprises the maintenance and holding costs of its Mexican La Gitana and Guatemalan El Escorpion projects. However, looking forward, we are evaluating strategic opportunities that would add significant corporate value.

Regarding Gunpoint's Nevada gold project, last year Talapoosa was optioned to Timberline Resources Corporation. To earn a 100% interest, Timberline will over 3 years, pay Gunpoint US\$11.3 million together with 5.5 million common shares. An additional US\$10 million trigger payment if the price of gold trades at US\$1,600 per ounce for 90 days within the next 8 years. In March, Gunpoint received US\$1 million and 1 million common shares. Next year, the Talapoosa payment is US\$2 million and 1 million common shares of Timberline.

In 2017 Gunpoint optioned its Mexican La Cecilia property to Riverside Resources Inc. Riverside can acquire a 100% in La Cecilia by making \$250,000 in cash payments and issuing 1 million common shares over 3 years. This year Gunpoint received \$25,000 and 100,000 common shares of Riverside.

Prudent management has enabled Gunpoint to weather the bear gold market and strengthen our treasury. Besides Chesapeake Gold Corp., I am the largest shareholder in Gunpoint. Recognizing the Company's limited corporate activities, I have voluntarily agreed not to raise my current \$1 per year salary through 2018. As always, I would like to thank our shareholders, both large and small, for your continued trust and support.

**GUNPOINT EXPLORATION LTD.**



P. Randy Reifel

*President*

November 10, 2017