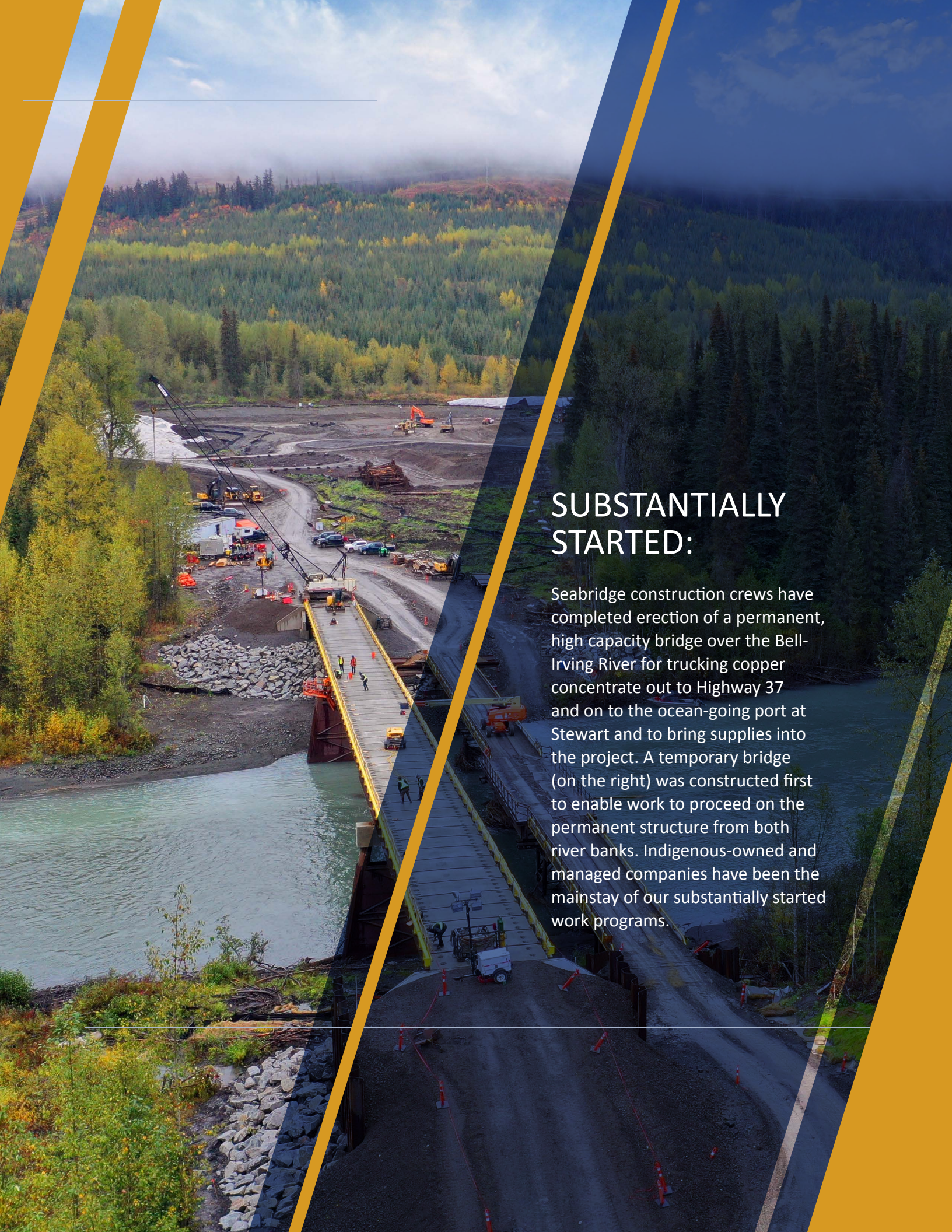




KSM

Substantially Started



SUBSTANTIALLY STARTED:

Seabridge construction crews have completed erection of a permanent, high capacity bridge over the Bell-Irving River for trucking copper concentrate out to Highway 37 and on to the ocean-going port at Stewart and to bring supplies into the project. A temporary bridge (on the right) was constructed first to enable work to proceed on the permanent structure from both river banks. Indigenous-owned and managed companies have been the mainstay of our substantially started work programs.

CORPORATE OVERVIEW

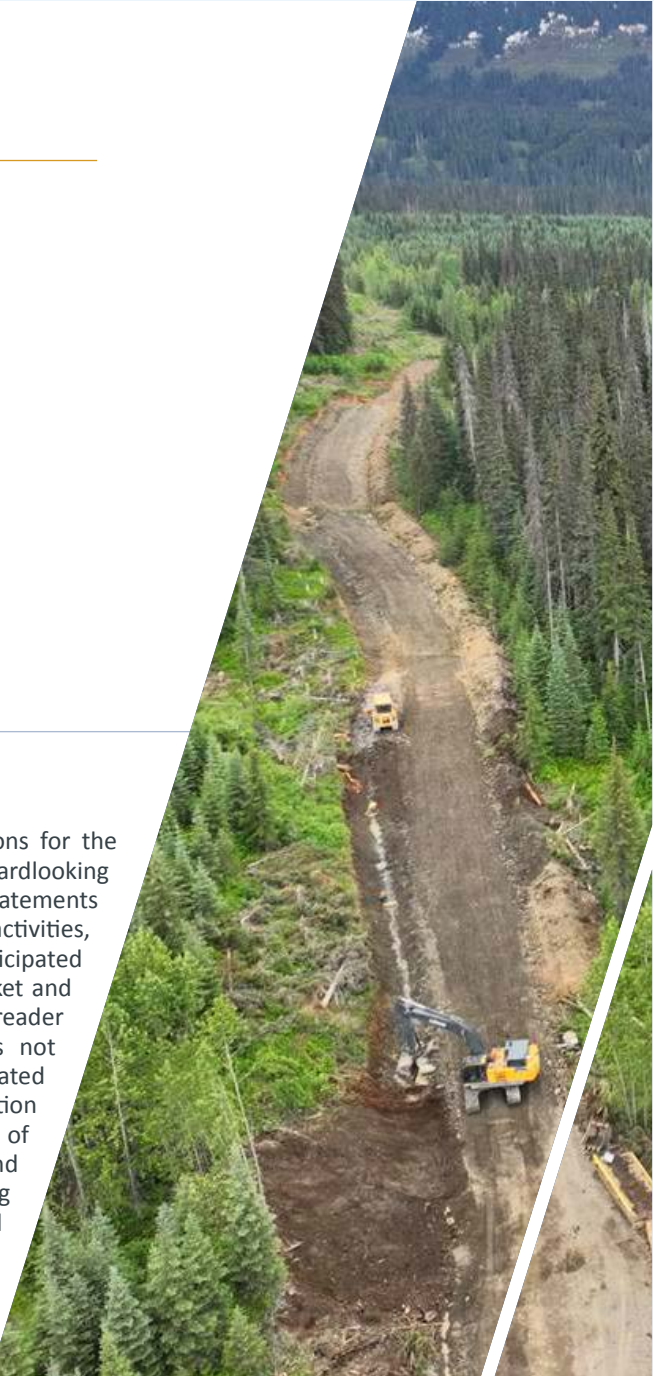
Seabridge Gold’s resource base of gold, copper and silver is one of the world’s largest. Our principal projects are located in Canada. Our objective is to grow resource and reserve ownership per share. Our risk-reducing strategy: acquire North American deposits; expand them through exploration; move them to reserves through engineering; and sell or joint venture them to established producers for mine construction and operation.

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Forward-Looking Statements

We are making statements and providing information about our expectations for the future which are considered to be forward-looking information or forwardlooking statements under Canadian and United States securities laws. These include statements regarding future plans and the timing of them, including construction activities, the proposed production scenarios in respect of our principal projects, anticipated exploration results at our projects and our view of the gold and copper market and financial markets generally. The purpose of these statements is to help the reader understand management’s current views of our future prospects and is not intended for other purposes. This information will not necessarily be updated unless required by securities laws. It is not investment advice. This information is based on a number of material assumptions, and is subject to a number of material risks, which are discussed in our annual Management's Discussion and Analysis contained in this document under the headings “Forward-Looking Statements” and “Risks and Uncertainties” and in the Notes to Consolidated Financial Statements. We also refer shareholders to the more comprehensive discussion of forward-looking information in our Annual Information Form filed on SEDAR at www.sedar.com and our Annual Report on Form 40-F filed on EDGAR at www.sec.gov/edgar.shtml.



CEO'S REPORT TO STAKEHOLDERS: TOWARDS A SUBSTANTIALLY STARTED KSM

After 17 years of patient exploration, engineering and permitting, our KSM, the world's largest undeveloped gold-copper project by reserves and resources, is now more ready than ever for a joint venture. This has not been a linear process. Many steps were required to get to this point including two major redesigns of the mine plans and hundreds of changes, large and small, that have de-risked the asset, improved its economic parameters and made it more attractive to potential partners.

The story of how we got here explains a lot about the mining business.

We bought KSM in 2001 when copper was US\$0.60 a pound and gold was under US\$300 per ounce. Although it already had a substantial gold and copper resource, the project was uneconomic at those metal prices but we made the calculation that time and markets would change that. When they did, by 2006, we started to spend money exploring KSM. The results exceeded all our expectations.

KSM's 2012 Preliminary Feasibility Study (PFS) formed the basis for our successful application for an Environmental Assessment Certificate and more in-depth engagement with our local Indigenous groups and regulators. Subsequent major improvements were made in response to the feedback we received. A further PFS was completed in 2016 and the current one mid-2022. Each reflected more of what prospective partners said they wanted and more of what we thought would improve the value of the project, its attractiveness to prospective partners and the joint venture terms we could therefore expect for our shareholders.

The 2022 PFS resolved an important issue that has opened the joint venture (JV) process to a much wider set of prospects than the 2016 iteration. The issue was underground mining. The 2016 PFS proposed a combination of open pit and block cave operations which provided optimum access to the four KSM deposits. However, only two suitable JV candidates have had success at block caving (a serious limitation) and capital requirements in the early years to develop the underground workings added capital expenditures.

In 2020, we addressed this issue when we acquired the Snowfield deposit (now named East Mitchell) right next door, which we incorporated into the 2022 PFS for a new, open-pit-only, mine plan. This step has potentially opened up a much larger universe of possible bidders while also reducing life of mine capital expenditures, despite inflationary pressures.

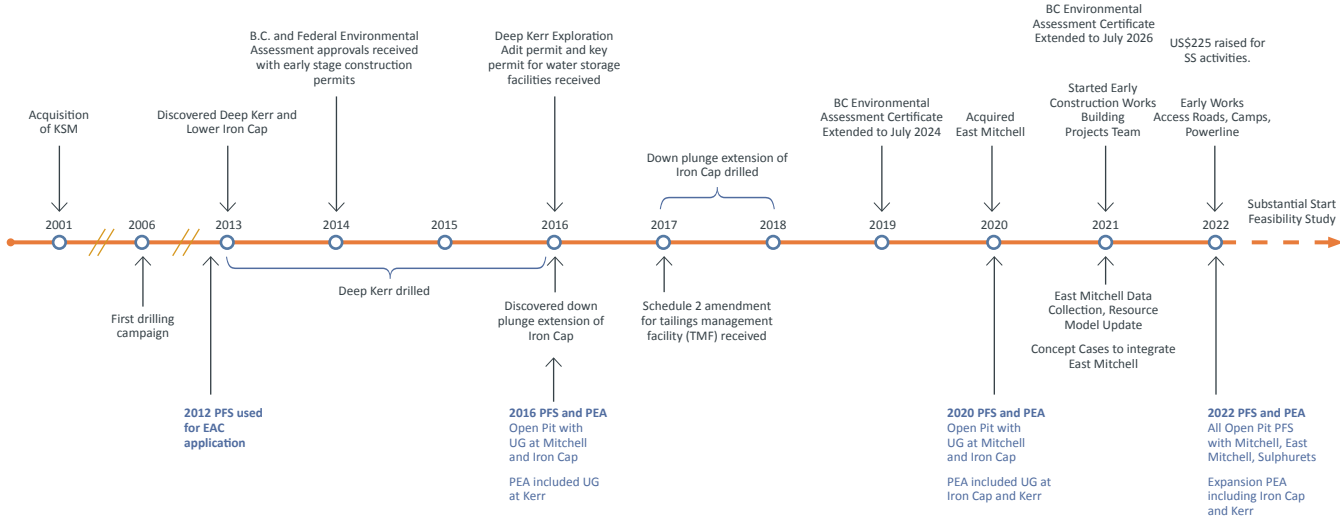
In 2021, we also decided to address a second issue which was constraining our JV negotiations, namely the risk of expiry of our Provincial Environmental Assessment Certificate (EAC). To avoid expiry of the KSM EAC, it is necessary to undertake sufficient permanent physical improvements to KSM to be considered to have "substantially started" construction of the KSM Project prior to July 29, 2026. Attaining "substantially started" from the BC government before that date results in the EAC lasting for the life of the project. Potential partners did not want to undertake the expenditures required to achieve Substantially Started status before completing a feasibility study and making a production decision. We therefore took on the work necessary to achieve the Substantially Started designation.

In February 2022, we secured US\$225 million in funding from Sprott Resource Streaming and Royalty Corp. and Ontario Teachers' Pension Plan to fund Substantially Started activities. We immediately started an aggressive program to construct permanent infrastructure at KSM to mitigate the EAC expiry risk, allowing a now expanding field of prospective partners to concentrate on the project opportunity. This work, described in detail below, accelerates the time frame to production, facilitates the work of completing a FS in a timely manner and greatly strengthens our hand in the negotiations to come. We have also provided considerable work for the Tahltan Nation and the Nisga'a Nation, further cementing the strong relationship we have formed with them over the years.

With the elimination of these two issues, we are pleased to report that our JV discussions have taken on a new life, with more companies engaged than ever before. Recent improvements in metal prices (see our **Gold Market** update below), coupled with a much more vibrant M&A environment for gold and copper projects, have further enhanced our position in JV discussions. Let's also not forget that the gold industry is running short on reserves while the copper industry will require new projects to meet the growing copper demand emanating from green energy initiatives. In recognition of these facts, we have engaged a leading mining industry bank to assist with advancing JV negotiations.

Could we have done a joint venture deal along the way? We received proposals but they would have meant leaving far too much value on the table. Projects like KSM are very rare. We think the final terms of a JV will be well worth the wait.

KSM Development History (2000 to Present) SEABRIDGE GOLD



2022 Substantially Started Activities

2022 Substantially Started activities at KSM focused on power, camps, roads, bridges and fish habitat areas.

Power

In February 2022 Seabridge signed an \$84 million Facilities Agreement with British Columbia Hydro and Power Authority (BC Hydro) covering the design and construction of facilities by BC Hydro to supply construction phase hydro-sourced electricity to the KSM project.

KSM will connect to BC Hydro's existing Northwest Transmission Line (NTL) at BC Hydro's Treaty Creek Switching Station (TCT). This TCT, located where KSM's Treaty Creek access road meets Highway 37, is scheduled to be completed before the end of 2025. Our KSM project team has completed its design for a 30 km long 287 KV transmission line to interconnect the TCT and the KSM plant site.

Previous studies at KSM originally incorporated diesel power for construction activities, with hydro power, for operations, to be supplied later from BC Hydro's NTL. Connecting to BC Hydro's NTL earlier than previously

BC Hydro's power will transfer to Seabridge at this switching station ▼



planned provides a number of significant ESG and economic advantages including:

(i) Green hydro power will replace significant diesel power generation over the multi-year construction phase, with a corresponding large reduction in greenhouse gas emissions;

(ii) Hydro power is less than 25 percent of the cost of diesel-generated power with consequent capital and operating cost savings; and

(iii) The TCT and transmission line will eventually be required for operations and moving this infrastructure forward in the project schedule de-risks construction.

During 2022, site development by BC Hydro on the TCT continued as planned with the station pad nearing completion.

Camps

During KSM's construction and operations, 12 camps will be utilized to support activities on the mine side and the process and tailings management areas of the project. Camp capacities will be sized to accommodate between 40 to 700 people.

During the operation phase of the Project, four permanent camps will be utilized. Two of the camps will be on the Treaty Creek side of the project, servicing the mill and tailings

facility area of the project. The other two permanent camps will be on the mine side of the project. Camp site locations have been chosen and designed to ensure minimal land requirements, avoid geohazards, and reduce potential for adverse environmental effects.

During 2022, permanent accommodations at Camp 11 were commissioned, providing 120 beds to support construction and eventual operations on the Treaty Creek side of the property, just off Highway 37. Earthworks for the Camp 11 area were accelerated to help de-risk construction and operations activities which include support facilities, laydown areas and centralized infrastructure. In 2023, Camp 11 will be expanded to 210 beds.

During 2022, earthworks at Camp 9 in the Mitchell Valley were completed following a successful heavy lift program.

Permanent Camp 9 will house 140 people on the mine side of the project ▼



▼ Permanent Camp 11 will eventually provide living quarters for 210 people



The 34 kilometer Coulter Creek Access Road will connect the mine to Highway 37 via the Eskay Creek Road ▲

Roads

At KSM there are two major roads planned. The Treaty Creek Access Road will connect Highway 37 to KSM's planned tailings facility and mill as well as a spur to the saddle area. The Coulter Creek Access Road will connect the mine side of the project to the existing Eskay Creek access road to the north.

In 2022, construction of the Treaty Creek Access Road reached the planned milestone of 17 kilometers; the remainder of which will be completed over the next two construction seasons.

Higher than average snowpack resulted in a compressed construction season on the Coulter Creek Access Road, which translated into less than planned progress in 2022.

The 29 kilometer Treaty Creek Access Road will connect Highway 37 to the mill and tailings facility ►





New fish habitats will replace ones disturbed by KSM ▲



▲ The Bell Irving Bridge provides a critical piece of infrastructure to transport concentrate by truck from the mill to the port and bring supplies into the project

Bridges

KSM has two major river crossings: one from Highway 37 across the Bell Irving River to connect with the Treaty Creek Access Road, and a second bridge across the Unuk River along the Coulter Creek Access Road.

In 2022, installation of the Bell-Irving River Bridge was completed and placed into service. The bridge provides permanent access to, what will be, KSM's process plant and tailings facility areas.

Fish Habitat

Under our project approvals, KSM is required by the Federal Department of Fisheries and Oceans to develop and implement a fisheries offsetting plan to compensate for impacts to fish habitat resulting from the construction and operation of the Project. Four fish compensation sites are planned for the project.

Bulk earthworks at the Glacier Creek Fish Habitat Offsetting Ponds were substantially completed by the end of the 2022 construction season, with planned revegetation scheduled for 2023.

Partnering

Wherever possible, Seabridge prioritizes the awarding of Substantially Started work to Indigenous partners and/or companies that have formed joint ventures with Indigenous groups. In 2022, \$142 million in contracts were awarded to Indigenous related companies. In early 2023 the Tahltan Nation and the Nisga'a Nation announced the formation of a new joint venture, the Treaty Creek Limited Partnership (TCLP), specifically designed for joint opportunities at KSM.

We are now working closely with the TCLP to open up additional opportunities for their participation in our ongoing Substantially Started activities.

To assist in executing its Substantially Started activities, Seabridge has also partnered with Fluor Corporation, a globally recognized EPCM firm, to develop an integrated KSM project team and leverage industry best project management processes and systems. The involvement of Fluor could prove useful in transitioning KSM into a JV once a deal has been signed.

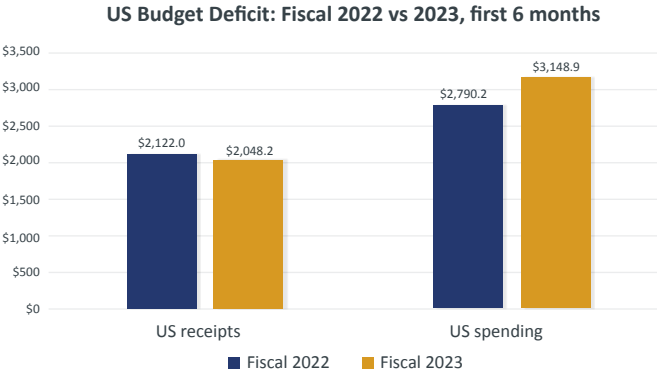
The Gold Market

The world for which Seabridge was created in 1999 has arrived. We think our original strategy of maximizing metal ownership per share is about to pay off in a big way.

The world is fundamentally changing. Many of the most important trends that have long characterized the world's financial system and economy have turned or are beginning to turn, all at the same time. 40+ years of falling interest rates (to 5,000 year lows) is over. 4+ decades of disinflation has ended.

The pandemic added \$6 trillion (T) in US debt in two years. A \$31T debt is too big for a \$25T economy. A debt-to-GDP ratio above 120% could work in an era of zero interest rates but rising rates are driving annual interest expense to an estimated \$1T by the end of this year. The Treasury Statement for the first 6 months of the fiscal year ended March 31, 2023 shows gross revenues down 4% to \$2.048T from a year earlier while spending soared \$358B to \$3.149T over the same period. This is clearly not sustainable.

We are predicting an imminent US sovereign debt crisis requiring a return to Federal Reserve money printing. The US deficit is now too large to fund from private capital markets and it continues to grow. Foreign investors and central banks are now net sellers of Treasuries as well as US commercial banks. Tax receipts are falling as the economy slows and capital gains evaporate. Fed QE has already returned in the form of the Bank Term Funding Program which JP Morgan thinks could inject up to \$2T in new Fed money into the financial system this year. Inflation will therefore not be defeated.



Real economic growth has ground to a halt, smothered by debt. Public policy now dominates private markets. Trillions of dollars in precious capital are being diverted to counteract global warming which is inflationary and intrinsically anti-growth. The global economy can't meet carbon objectives without more debt and even slower growth.

Across the Western world, governments' huge unfunded liabilities likely cannot be honored. The Cost of Living Adjustment to social expenditures is itself inflationary. We think 'creative' default is imminent as the government loses control of the deficit in the coming recession which even the Fed admitted is coming in its April 12 FOMC Minutes.

The US dollar is slowly losing its status as the world's reserve currency. The US is no longer the world's only superpower. New trade alliances are working to displace the dollar as the primary instrument of trade, particularly for energy. Financial sanctions have made it less desirable to hold dollar reserves. In 2022, official gold reserves went up a record 1,136 tonnes while dollar reserves fell a record \$950B.

Confidence in banks is weakening. As banks lose their depositor base to Money Market Funds and Treasury Bills that pay higher interest, more bank failures are very likely as the Oracle of Omaha Warren Buffet noted recently on CNBC. The bail-in of Credit Suisse lenders has raised the question of whether or not bank liabilities are a reliable form of wealth. Real assets, including gold, energy and other commodities are ascending as stores of wealth in a world of shortages.

In an age of such profound change, with unparalleled volatility and uncertainty, we are confident the price of gold is going to rise. The next bull market appears to be at hand. What is more, gold's role is changing. We expect gold's stability and reliability and its universal acceptability will warrant a more central part for it to play in the global financial system of the future.

We are extremely thankful for the support and patience of our shareholders over the past 23+ years as we continue to advance and de-risk the KSM project. We are confident that with the work we have accomplished to date, we will soon be successful in finally securing a JV partner on terms advantageous to Seabridge.

On Behalf of the Board of Directors,

Rudi P. Fronk
Chairman and Chief Executive Officer
April 28, 2023



2022 Corporate Report Card and 2023 Objectives

Reporting on Last Year

Since we launched Seabridge in October 1999, we begin each year with a set of clear objectives focused on enhancing shareholder value. At year end, our Board of Directors evaluates how we performed against these objectives and uses this evaluation in its compensation deliberations. Last year's annual report set out nine objectives, eight of which were achieved. Here is a recap:

OBJECTIVE #1: Complete a joint venture (“JV”) agreement on the KSM project with a suitable partner on terms advantageous to Seabridge.

Although a JV has yet to be consummated, we believe that two very important de-risking events have now been put in place that we believe will be helpful in getting a transaction completed over the next 12 months.

First, the new Preliminary Feasibility Study (the “2022 PFS”) announced last June, not only demonstrates significantly improved economics with the addition of East Mitchell into the KSM mine plan, but more importantly, it removes any block cave mining for the initial 30+ years of production. Previous mine plans for KSM all involved the integration of

block cave mining into the first 10 years of production. In the universe of potential JV partners, only two companies have built and successfully operated large block caves over a meaningful time period. The new open pit only mine plan for more than 30 years is one that could be carried out by all potential partners.

The second de-risking involves Seabridge taking on the responsibility of ensuring that our Provincial Environmental Assessment (“EA”) certificate does not expire by securing funding and implementing early construction activities designed to meet the criteria for achieving “substantially started”. In our previous JV discussions, we had requested as part of the earn-in that our partner not only fund a bankable feasibility but also complete the work necessary to keep the EA certificate in good standing. As time elapsed, this became a difficult ask as partners were reluctant to fund such work in advance of a construction decision.

With the new PFS and PEA in hand, we have reengaged with all potential partners and due diligence is ongoing on a number of fronts. In addition, we have engaged a leading mining industry bank to assist with advancing JV negotiations.

As of now, this objective has not been met.

OBJECTIVE #2: Complete an updated PFS incorporating the East Mitchell deposit into the greater KSM project.

In August, we filed an updated KSM Technical Report incorporating the East Mitchell deposit. The new Technical Report that included the 2022 PFS and a Preliminary Economic Assessment (the “2022 PEA”) provides a complete picture of KSM’s potential for multi-generational gold, copper, silver, and molybdenum production. The 2022 PFS lays out a development option which is simplified and limited to open pit production with a rapid payback thanks in part to a very low strip ratio (approximately 1:1) for such a large mine. Average annual gold production is estimated at more than 1 million ounces. The 2022 PEA defines a robust copper-rich opportunity from block caving. Both have excellent economics at current metal prices and share innovative environmental enhancements including substantial electrification from hydro sources.

The 2022 PFS shows a considerably more sustainable and profitable mining operation than its 2016 predecessor. The primary reasons for the improvement arise from the acquisition of the East Mitchell open pit resource and an expansion to planned mill throughput. The many design improvements over the 2016 PFS include a smaller environmental footprint, reduced waste rock production, reduced greenhouse gas emissions by partial electrification of the mine haul fleet, a 50% increase in mill throughput, and elimination of capital-intensive block cave mining.

The 2022 PFS has redesigned KSM for an inflationary environment and achieves significant capital and energy efficiencies. Although initial capital was negatively impacted by inflation, the mine plan was simplified to bring total project capital down below the 2016 estimates by eliminating sustaining capital associated with block cave development. Important steps were also taken to make the project less dependent on oil, especially diesel fuel, which is an inflationary hot spot and likely to remain so. We have done this by maximizing the use of low cost, green hydroelectric energy.

Highlights of the 2022 PFS include:

- Proven and Probable Mineral Reserves of 47.3 million ounces of gold, 7.3 billion pounds of copper, 160 million ounces of silver and 385 million pounds of molybdenum
- Average annual metal production over the 33-year mine life of 1.03 million ounces of gold, 178 million pounds of copper, 3.0 million ounces of silver and 4.2 million pounds of molybdenum
- Base case operating costs estimated at US\$275 per ounce of gold produced after copper, silver, and molybdenum credits

- Base case total cost (including initial and sustaining capital, reclamation, and closure costs) estimated at US\$601 per ounce of gold produced after copper, silver, and molybdenum credits
- After-Tax NPV (5%) estimated at US\$7.9B, after tax IRR at 16.1% and after-tax payback of 3.7 years

The 2022 PFS envisages an open pit mine operation that is scheduled to operate for 33 years. Ore delivery to the mill is increased from an initial 130,000 tonnes per day (“tpd”) to 195,000 tpd in year three. Over the entire 33-year mine life, ore will be fed to a flotation and gold extraction mill. The flotation plant will produce a gold/copper/silver concentrate for transport by truck to a nearby seaport at Stewart, B.C. for shipment to Pacific Rim smelters. Metallurgical projections supported by extensive metallurgical testing project a copper concentrate with an average copper grade of 24% and a high gold (64 g/t) and silver (177 g/t) content, making it readily saleable. A separate molybdenum concentrate and gold-silver doré will be produced at the KSM processing facility. Base case metal prices used in the 2022 PFS were US\$1,742 per ounce of gold, US\$3.53 per pound of copper, US\$21.90 per ounce of silver and US\$18.00 per pound of molybdenum.

This objective was accomplished.

OBJECTIVE #3: Continue to strengthen our social license by responding effectively to the needs and concerns of Treaty and First Nations and local communities.

At KSM, Seabridge continued to develop and deepen its relationships with Indigenous and other local communities. What began more than fifteen years ago as engagement on the design of the KSM project and an assessment of community needs KSM could address, has evolved into a partnership in our large, ‘substantially started’ work programs.

From the beginning, we emphasized preparing Indigenous businesses to bid successfully on our contracts to maximize



▲ Our Taryn Cutler and Elizabeth Miller sharing information about job opportunities in the Seabridge Gold booth at the Nisga'a Lisim's Business Forum

opportunities for Indigenous workers. Years spent patiently building relationships based on mutual respect and understanding with the Nisga'a Lisims Government (NLG), the Tahltan Central Government (TCG), Tahltan Band Council, Iskut Band Council and TCG Board of Directors were rewarded in 2022.

Our established communication channels with TCG and NLG flagged upcoming contracting opportunities and the procedures for Nisga'a and Tahltan businesses to submit RFPs. A Joint Steering Committee assessed these RFPs and their requirements, assisted with bids, monitored awards and compliance issues and ensured allocations to Tahltan and Nisga'a businesses were in line with their Impact Benefit Agreements. These efforts resulted in all onsite substantially started contracts being awarded to Indigenous businesses in 2022... a remarkable achievement. The work met our expectations, and the job site atmosphere met the expectations of the Steering Committee.

Our Seabridge Gold bursary and Community sponsorship programs had another successful year. Seventy students were awarded student bursaries in 2022 and \$100,000 was donated to support community programs in Northwest BC. Two training programs were implemented in cooperation with the NLG: a driver training program in each of the four Nisga'a communities, and an online business proposal writing workshop for Nisga'a entrepreneurs.

Additionally, Seabridge participated in the Gitksan Development Corporation and Vancouver Island University Environmental Monitor Program, including one day in the classroom and a 2-day field school for ten students. Six of the students were later employed by KSM contractors.

Seabridge was nominated by the Smithers District Chamber of Commerce for "Business of the Year" in their community.

At 3 Aces, we are in the early stages of establishing a social license to operate. Our new Watson Lake office provided project updates and support to local community residents, and we were awarded the Class 4 Quarts Permit we needed for exploration. The existing camp was upgraded to prepare for an expanded program in 2023. The ongoing process of listening and working with Indigenous leadership was begun.

This objective was accomplished.

OBJECTIVE #4: Advance substantial start activities at KSM to ensure that the project's Environmental Assessment Certificate remains in good standing for the life of the project.

As presented elsewhere in this annual report, significant progress has been made advancing early construction activities at KSM.

This objective was accomplished.

KSM - SUBSTANTIALLY STARTED

Advancing "substantially started" activities including building construction camps at the beginning of the Coulter Creek Access Road

OBJECTIVE #5: Continue exploration activities at Snowstorm.

The goals of the 2022 summer exploration program at Snowstorm were (i) to define new drill targets across the western part of the property based on the structural controls recognized in holes CC-23 and CC-24; and (ii) define and prioritize drill targets on the Goldstorm claim group.

Exploration activities conducted at Snowstorm in 2022 included geological mapping and sampling of Goldstorm, and an expanded magnetotellurics ("MT") survey to evaluate structures along with extensive relogging of historical drill holes that penetrated the Paleozoic rocks at Snowstorm. The Tertiary section, paleo-soil and Paleozoic units were investigated to determine the timing of the soil development, concluding that it pre-dates mineralization. A comprehensive program was then undertaken to test pathfinder geochemistry and mineralogy of the paleo-soil, to determine if these paleo-soils had been exposed to mineralizing fluids. That evaluation showed elevated pathfinder elements and crystalline clay minerals concentrated on the west side of the Snowstorm Property coincident with MT structures analogous to the Getchell Fault system.

As a result of the 2022 field program at Snowstorm, drill targets have been identified that are consistent with the multiple deposits along the Getchell Fault. Additionally, exploration activities at the adjacent Goldstorm property have identified drill targets. A follow up drill program is planned for 2023.

This objective was accomplished.

OBJECTIVE #6: Conduct additional drilling at Iskut focused on the discovery of a new gold/copper porphyry deposit.

In 2022, a 10 hole, 10,600-meter core drill program was completed at Iskut resulting in the discovery of a large, well-mineralized breccia pipe beneath the historical Bronson Slope skarn deposit. Represented in the breccia pipe are multiple hydrothermal eruptive events believed to have originated from a deeper mineralized intrusive source. Hole SBS-22-05 intersected 174 meters of 0.86 grams per tonne ("gpt") gold and 0.34% copper, an enticing indication of the strength of the mineralizing events that created the Bronson Pipe.

The complexly brecciated pipe-like body, with an indicated diameter of about 320 meters, contains varying size clasts of wall rock, chiefly porphyritic monzonite, and Triassic sedimentary rocks in a matrix of quartz-magnetite. Irregular clast size in the breccia displays intense textural destruction and hydrothermal alteration. Matrix to the breccia consists of massive magnetite, massive quartz, and ribbon-banded

SNOWSTORM

Soil Sampling at the Snowstorm Project in Nevada



ISKUT

Drilling at our Iskut project focused on the discovery of a new gold/copper porphyry deposit

quartz-magnetite veins. Veins of quartz-magnetite, quartz-sulfide and magnetite are observed cutting the breccia clasts and matrix. The scale and intensity of this breccia pipe are unusual and a trait of many large, productive oceanic-arc porphyry mineral systems including Grasberg (Indonesia), Cadia Ridgeway (Australia) and Ok Tedi (Papua New Guinea).

A follow up drill program planned for 2023 is expected to increase the gold and copper resources already defined at Bronson Slope (measured and indicated resources of 187Mt of 0.36 gpt gold and 0.12% copper). This program will also search for the intrusive source that is believed to exist beneath the breccia pipe and test three other copper-gold porphyry targets.

This objective was accomplished.

OBJECTIVE #7: Continue the reclamation and closure of the Johnny Mountain Mine in cooperation with the Tahltan Nation and British Columbia regulators.

A summary of the progress in 2022 towards reclaiming the old Johnny Mountain Mine included:

- Successfully deconstructing the Johnny Mountain mill building.
- Continuing with the in-situ hydrocarbon remediation program and progressive re-vegetation.
- Completing environmental field sampling and reporting requirements.
- Continuing long-term monitoring programs to ensure the stability of the Tailings Management Facility and protection of the environment, including annual Independent Technical Review Board meetings, annual Engineer of Record inspections and monthly internal dam safety investigations.
- Dewatering the tailings storage facility (“TSF”) and moving approximately 41,000m3 of potentially acid generating waste rock with lime application into the TSF with no negative impacts to water quality, although not all portal pad waste was relocated to the TSF due to a late snow season and frequent equipment breakdowns.

The work that is completed is a result of a cooperative planning process involving the Tahltan Nation and British Columbia regulators, which in 2022 included:

- Hosting Tahltan Central Government, Tahltan Nation Development Corporation and various BC regulators at JMM to view the reclamation progress.
- Contracting the largest number of Tahltan partners to date for work at Johnny Mountain including: TNDC, Northern Labour Services, Progressive Ventures, Inner City Diesel, RTEC and Obsidian Matrix.
- Co-Chairing the BC Technical and Research Committee on Reclamation conference.
- Meeting with regulators in Victoria to review reclamation progress and ensure regulators were kept apprised of reclamation activities in 2022 and plans for future years.

As a result of our ongoing reclamation activities at Johnny Mountain, Seabridge was the recipient of the Jake McDonald award for reclamation excellence in 2022, awarded by the BC Technical and Research Committee on Reclamation. The award received wide media coverage including various social media posts, Smithers Interior News, Terrace Standard, and CIM magazine, Canadian Mining Journal, Yahoo Finance, Mining News North, Junior Mining Network, Benzinga.com, NationTalk.ca, among others. Information on the award was also forwarded to Alaska regulators and ENGOS.

This objective was accomplished.



Seabridge was the recipient of the Jake McDonald award for reclamation excellence in 2022, awarded by the BC Technical and Research Committee on Reclamation





3 ACES

Aerial shot of the 3 Aces 2022 drill program testing the Hearts Zone

OBJECTIVE #8: Subject to receipt of permits, conduct an initial drill program at 3 Aces to confirm our geologic model.

The Class 4 Exploration Permit for 3 Aces was finally received on September 9. Upon receipt, a drill program was immediately initiated. Two holes were completed in the main Hearts target area. The first hole successfully encountered the high-grade mineralization expected for that target. The second hole encountered mineralization over a much broader zone than anticipated, intercepting the predicted stratigraphy but with significantly more structural intervals than expected. Multiple hypotheses are proposed for this difference. We think surface geochemistry can tell us if zones are repeated, dismembered, or change character with lateral variation in stratigraphy which will help us design the next drill program.

Two holes were also completed on the eastern extension of the Hearts zone. In this area a number of deformed sandstone units were identified with extensive anomalies of gold and arsenic in soils. A significant low-angle fault was also identified, suggesting this untested area had characteristics of the main Hearts zones. These holes provide further evidence that our geologic model is correct providing us a better understanding of gold distribution within the F2 fold hinges and limbs and suggesting the potential of multiple stacked gold zones. Drill holes testing this area should provide a broader view of the fold systems and refine the interaction between early F1 and mineralizing F2 folds before advancing to the Spades zone.

With the Class 4 Exploration Permit now in hand, a large drill program is planned for 2023 designed to refine the 3 Aces geological model and create a target priority list for resource delineation.

This objective was accomplished.

OBJECTIVE #9: Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at our projects.

We ended 2021 with 79.0 million shares outstanding, 88.2 million ounces of gold in the measured and indicated categories plus 70.8 million ounces in the inferred category. Thus, on December 31, 2021, we reported 2.01 ounces of gold per share (1.12 ounces were in the measured and indicated categories plus 0.89 in the inferred category). Of the 1.12 ounces of gold per common share in the measured and indicated categories, 45.3 million ounces were classified as proven and probable reserves (0.57 ounces of reserves per common share).

To fund our 2022 programs, through November we issued approximately 2.66 million shares comprised of:

- (i) 540,834 shares in option exercises;
- (ii) 148,800 shares in RSUs vesting;
- (iii) 998,629 shares through the ATM; plus
- (iv) 675,400 shares in a flow through financing.

Thus, as of December 31, 2022, we had 81.3 million shares outstanding.

As part of the new KSM Technical Report completed in 2022, we updated the resource models at KSM by incorporating drilling from previous years that had not been incorporated into the models. The 2022 KSM PFS also restated proven and probable reserves for the project, with gold reserves increasing from 38.8 million ounces to 47.3 million ounces.

Accordingly, we now have 100.2 million ounces in the measured and indicated categories plus 70.6 million ounces in the inferred category. Thus, at December 31, 2022 we had

2022 CORPORATE REPORT CARD AND 2023 OBJECTIVES

2.10 ounces of gold per share (1.23 ounces in the measured and indicated categories plus 0.87 in the inferred category). Additionally, with KSM's increase in proven and probable gold reserves, as at KSM December 31, 2022 we had 0.66 ounces of proven and probable reserves per common share.

In summary, year over year, proven and probable reserves per share increased from 0.57 to 0.66 ounces (about 16%), measured and indicated increased from 1.12 to 1.23 ounces per share (about 10%) and total resources per share increased from 2.01 to 2.10 ounces per share (about 4%). In terms of resource quality, it is also important to report that approximately 57% of our reported reserves are now in the proven category (compared to 25% at year-end 2021).

This objective was accomplished.

Now for 2023...

Our primary objective continues to be completion of a joint venture agreement on the KSM Project with a suitable partner on terms advantageous to Seabridge. Our goals in a joint venture are to: (1) retain a significant interest in a producing mine; (2) minimize our capital exposure; and (3) ensure that our partner must build a mine in order to keep its interest.

We have reported for some time that due to the size and complexity of the KSM Project, the number of potential partners is probably limited to fewer than 10 major gold and base metal companies. We continue to believe that the combination of KSM's size, location, economics and permit status represent one of the most compelling development opportunities on the planet. The addition of East Mitchell into KSM's design has greatly improved KSM's economics as well as eliminated the need for block caving for the initial three decades of production. Additionally, our ability to fund and undertake site capture activities to achieve substantially started status mitigates the risk of KSM's environmental approvals expiring in 2026. Finally, major mining companies are finally returning to M&A activities as a necessary step to replace their depleting reserves. New projects are needed just to sustain current production levels for gold companies, while copper companies need to find new projects to meet the expected increase in copper demand due to green energy initiatives. We think all the factors needed for a joint venture on favorable terms to Seabridge are coming together at this time and we are more confident than ever that we will achieve this long-standing objective.

Here are 13 other objectives we have set for 2023:

Corporate Objectives:

1. Secure a minimum of \$150 million in additional funding that minimizes equity dilution for early construction spending at KSM.

2. Increase gold ownership per common share by way of accretive resource additions from acquisitions and/or continued exploration at our projects.

Project Objectives:

3. Continue to advance work at KSM to enable us to satisfy the requirement that we have "Substantially Started" the project prior to the EA Certificate expiring in July 2026.
4. Continue to collect data at KSM that will be required for a final feasibility study.
5. Substantially complete the next phase of the Johnny Mountain Mine reclamation and closure in cooperation with the Tahltan Nation and British Columbia regulators.
6. Complete an internal study for Courageous Lake focusing on a smaller, less capital intensive and more robust design to determine what the next PFS iteration should be for the project.

ESG Objectives:

7. Continue to strengthen our social license by responding effectively to the needs and concerns of Treaty and First Nations and local communities.
8. Continue to implement our ESG commitments as set out in our Sustainability Report and update our sustainability strategy by capturing 2-3 year climate change, diversity and governance targets.
9. Continue to build our risk management system by capturing climate risks.
10. Promote a positive culture of Health and Safety through continuous improvement in key leading indicators and initiatives.

Exploration Objectives:

11. Complete a drill program of at least 12,000 meters at Iskut to expand the Bronson Slope copper/gold resource and test for additional porphyry occurrences on the property.
12. Complete at least 7,500 meters of drilling at 3 Aces to test our geologic model and prioritize areas for resource definition.
13. Complete a drill program of at least 3,500 meters at Snowstorm to test the potential for mineralized faults along a zone of uplifted host stratigraphy.

We look forward to reporting in 2024 on how we did against these 14 objectives and our new goals for 2024.

Mineral Reserves and Resources

December 2022

The following tables provide a breakdown of Seabridge’s most recent National Instrument 43-101 compliant estimates of mineral reserves and resources by project. Seabridge notes that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Proven and Probable Mineral Reserves

Project	Zone	Reserve Category	Tonnes (millions)	Average Grades				Contained Metal			
				Gold (gpt)	Copper (%)	Silver (gpt)	Moly (ppm)	Gold (million ounces)	Copper (million pounds)	Silver (million ounces)	Moly (million pounds)
KSM	Mitchell	Proven	483	0.74	0.20	3.3	49	11.5	2,161	51	53
		Probable	452	0.59	0.15	2.5	74	8.6	1,458	36	74
	East Mitchell	Proven	814	0.69	0.11	1.8	91	18.1	2,043	47	163
		Probable	392	0.46	0.09	1.7	84	5.8	784	21	73
	Sulphurets	Probable	151	0.68	0.26	1.0	70	3.3	874	5	23
KSM Totals		Proven	1,297	0.71	0.15	2.4	75	29.6	4,203	98	215
		Probable	995	0.55	0.14	1.9	77	17.7	3,116	62	170
		Total	2,292	0.64	0.14	2.2	76	47.3	7,320	160	385
Courageous Lake		Proven	12	2.41	n/a	n/a	n/a	1.0	n/a	n/a	n/a
		Probable	79	2.17				5.5			
		Total	91	2.20				6.5			
Seabridge Totals								53.8	7,320	160	385

Mineral Resources (Includes Mineral Reserves as stated above)

Project	Cut Off Grade (g/t)	Tonnes (000)	Measured Resources							
			Gold		Copper		Silver		Molybdenum	
			Grade (g/t)	Ounces (millions)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (millions)	Grade (ppm)	Pounds (millions)
KSM: Mitchell	NSR: \$10.75 \$11.25	692,000	0.68	15.1	0.19	2,876	3.3	72.8	52	79
East Mitchell		1,013,000	0.65	21.1	0.11	2,514	1.8	59.2	89	198
KSM Total		1,705,000	0.66	36.2	0.14	5,390	2.4	132.0	74	277
Bronson Slope	\$9 NSR	84,150	0.42	1.1	0.15	280	2.2	6.0	n/a	n/a
Courageous Lake	0.83	13,401	2.53	1.1	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*	0.34	3,480	0.98	0.1	n/a	n/a	n/a	n/a	n/a	n/a
Total Measured Resources			38.6		5,670		138.1		277	

Project	Cut Off Grade (g/t)	Tonnes (000)	Indicated Resources							
			Gold		Copper		Silver		Molybdenum	
			Grade (g/t)	Ounces (millions)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (millions)	Grade (ppm)	Pounds (millions)
KSM: Mitchell	\$10.75-	1,667,000	0.48	25.9	0.14	5,120	2.8	149.2	66	241
East Mitchell	\$11.25									
Sulphurets	NSR									
Kerr	Pits	446,000	0.42	10.0	0.08	1,390	1.7	41.8	79	130
Iron Cap		446,000	0.55	7.9	0.21	2,064	1.0	14.3	53	52
KSM Total	C\$16	374,000	0.22	2.7	0.41	3,405	1.1	13.7	5	4
	NSR	423,000	0.41	566	0.22	2,051	4.6	62.6	41	38
Bronson Slope	UG	3,656,000	0.44	52.1	0.17	14,030	2.4	281.6	58	465
Courageous Lake	\$9 NSR	102,740	0.31	1.0	0.10	222	2.2	7.2	n/a	n/a
Quartz Mountain*	0.83	93,914	2.28	6.9	n/a	n/a	n/a	n/a	n/a	n/a
	0.34	54,330	0.91	1.6	n/a	n/a	n/a	n/a	n/a	n/a
Total Indicated Resources			61.6		14,252		288.8		465	

Project	Cut Off Grade (g/t)	Tonnes (000)	Measured plus Indicated Resources							
			Gold		Copper		Silver		Molybdenum	
			Grade (g/t)	Ounces (millions)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (millions)	Grade (ppm)	Pounds (millions)
KSM: Mitchell	\$10.75- \$11.25 NSR	2,359,000	0.54	41.1	0.15	7,996	2.9	222.0	62	320
East Mitchell		1,759,000								
Sulphurets		446,000								
Kerr	C\$16	370,000	0.55	31.2	0.10	3,904	1.8	101.0	85	328
Iron Cap		446,000	0.21	7.9	0.21	2,064	1.0	14.3	53	52
KSM Total		370,000	0.22	2.7	0.41	3,405	1.1	13.7	5	4
	NSR	423,000	0.41	5.6	0.22	2,051	4.6	62.6	41	38
Bronson Slope	UG	5,357,000	0.51	88.4	0.16	19,420	2.4	413.7	63	742
Courageous Lake	\$9 NSR	186,890	0.36	2.1	0.12	502	2.2	13.2	n/a	n/a
Quartz Mountain*	0.83	107,315	2.31	8.0	n/a	n/a	n/a	n/a	n/a	n/a
	0.34	57,810	0.92	1.7	n/a	n/a	n/a	n/a	n/a	n/a
Total Measured plus Indicated Resources			100,2		19,922		426.9		742	

Project	Cut Off Grade (g/t)	Tonnes (000)	Inferred Resources							
			Gold		Copper		Silver		Molybdenum	
			Grade (g/t)	Ounces (millions)	Grade (%)	Pounds (millions)	Grade (g/t)	Ounces (millions)	Grade (ppm)	Pounds (millions)
KSM: Mitchell	\$10.75 NSR	1,283,000	0.29	11.8	0.14	3,832	2.5	102.3	47	133
East Mitchell		281,000								
Sulphurets		223,000								
Kerr	C\$16	1,999,000	0.37	3.3	0.07	403	2.3	21.1	61	38
Iron Cap		223,000	0.44	3.2	0.13	639	1.3	9.3	30	15
KSM Total		1,999,000	0.31	19.8	0.40	17,720	1.8	114.4	23	103
	NSR	1,899,000	0.45	27.5	0.30	12,556	2.6	158.7	30	126
Courageous Lake:	UG	5,685,000	0.36	65.6	0.28	35,150	2.2	405.8	33	415
FAT Deposit	0.83	48,963	0.36	65.6	0.28	35,150	2.2	405.8	33	415
Walsh Lake	0.60	4,624	2.18	3.4	n/a	n/a	n/a	n/a	n/a	n/a
Quartz Mountain*			3.24	0.5	n/a	n/a	n/a	n/a	n/a	n/a
	0.34	44,800	0.72	1.0	n/a	n/a	n/a	n/a	n/a	n/a
Total Inferred Resources			70.6		35,150		405.8		415	

* As of December 2022 the Quartz Mountain project was subject to an option agreement under which a 100% interest in the project may be acquired from Seabridge by the optionee.

Note: United States investors are cautioned that the requirements and terminology of NI 43-101 differ significantly from the requirements of the SEC, including Industry Guide 7 under the US Securities Act of 1933. Accordingly, the Issuer’s disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to the SEC’s Industry Guide 7. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Management’s Discussion And Analysis

For the year ended December 31, 2022

The following is a discussion of the results of operations and financial condition of Seabridge Gold Inc. and its subsidiary companies for the years ended December 31, 2022 and 2021. This report is dated March 30, 2023 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021, the Company’s Annual Information Form filed on SEDAR at www.sedar.com, and the Annual Report on Form 40-F filed on EDGAR at www.sec.gov/edgar.shtml. Other corporate documents are also available on SEDAR and EDGAR as well as the Company’s website www.seabridgegold.com. As the Company has no operating project at this time, its ability to carry out its business plan rests with its ability to sell projects or to secure equity or other financings. All amounts contained in this document are stated in Canadian dollars unless otherwise disclosed.

The consolidated financial statements for the year ended December 31, 2022 and the comparative year ended December 31, 2021 have been prepared by the Company in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Company Overview

Seabridge Gold Inc. is a company engaged in the acquisition and exploration of mineral properties, with an emphasis on gold resources, located in North America. The Company’s objective is to provide its shareholders with exceptional leverage to a rising gold price and the returns from significant

copper resources it has acquired. The Company’s business plan is to increase its mineral resources in the ground, through exploration, but not to go into production on its own. The Company intends to sell projects or participate in joint ventures towards production with major mining companies. Since inception in 1999, Seabridge has acquired interests in numerous advanced-stage gold projects situated in North America and its principal projects include the KSM property located in British Columbia and the Courageous Lake property located in the Northwest Territories. The Company also holds a 100% interest in the Iskut Project in British Columbia and the Snowstorm Project in Nevada. In 2020, the Company purchased its 100% interest in the 3 Aces gold project in Yukon and acquired the East Mitchell property, adjacent to the KSM project, in British Columbia. Although focused on gold exploration, the Company has made significant copper discoveries, in particular, at KSM. Seabridge’s common shares trade in Canada on the Toronto Stock Exchange under the symbol “SEA” and in the United States on the New York Stock Exchange under the symbol “SA”.

During the third quarter of 2022, the Company announced Jay Layman retired as President and COO. Mr. Layman, however, will continue to serve as a Director of the Company and will assist in the transitioning and mentoring of two new officer appointments: Ryan Hoel, P.E., as Senior VP, Chief Operating Officer and Melanie Miller as VP, Chief Sustainability Officer. Mr. Hoel joined the Company in September 2021 as VP, Projects and since that time has led the Substantially Started activities at KSM. Ms. Miller joined the Company, as a Director, in June 2019, and has served as the Chairperson of the Company’s Sustainability Committee since its inception.

Selected Annual Information

Summary Operating Results (\$000s – except per share amounts)	2022	2021	2020
Remeasurement of secured note	36,967	-	-
Gain on disposition of mineral interests	-	21,943	-
Corporate and administrative expenses	(16,090)	(13,379)	(16,530)
Foreign exchange gain (loss)	(12,874)	22	(616)
Environmental rehabilitation expense	(6,722)	(5,377)	-
Finance expense and other	(3,471)	(116)	(199)
Impairment of investment in associate	(873)	-	-
Equity loss of associate	(207)	(221)	(187)
Other income - flow-through shares	1,366	2,373	1,676
Unrealized gain (loss) on convertible notes receivable	(16)	104	-
Interest income	2,794	176	114
Income tax recovery (expense)	(8,268)	(4,630)	800
Net income (loss)	(7,394)	895	(14,942)
Basic earnings (loss) per share	\$ (0.09)	\$ 0.01	\$ (0.23)

Summary Statement of Financial Position (\$000s)	2022	2021	2020
Current assets	140,387	54,159	46,229
Non-current assets	955,232	693,583	601,588
Total assets	1,095,619	747,742	647,817
Current liabilities	51,993	17,301	10,194
Non-current liabilities	303,093	28,108	22,905
Equity	740,533	702,333	614,718
Total liabilities and equity	1,095,619	747,742	647,817

Results of Operations, 2022 Compared to 2021

The Company recorded net loss of \$7.4 million or \$0.09 per share for the year ended December 31, 2022 compared to net income of \$0.9 million or \$0.01 per share for the year ended December 31, 2021.

During the year ended December 31, 2022, the most significant items contributing to the net loss included corporate and administrative expenses, environmental rehabilitation expense, foreign exchange loss, finance costs, and income taxes, partially offset by unrealized gain due to change in the fair value of the Company’s secured note

liability and interest income. These items are discussed further below.

Since the issuance on March 24, 2022, the fair value of the secured note liability decreased by \$39.9 million of which the Company recorded \$37.0 million gain through profit or loss, and \$2.9 million through other comprehensive income (loss).

The Company measures the fair value of its secured note liability using a discounted cash flow model with a Monte Carlo simulation. Key assumptions into this model are summarized in the following table.

Inputs and Assumption	March 24, 2022	December 31, 2022
Weighted Average Life ¹	23.5 years	44.9 years
Forecast silver production, in thousands of ounces	105,778	166,144
Future silver price	US\$28.96 to US\$35.42	US\$29.38 to US\$110.51
Risk-free rate	2.5%	3.4%
Credit spread	5.2%	5.3%
Volatility	60%	60%
Silver royalty discount factor	7.1%	8.6%

1) Weighted average life reflects the revised silver forecast production schedule contained in the recently filed KSM updated Preliminary Feasibility Study (PFS) and Preliminary Economic Assessment (PEA) for the KSM project, discussed below.

The fair value of the secured note was estimated using Level 3 inputs and is most sensitive to changes in silver prices and forecasted silver production.

During the second quarter of 2021, the Company disposed of its residual interests in its previously owned Red Mountain project located in northwestern British Columbia, for cash proceeds of US\$18 million and recorded a gain of \$21.9 million through the statement of operations and comprehensive earnings (loss) in that period. The capitalized costs incurred and accumulated while the Company held the project had previously been recovered through option and acquisition payments and the residual interest in the project had no carrying value.

Corporate and administrative expenses for 2022 were \$16.1 million, up \$2.7 million or 20% from prior year. The increase was mainly due to higher cash compensation, and higher professional fees and other general and administrative expenses, partially offset by lower stock-based compensation (discussed below).

Cash compensation increased by \$1.7 million, from \$5.8 million in 2021 to \$7.5 million in 2022. The increased cash compensation mainly related to an increase in non-project headcount. Professional fees and other general and administrative expenses increased by \$0.8 million, from \$1.8 million in 2021 to \$2.6 million in 2022. The increase mainly related to the costs associated with the implementation of a

new ERP system, the Company wide risk assessment review, and sustainability reporting. Other general and administrative expenses increased by \$0.6 million, from \$2.3 million in 2021 to \$2.9 million in 2022. The increase was mainly related to increased external consulting costs and travel. The Company anticipates that personnel numbers and related remuneration will continue to increase slightly but not as significantly as has been the case in 2022.

The Company has, since 2019, refocused the compensation practices away from issuing a combination of stock options and RSUs to only issuing restricted share units (RSUs). During the year ended December 31, 2022, stock-based

compensation expense, related to RSUs, decreased by \$0.4 million, from \$3.5 million in 2021, to \$3.1 million in 2022. The decrease was mainly due to the fact that the RSUs granted in December 2020 and expensed in 2021, had a higher grant date fair value when compared to the RSUs granted during 2021 and expensed in 2022.

To the year ended December 31, 2021, the Company had expensed all accumulated fair value associated with stock options as the service period related to the remaining outstanding options ended in that year. The Company’s stock-based compensation expense related to stock options and restricted share units are illustrated on the following tables:

(\$000s)								
Options granted	Exercise price (\$)	Number of options	Grant date fair value	Cancelled prior to 2021	Expensed prior to 2021	Expensed in 2021	Expensed in 2022	Balance to be expensed
December 12, 2018	15.46	568,000	4,719	-	4,711	8	-	-
				-	4,711	8	-	-

(\$000s)						
RSUs granted	Number of RSUs	Grant date fair value	Expensed prior to 2021	Expensed in 2021	Expensed in 2022	Balance to be expensed
December 16, 2020	135,450	3,413	487	2,926	-	-
June 24, 2021	10,000	222	-	-	185	37
September 01, 2021	20,000	454	-	75	304	75
September 07, 2021	10,000	229	-	36	155	38
October 01, 2021	10,000	195	-	24	122	49
December 13, 2021	123,800	2,622	-	437	2,185	-
July 04, 2022	10,000	159	-	-	52	107
December 13, 2022	310,266	5,073	-	-	135	4,938
			487	3,498	3,138	5,244

During the second quarter of 2022, 123,800 RSUs granted in December 2021 vested upon the Company completing the 2021 exploration program at Snowstorm and were exchanged for common shares of the Company. Of the total fair value of \$2.6 million, \$0.4 million was charged to the statement of operations and comprehensive loss in fourth quarter of 2021, and the remaining \$2.2 million was charged to the statement of operations and comprehensive loss during the first and second quarter of 2022.

During the second quarter of 2021, 10,000 RSUs were granted to a Board member upon their appointment to the Board. Half of those RSUs vested in the second quarter of 2022, and the remaining half will vest on the second anniversary of their appointment. During the third and fourth quarter of 2021,

a total of 40,000 RSUs were granted to three members of senior management. Half of those RSUs vested during 2022, and the remaining half will vest on the second anniversary of their appointment in 2023. During the third quarter of 2022, 10,000 RSUs were granted to a Board member upon their appointment to the Board. Half of those RSUs will vest on the first anniversary of the appointment, and the remaining half will vest on the second anniversary of the appointment.

During the first six months of 2021, 135,450 RSUs, granted in 2020, fully vested to the holders upon the Company attaining pre-established vesting conditions and \$2.9 million of fair value was expensed through the statement of operations and comprehensive loss.

The \$12.9 million foreign exchange loss recognized in 2022 was the net result of \$21.2 million of foreign exchange loss associated with the secured note, partially offset by \$8.3 million of foreign exchange gain recognized mainly on the US dollar denominated cash and short-term investments translated to Canadian dollars during the period. During the comparative year, the Company recognized a foreign exchange gain of \$0.02 million.

The finance costs incurred during 2022 amounted to \$3.5 million and were primarily related to the secured note financing. During the comparative year, \$0.1 million of finance costs were incurred.

In 2022, the Company recognized \$1.4 million of other income related to the flow-through share premium recorded primarily on the financings completed in June 2021 (discussed below). During the comparative year, the Company recognized \$2.4 million of other income related to the flow-through share premium recorded on the financings completed in June 2020 and in June 2021 (discussed below).

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. In 2022, the Company recognized an increase in fair value of investments of \$0.3 million, net of income taxes. During the comparative year, the Company recognized a decrease in fair value of investments, net of income taxes, of \$0.4 million. The change in the fair value of these investments was recorded within comprehensive income (loss) on the consolidated statement of operations and comprehensive income (loss).

The Company holds one investment in an associate that is accounted for on the equity basis. In 2022, the Company recognized \$0.2 million loss in investment in associate. During the comparative year, the Company recognized \$0.2 million loss in investment in associate. Also, during the second quarter of 2022, the Company reviewed the recoverability of the investment in the associate and recorded an impairment of \$0.9 million in the consolidated statement of operations and comprehensive income (loss).

In 2018, the Company filed an updated reclamation and closure plan for the Johnny Mountain mine site and charged \$7.4 million of rehabilitation expenses to the consolidated statements of operations and comprehensive income (loss). The Johnny Mountain Mine site was acquired, along with the Iskut Project, during the Snip Gold acquisition in 2016. Expenditures were expected to be incurred between 2018

and 2022 and included the estimated costs for the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs.

The Company’s reclamation activities were somewhat curtailed during 2020 while non-essential activities were halted, and the Company strived to reduce the numbers of personnel in any camp at any one-time. In 2021, the Company reassessed the closure plan for the Johnny Mountain Mine and charged \$5.4 million of rehabilitation expenses to the consolidated statements of operations and comprehensive income (loss). Also, in 2022, the Company reassessed the closure plan for the Johnny Mountain Mine and charged an additional \$6.6 million of rehabilitation expenses to the consolidated statements of operations and comprehensive income (loss). Additional reclamation costs were mainly the result of weather-related events that delayed 2022 reclamation activities until 2023. Costs are now expected to be incurred until 2025.

In 2022, the Company incurred \$4.5 million of environmental rehabilitation expenditures (2020 - \$3.3 million) that were recorded as a reduction to the provision for reclamation liabilities on the consolidated statements of financial position.

- Reclamation activities at Johnny Mountain focused on four areas in 2022:

- Deconstruction of the mill building
- Complete the relocation of potential acid generating waste into the tailings storage facility
- Continuing in-situ hydrocarbon remediation
- Conducting permit compliance monitoring activities

In 2022, the Company recognized income tax expense of \$8.3 million, primarily due to the deferred tax liability arising from the gain recognized on remeasurement of the fair value of the secured note liability, and from the renouncement of expenditures related to the June 2021 flow-through shares issued which are capitalized for accounting purposes. The income tax expense was partially offset by income tax recovery arising from the losses in the period. The income tax impact of the revaluation of the secured note liability that was recorded through other comprehensive income (loss) during 2022, of \$0.1 million, was also recorded through other comprehensive income (loss).

During the comparative year, the Company recognized income tax expense of \$4.6 million primarily due to the deferred tax liability arising from the gain recognized on disposition of the Company’s residual interests in its previously owned Red Mountain project, and from the renouncement of expenditures related to the June 2020 and June 2021 flow-through shares issued, that are capitalized for accounting purposes but renounced to investors for tax purposes. The income tax expense was partially offset by income tax recovery arising from the losses in the year.

Results of Operations, 2021 Compared to 2020

The Company recorded net income of \$0.9 million or \$0.01 per share for the year ended December 31, 2021 compared to a net loss of \$14.9 million or \$0.23 per share for the year ended December 31, 2020.

During the year ended December 31, 2021, the most significant items contributing to net income included the gain on disposition of mineral interests, other income reported for flow-through shares, and interest income, partially offset by corporate and administrative expenses, income taxes, and environmental rehabilitation expense. These and other items are discussed further below.

During the second quarter 2021, the Company disposed of its residual interests in its previously owned Red Mountain project located in northwestern British Columbia, for cash proceeds of US\$18 million and recorded a gain of

\$21.9 million through the statement of operations and comprehensive income (loss). The capitalized costs incurred and accumulated while the Company held the project had previously been recovered through option and acquisition payments and the residual interest in the project had no carrying value, resulting in the gain.

Corporate and administrative expenses for 2021 were \$13.4 million, down \$3.2 million or 19% from prior year mainly due to \$5.3 million decrease in stock-based compensation, partially offset by \$1.0 million increase in cash compensation, \$0.7 million increase in professional fees and \$0.5 million increase in other general and administrative expenses.

Increase in cash compensation was due both to increase in base salary and headcount. Increase in professional fees and other general and administrative expenses was mainly related to increase in recruitment costs and the costs associated with the Company wide risk assessment review and the preparation and publication of its inaugural sustainability report. The inaugural sustainability report was prepared with select disclosures and guidance from the Sustainability Standards Accounting Board Metals and Mining Industry Standards and the Global Reporting Initiative Standards, as well as metrics designed specifically for the Company.

Lower stock-based compensation expense in 2021 when compared to prior year was primarily due to the fact that the expense in 2020 was inclusive of fair value recognition for the non-market performance options granted between 2015 and 2019 that were vested in late 2020.

Quarterly Information

Selected financial information for the last eight quarters ending December 31, 2022 is as follows:

(in thousands of Canadian dollars, except per share amounts)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	-	-	-	-	-	-	-	-
Earnings (loss) for the period	(25,246)	5,045	19,088	(6,281)	(8,546)	(822)	14,548	(4,285)
Basic earnings (loss) per share	(0.31)	0.06	0.24	(0.08)	(0.11)	(0.01)	0.19	(0.06)
Diluted earnings (loss) per share	(0.31)	0.06	0.24	(0.08)	(0.11)	(0.01)	0.19	(0.06)

During the second and third quarter of 2022, the unrealized gain related to the change in the fair value of the secured note was \$31.6 million and \$24.9 million, respectively. During the fourth quarter of 2022, the unrealized gain loss related to the change in the fair value of the secured note was \$19.5 million. In the first quarter 2022, the loss for the period included

\$2.3 million of stock-based compensation expense related to amortization of RSUs granted in December 2021 that were vested during the second quarter 2022. In the fourth quarter 2022, the loss included \$6.6 million of rehabilitation expenses related to the Johnny Mountain Mine. In the fourth quarter 2021, the loss included \$5.4 million of rehabilitation expenses

related to the Johnny Mountain Mine. In the second quarter 2021, net income included \$21.9 million gain on disposition of interest in the Red Mountain project. In the first quarter 2021, the loss for the period included \$2.9 million of stock-based compensation expense related to amortization of RSUs granted in December 2020 that were vested during the second quarter 2021.

Mineral Interests and Site Capture Activities

During the year ended December 31, 2022, the Company added an aggregate of \$54.6 million of expenditures that were attributed to mineral interests. The breakdown of the mineral interests expenditures by project is illustrated on the following table:

(\$000s)	Amount	Percentage
KSM	39,985	72%
Iskut	8,125	15%
Snowstorm	3,091	6%
3 Aces	3,045	6%
Courageous Lake	823	1%
Total expenditures	55,069	100%

During 2022, the Company’s main efforts and most significant spending were focused on its 2022 site capture and early infrastructure development activities that are designed to ensure that KSM’s Environmental Assessment Certificate (“EAC”) remains in good standing. During 2022, the Company also filed a full updated pre-feasibility study (“PFS”) for KSM. The full study included a preliminary economic assessment (“PEA”) for mineral resources at KSM, not included in the PFS resources. Results of the PFS and PEA are discussed below.

On site capture activities, under the B.C. Environmental Assessment Act, a project’s EAC is subject to expiry if the project has not been substantially started (“Substantial Start”) by the deadline specified in the EAC. The expiry date for KSM’s EAC is July 29, 2026. However, if the B.C. Minister of Environment and Climate Change Strategy determines that a project has been Substantially Started on or before the deadline, the EAC remains in effect for the life of the project. The 2022 full year plan for site capture was approximately \$150 million and was funded by the proceeds of the US\$225 million secured note issued in March 2022. Significant activities include road, bridge and camp construction, hydro installations, fish habitat offsetting programs and the acquisition and transport of construction equipment and vehicles.

The site capture expenditures during the year ended December 31, 2022 are illustrated below:

(\$000s)	Balance January 1, 2022	Expenditures 2022	Balance December 31, 2022
Capital expenditure	25,419	151,500	176,919
Capitalized borrowing costs	-	14,735	14,735
	25,419	166,235	191,654

1) Also, upon signing a Facilities Agreement in 2022, the Company paid \$28.8 million to the British Columbia Hydro and Power Authority (“BC Hydro”) to supply construction phase hydro-sourced electricity to the KSM project. Payments made to BC Hydro related to the Facilities Agreement are recorded in long-term receivables on the statement of financial position.

The results of the PFS show a considerably more sustainable and profitable mining operation than its 2016 predecessor. It envisages an all open pit mine plan that includes the Mitchell, East Mitchell and Sulphurets deposits only with a 33 year operating life. Mill production is increased from an initial 130,000 metric tonnes per day (tpd) to 195,000 tpd in the third year of production. The primary reasons for the improvements in the plan arise from the acquisition of the

East Mitchell resource in December 2020 and an expansion to planned mill throughput. The many design improvements over earlier studies include a smaller environmental footprint, reduced waste rock production, a 50% increase in mill throughput, and the elimination of capital-intensive block cave mining. The Company is also studying the use of trolley-assist technology or how supply of power from BC Hydro and the possible electrification of the entire mine fleet can enhance carbon optimization.

Projected economic results of the study compared to the 2016 study and against alternate scenarios are illustrated below.

Amounts expressed in US dollars	2016 PFS Base Case	2022 PFS Base Case	2022 PFS Recent Spot Case	2022 PFS Alternate Case
Metal Prices:				
Gold (\$/ounce)	1,230	1,742	1,850	1,500
Copper (\$/pound)	2.75	3.53	4.25	3.00
Silver (\$/ounce)	17.75	21.90	22.00	20.00
Molybdenum (\$/lb)	8.49	18.00	18.00	18.00
US\$/Cdn\$ Exchange Rate:	0.80	0.77	0.77	0.77
Cost Summary:				
Operating Costs Per Ounce of Gold Produced (years 1 to 7)	\$119	\$35	-\$83	\$118
Operating Costs Per Ounce of Gold Produced (life of mine)	\$277	\$275	\$164	\$351
Total Cost Per Ounce of Gold Produced (inclusive of all capital and closure)	\$673	\$601	\$490	\$677
Initial Capital (billions)	\$5.0	\$6.4	\$6.4	\$6.4
Sustaining Capital (billions)	\$5.5	\$3.2	\$3.2	\$3.2
Unit Operating Cost (US\$/tonne)	\$12.36	\$11.36	\$11.36	\$11.36
Pre-Tax Results:				
Net Cash Flow (billions)	\$15.9	\$38.6	\$46.1	\$27.9
NPV @ 5% Discount Rate (billions)	\$3.3	\$13.5	\$16.4	\$9.2
Internal Rate of Return	10.4%	20.1%	22.4%	16.5%
Payback Period (years)	6.0	3.4	3.1	4.1
Post-Tax Results:				
Net Cash Flow (billions)	\$10.0	\$23.9	\$28.6	\$17.1
NPV @ 5% Discount Rate (billions)	\$1.5	\$7.9	\$9.8	\$5.2
Internal Rate of Return	8.0%	16.1%	18.0%	13.1%
Payback Period (years)	6.8	3.7	3.4	4.3

The results of the PEA announced during the year is a stand-alone mine plan that was undertaken to evaluate a potential future expansion of the KSM mine to the copper rich Iron Cap and Kerr deposits after the PFS mine plan has been completed. The PEA is primarily an underground block cave mining operation supplemented with a small open pit and is planned to operate for 39 years with a peak mill feed production of 170,000 t/d. The PEA demonstrates that KSM is a potential multigenerational mining project with flexibility to vary metal output.

Work also continued on various, significant, components of the eventual design of KSM including connection to BC Hydro’s transmission line. Work was conducted on planned infrastructure projects, including the continuation of the construction of the access road to site as well as new temporary and permanent camp installations.

In order to achieve its objectives and milestones, the Company estimates annual costs for each of its mineral interests and tracks costs against those estimates for payroll, environmental and social, technical engineering, exploration and other holding or property costs. The below information describes those costs versus the 2022 estimates.

Advancing the KSM Project and in addition to the substantial start discussion above, the Company’s 2022 plan and reported costs to December 31, 2022 were:

(\$000s)	Actual	Plan
Payroll	3,452	2,964
Technical and engineering	20,353	12,443
Environmental and social	21,646	23,571
Other holding or property	313	302
Total	45,764	39,280

Technical and engineering costs include costs related to the completion of the 2022 PFS and PEA and the continuing geotechnical data collection for key mine infrastructure. Significant variance between the actual and planned technical and engineering costs was due to overruns in direct drilling costs, related to a change in scope of work, and higher costs due to inflation including, labour, commodities, logistics and camp support. Environmental and social endeavors relate to environmental monitoring baseline studies at KSM.

At Iskut, the Company’s 2022 plan and reported costs to December 31, 2022 were:

(\$000s)	Actual	Plan
Payroll	1,567	886
Exploration	6,135	6,000
Environmental and social	5,121	4,940
Total	12,823	11,826

The Company conducted its exploration and drilling program at Iskut based on the analysis of the 2021 drilling and geophysical surveying programs. The 2022 program entailed ten drill holes, totaling 10,162 meters, and was designed to test the porphyry gold-copper potential at depth on the Bronson Slope deposit as well as below the Quartz Rise Lithocap. Work was also planned to consider forming a drill testing program at an additional site on the SnipGold claim block.

Drilling in 2022 the Company discovered a large, well-mineralized breccia pipe beneath the historic Bronson Slope skarn deposit. The extensive quartz-magnetite pipe, which has been identified as the source of the Bronson Slope deposit, holds broadly disseminated gold and copper mineralization from multiple hydrothermal eruptive events believed to originate from a major porphyry intrusive source. A 2023 drill program is being planned to target an increase in the Bronson gold-copper resource and find the intrusive source of the breccia pipe. The current resource at Bronson Slope contains a measured and indicated resource of 187Mt of 0.36 g/t gold and 0.12% copper.

Regional geophysical surveys and continuous surface geology work on the property point to a distinct structural feature that connects the Quartz Rise, Bronson Slope and Snip North targets. All the prospective gold-copper intrusions recognized on the property fall along this regional trend and this observation has led us to envision a cluster of gold-copper deposits. Prior drilling at the lithocap on Quartz Rise and historical drilling at the Snip North target has encountered gold-copper grades that will be explored further in 2023.

In addition to exploration work at Iskut, the Company continued its planned 2022 reclamation and closure activities at the Johnny Mountain mine site. Work included, among other items, the dismantling and removal of the historic mill and mill buildings. Reported within provision for reclamation liabilities and in support of the reclamation and closure of the Johnny Mountain Mine, the Company incurred \$4.5 million of costs versus a 12 month estimate of \$3.2 million.

At Snowstorm, where the Company’s objective was to continue exploration activities at Snowstorm, the Company’s 2022 estimated costs and those incurred to December 31, 2022 were:

(\$000s)	Actual	Plan
Payroll	620	595
Exploration	2,162	1,700
Other holding or property	366	367
Total	3,147	2,662

During the third and fourth quarter of 2022, the Company evaluated the results of the drilling program completed in the second quarter of 2022. The program entailed re-entering existing drill holes and used directional drilling tools to continue drilling from known gold-bearing intersections, toward prospective higher-grade structures. Approximately 2,500 meters of drilling was completed.

At the Company’s 3 Aces project, 2022 estimated costs and those incurred that supported the current year’s initial drill program, to December 31, 2022 were:

(\$000s)	Actual	Plan
Payroll	919	1,056
Exploration	1,758	5,000
Environmental	332	1,123
Other holding or property	45	45
Total	3,055	7,224

The lower actual incurred costs when compared to the plan was due to delay in obtaining permits. The Company successfully secured a five-year, Class 4 permit for 3 Aces during the third quarter of 2022 and work immediately commenced on camp repairs, securing water sources and the drilling program. Due to the delay in the granting of the permit, however, the Company altered its original 2022 program to accommodate the shortened drilling season. The 2022 program was designed to test the exploration model developed for a central core area that would confirm the potential for resource expansion and evaluate the applicability of the model to establish drill targets within the 3 Aces claims.

As reported in prior periods, the Company continues to evaluate the best path forward at its Courageous Lake project in NWT. Options include securing a joint venture partner, the sale of all or a portion of the project, updating the 2012 PFS with a smaller initial project, or conducting additional exploration outside the area of known reserves and resources.

In response to the Covid-19 pandemic, the Company implemented measures to safeguard the health and well-being of its employees, contractors, consultants, and community members. Many of the Company’s employees worked remotely prior to the pandemic, and from March 2020 through to 2022, employees have been working remotely during ongoing periods of lockdowns in various jurisdictions. The Company conducted its 2022 programs around social distancing protocols that include safety and preventative actions at its camps. The Company executed its 2022 exploration and development work at KSM, Iskut, Snowstorm and 3 Aces projects under the same successful protocols it implemented in 2020 and 2021. The Company’s engagement with potential joint venture partners, or potential acquirors of KSM or Courageous Lake diminished in both 2020 and 2021 as major mining companies focused on addressing the needs of their existing operations as a result of the pandemic.

The Company has full access to its properties in Canada and the United States and has managed to adequately staff its camps for conducting its programs. The Company has not experienced problems obtaining the supplies and services

needed for its work programs. The Company will follow the advice of local governments and health authorities where it operates. The Company plans work programs on an annual basis and adjusts its plans to the conditions it faces. Now with many of the travel and other restrictions eliminated, the Company fully expects to be able to continue operating its planned programs. One factor that the Company must plan for is the recent resurgence of inflation above past multi-decade levels. Budgets prepared for 2023 have incorporated inflation factors, including labour costs, fuel and energy costs and camp operations and supplies. These increases have not materially impacted planned operations or the Company’s ability to fund and execute its plans.

Liquidity and Capital Resources

The Company’s working capital position at December 31, 2022, was \$88.4 million compared to \$36.9 million on December 31, 2021. Increased cash resources resulted from the cash raised through financings (discussed below), and exercise of stock options, partially offset by cash used in early infrastructure development and corresponding equipment, environmental, reclamation and exploration projects, corporate and administrative costs, and reclamation bonding deposits for KSM. Included in current liabilities at December 31, 2022, is \$4.2 million of flow-through premium liability which is a non-cash item (December 31, 2021 - \$1.4 million) and will be reduced as flow-through expenditures are incurred.

(\$000s)	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 46,150	\$ 11,523
Short-term deposits	81,690	29,243
Amounts receivable and prepaid expenses	8,220	10,026
Investment in marketable securities	3,696	3,367
Convertible notes receivable	631	-
Total current assets	140,387	54,159
Liabilities and shareholders’ equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 42,956	\$ 12,165
Flow-through share premium	4,183	1,366
Lease obligations	511	90
Provision for reclamation liabilities	4,343	3,680
Total current liabilities	51,993	17,301
Working Capital ⁽¹⁾	88,394	36,858

(1) This is a non-GAAP financial performance measure with no standard definition under IFRS.

On March 24, 2022, the Company entered into an agreement selling a secured note (“Note”) that is to be exchanged at maturity for a 60% gross silver royalty (the “Silver Royalty”) on the KSM project to Sprott Resource Streaming and Royalty Corp. and Ontario Teachers’ Pension Plan (jointly, the “Investors”) for US\$225 million. The proceeds of the financing are to be used to continue ongoing physical works at KSM and advance the project towards a designation of Substantially Started. The Substantially Started designation ensures the continuity of the KSM project’s approved EAC for the life of the project.

The Note bears interest at 6.5% per annum, payable quarterly in arrears. The Company can elect to satisfy interest payments in cash or by delivering common shares. During 2022, the interest was paid in cash. The Company’s obligations under the Note are secured by a charge over all of the assets of its wholly owned subsidiary, KSM Mining ULC, and a limited recourse guarantee from the Company secured by a pledge of the shares of KSM Mining ULC.

If project financing to develop, construct and place KSM into commercial production is not in place by March 24, 2027, the Investors can put the Note back to the Company for US\$232.5 million in cash or common shares at the Company’s option. This right expires once such project financing is in place. If the Investors exercise this put right, the Investors’ right to purchase the Silver Royalty terminates.

If the EAC expires at any time while the Note is outstanding, the Investors can put the Note back to the Company for US\$247.5 million at any time over the following nine months, in cash or common shares at the Company’s option. If the Investors exercise this put right, the Investors’ right to purchase the Silver Royalty would terminate.

When the Note matures, the Investors will use all of the principal amount repaid on maturity to purchase the Silver Royalty. The Note matures upon the first of either commercial production being achieved at KSM and either the 10-year anniversary, or if the EAC expires and the Investors do not exercise their right to put the Note to the Company, the 13-year anniversary of the issue date of the Note.

If commercial production is not achieved at KSM prior to the tenth anniversary from closing, the Silver Royalty payable to the Investors will increase to a 75% gross silver royalty. If the EAC expires during the term of the Note and

the corresponding put right is not exercised, the increase will occur at the thirteenth anniversary from closing. The Company has the option to buy back 50% of the Silver Royalty, once exchanged on or before 3 years after commercial production has been achieved, for an amount that provides the Investors a minimum guaranteed annualized return.

No amount payable may be paid in common shares of Seabridge if, after the payment, any of the Investors would own more than 9.9% of the Company’s outstanding shares.

The financing provides most of the capital necessary to attain Substantial Start and reduces the time from the construction schedule once a construction decision has been made.

In 2019, the Company entered into an agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$40 million in value of common shares of the Company. In 2020, the Company issued 1,327,046 shares, at an average selling price of \$21.94 per share, for net proceeds of \$28.5 million under the Company’s At-The-Market offering.

During the first quarter of 2021, the Company entered into an agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$75 million in value of common shares of the Company. This program was in effect until the Company’s current US\$775 million Shelf Registration Statement expired in December 2022, and was renewed subsequent to the year end. In 2021, the Company issued 2,242,112 shares, at an average selling price of \$22.71 per share, for net proceeds of \$49.9 million under the Company’s At-The-Market offering. In 2022, the Company issued 998,626 shares, at an average selling price of \$22.82 per share, for net proceeds of \$22.3 million under the Company’s At-The-Market offering.

Subsequent to December 31, 2022, the Company entered into a new agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$100 million in value of common shares of the Company. This program can be in effect until the Company’s US\$750 million Shelf Registration Statement expires in 2025. Subsequent to December 31, 2022, the Company issued 313,666 shares, at an average selling price of \$18.26 per share, for net proceeds of \$5.6 million under the Company’s At-The-Market offering.

During the year ended December 31, 2022, the Company received \$7.3 million upon the exercise of 540,834 stock options.

In December 2022, the Company issued a total of 675,400 flow-through common shares at an average \$22.24 per common share for aggregate gross proceeds of \$15.0 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2022. At the time of issuance of the flow-through shares, \$4.2 million premium was recognized as a liability on the consolidated statements of financial position.

During 2022, operating activities, including working capital adjustments, used \$8.0 million cash compared to \$11.7 million cash used by operating activities in 2021. The decrease in the year-over-year basis was mainly related to \$4.0 million decrease in cash used in working capital, \$4.9 million increase in foreign exchange gain, and \$2.6 million increase in interest income, partially offset by \$3.1 million increase in general and administrative expenses, \$3.4 million increase in financing fees, and \$1.2 million increase in environmental rehabilitation disbursements. Higher general and administrative expenses in 2022 was mainly related to higher cash compensation, new ERP implementation costs, and the costs associated with the risk assessment review and sustainability programs. Operating activities in the near-term are expected to remain stable or increase marginally given the growth in project and corporate activity in the Company.

As previously disclosed in the Company’s prior years financial statements, in 2019 the Company received a notice from the CRA that it proposed to reduce the amount of expenditures reported as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice and responded to the CRA auditors with additional information for their consideration. In 2020, the CRA auditors responded to the Company’s submission and, although accepting additional expenditures as CEE, reiterated that their position remains largely unchanged and subsequently issued reassessments to the Company reflecting the additional CEE expenditures accepted and \$2.3 million of Part XII.6 tax owing. The Company has been made aware that the CRA has reassessed certain investors who subscribed for

flow-through shares in 2013 and will reassess other investors with reduced CEE deductions. Notice of objections to the Company’s and investors’ reassessments have and will be filed as received and will be appealed to the courts, should the notice of objections be denied. The Company has indemnified the investors that subscribed for the flow-through shares. The potential tax indemnification to the investors is estimated to be \$10.8 million, plus \$2.9 million potential interest. No provision has been recorded related to the tax, potential interest, nor the potential indemnity as the Company and its advisors do not consider it probable that there will ultimately be an amount payable.

During 2016, upon the completion of an audit of the application by tax authorities of the British Columbia Mineral Exploration Tax Credit (“BCMETC”) program, the Company was reassessed \$3.6 million, including accrued interest, for expenditures that the tax authority has categorized as not qualifying for the BCMETC program. The Company recorded a \$3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016 with a corresponding increase in mineral interests. In 2017 the Company filed an objection to the reassessment with the appeals division of the tax authorities and paid one-half of the accrued balance to the Receiver General and reduced the provision by \$1.8 million. In 2019, the Company received a decision from the appeals division that the Company’s objection was denied, and the Company filed a Notice of Appeal with the British Columbia Supreme Court. The Attorney General of Canada replied to the facts and arguments in the Company’s Notice of Appeal and stated its position that the Company’s expenditures did not qualify for the BCMETC program. Subsequent to the year end, the Company completed discoveries with the Department of Justice and will continue to move the appeal process forward as expeditiously as possible. The Company intends to continue to fully defend its position. As at December 31, 2022, the Company has recognized \$3.9 million of long-term receivable from the CRA, including \$2.3 million of HST credit due to the Company. The amount recorded in long-term receivables as of December 31, 2022 of \$3.9 million includes the initial reassessment of \$3.6 million, plus accrued interest.

The Company will continue its objective of advancing its major gold projects, KSM and Courageous Lake, and to further explore the Iskut, Snowstorm and 3 Aces projects to either sell or enter into joint venture arrangements with major mining companies. The market for metals streams and royalty interests seems to be growing and the Company will determine the merits of disposing of options it holds on non-core net profits interests and net smelter returns. Financing future exploration and development may include the selling or entering into new streaming and royalty arrangements.

Contractual Obligations

The Company has the following commitments as at December 31, 2022:

(\$000s)	Total	Payments due by years			
		2023	2024-25	2026-27	2028-29
Secured note – interest expense	138,656	19,808	39,616	39,616	39,616
Capital expenditure obligations	104,688	98,128	6,560	-	-
Flow-through share expenditures	15,023	15,023	-	-	-
Mineral interests	5,782	826	1,652	1,652	1,652
Lease obligation	1,701	669	834	106	92
	265,849	134,454	48,662	41,374	41,360

In 2022, the Company entered into a Facilities Agreement with BC Hydro covering the design and construction of facilities by BC Hydro to supply construction phase hydro-sourced electricity to the KSM project.

The cost to complete the construction is estimated to be \$32.8 million of which the Company has paid \$11.7 million to BC Hydro and the remaining balance is due in 2023. In addition, the Facilities Agreement requires \$54.2 million in security or cash from the Company for BC Hydro system reinforcement which is required to make the power available of which the Company has paid \$21.2 million to BC Hydro and the balance is due in 2023. The \$54.2 million system reinforcement security will be forgiven annually, typically over a period of less than 8 years, based on project power consumption. Subsequent to December 31, 2022, \$43.7 million was paid to BC Hydro.

Prior to its maturity, the secured note bears interest at 6.5%, or US\$14.6 million per annum, payable quarterly in arrears. The Company can elect to satisfy interest payments in cash or by delivering common shares.

Outlook

As mentioned above, the COVID-19 pandemic has not materially impacted the Company’s operations, financial condition or financial performance in 2022, but in 2020 and 2021 it caused it to reduce the scale of certain programs as it hindered the pace of advancement at the affected projects in those years. The Company has been able to execute its 2022 exploration, and monitoring programs at its projects as well as the site capture and early infrastructure development activities at KSM, safely and within the constraints and safety measures implemented. Although the capital markets have been relatively volatile, the Company has not experienced limitations nor does it foresee limitations

to accessing capital on acceptable terms. No disruptions to supply chains have been experienced nor have there been delays in project activity.

In 2022, the Company has enjoyed favorable capital markets, closing the US\$225 million secured financing in the first fiscal quarter and has successfully raised funds under its ATM offering of common shares and other financings mentioned above and its financial condition has not been adversely impacted by the pandemic. As a company without revenue from operations, its financial performance has not been impacted by the pandemic. The Company will continue to monitor developments of the pandemic and will continue to assess the pandemic’s potential impact on the Company’s operations and business.

In addition to the extensive Substantial Start work that the Company is carrying out, it also continues its pursuit of a joint venture agreement on the KSM project with a suitable partner on terms advantageous to the Company, since it does not intend to build or operate the project alone. The KSM project includes multiple deposits and provides a joint venture partner, or purchaser, flexibility in the design of the project. In accordance with its priorities and risk tolerance, the Company believes that it does not make sense for it to start preparing a feasibility study on the KSM project on its own. The 2022 KSM PFS includes recommendations on additional work that could be completed to advance the project, including budget estimates. The work that a joint venture partner might choose to complete might include some or all of this recommended work and might include significantly more work, and so the timing and cost for a joint venture partner to conclude the recommended work or a feasibility study is difficult to predict. The Company plans its work to advance the KSM project on an annual basis, when the results of one year’s work have been received and analyzed, planning for the next year begins. Currently, the Company is focused on Substantial

Start activities and while planning its programs, the Company will consider the recommended work in the PFS, but the Company will decide work based on its priorities, the results of its advancement work and the items it believes are best left for a joint venture partner to decide. Plans for each year are typically announced in the second quarter of the year and budgets are established at the beginning of that year.

The early construction work the Company is considering for completion in 2024 and 2025 includes completing construction of the Taft Creek fish habitat offsetting ponds, constructing the powerline from the Treaty Creek switching station to the area of the proposed processing plant and MTT portals in the North Treaty Creek valley, constructing the power substation at the area of the processing plant, constructing the Coulter Creek Access Road to the 8.6 km mark and clearing of many of the sites for location of proposed KSM Project infrastructure. The Company anticipates submitting an application to the EAO for a decision that the KSM Project has been “substantially started” well before the deadline and believes it is keeping itself on course for a positive decision.

The Company has only prepared preliminary estimates for the cost of all of this work and certain of the work requires further engineering before reasonable cost estimates can be established. The Company may elect not to complete some or many elements of this work and may elect to engage in construction of other elements of the KSM Project infrastructure instead, including in respect of the work for 2023. However, it is anticipating that its budget for 2023 early construction activities will be in the range of \$100 - \$180 million.

At Iskut, the Company will conduct a planned 2023 exploration program that is focused on the Bronson Slope copper-gold resource and test porphyry occurrences in other targets on the property. Environmental work will also continue on the reclamation and closure plan for the Johnny Mountain mine.

At the Company’s 3 Aces project, the Company will conduct a 2023 exploration program that will include drill testing of the exploration model for extrapolation across the entire property. Additionally, the work program will provide a prioritized list of targets and drill plans to initiate resource definition on the identified target areas. The overall program is focused on the discovery of a high grade mineralized deposit.

At Snowstorm, the Company will continue exploration efforts to determine the potential for mineralized faults. Past exploration efforts have identified the geophysical signature of several parallel structures on the eastern margin of an uplifted formation block. This setting is consistent with the large mines and the projected structures are orientated parallel with mineralizing faults in the Getchell Trend. The exploration program is to test across two of these structures.

At Courageous Lake, the Company plans to commence a preliminary feasibility study for an alternative development plan for the project and determine the best path forward to unlock value.

The Company is exploring various alternatives for raising the funding necessary to pay for these construction activities and other business objectives. Possible financing options include the sale of a royalty or streaming interest in the KSM Project, funding from a joint venture partner as part of earning into an interest in the KSM Project, the sale of all or some form of interest in one of the Company’s other projects or the sale of shares or debt issued by the Company, including a possible financing under a Prospectus Supplement. The Company also has an At-the-Market Offering in the United States which has been an effective source of meaningful funding for the Company.

Environment, Social and Governance

Management and the Board of Directors have formalized several key policies that entrench the Company’s environmental, social and governance (ESG) goals, priorities and strategies to operate safely, sustainably and with the highest governance standards. The Board of Directors has established a Sustainability Committee and granted that committee the authority to investigate any activity of the Corporation and its affiliates relating to sustainability and ESG. As the Company operates in the natural resource extraction industry, the Company strives to achieve the highest operating standards, assessing and mitigating the impacts on the physical environment and the communities in which the Company operates. The Company is committed to sustainability and the integration of sustainability principles into all of our activities and has adopted its Sustainability Policy.

During the third quarter of 2022, the Company published its supplemental Sustainability Report providing insight to the Company’s commitment to local communities, environment and sustainability. The report captures the last quarter of 2021 to highlight the Company’s progress towards integrating sustainability into its operations. The Company’s Sustainability Reports are prepared with select disclosures and guidance

from the Sustainability Standards Accounting Board Metals and Mining Industry Standards and the Global Reporting Initiative Standards, as well as metrics designed for specifically for the Company. In the 2022 report, we will be disclosing Scope 1, 2 and 3 emissions and will be compliant with the Task Force on Climate-Related Financial Disclosures. The Company will also make submissions for CDP scoring that will provide a snapshot of the Company’s disclosure and environmental performance.

The Company also published its ESG Performance Tables for its first reporting year, 2020. The sustainability report highlights the Company’s accomplishments and approach to three critical pillars: the economy, society, and the environment. These pillars are seen as interdependent, each necessary and supportive to the other. The Company recognizes that sustainability involves protecting environmental values in the area of our projects, contributing to the health and the economic and social well-being of our employees and the local communities, and taking action on national and global priorities. A sustainable human environment requires the Company to consider issues such as cultural respect, inclusiveness, diversity, and broad participation in the opportunities and benefits which derive from our efforts.

In addition to the Sustainability Policy, the Company has also implemented its Environmental Policy; Health and Safety Policy including a separate policy on discrimination, bullying, harassment, and violence; a Workplace Employment Policy; and its Policy Statement on Diversity. The Inaugural Sustainability Report and all of the Company’s policies related to ESG can be found on the Company’s website www.seabridgegold.com.

Internal Controls Over Financial Reporting

The Company’s management under the supervision of the Chief Executive Officer and Chief Financial Officer are responsible for designing adequate internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Management evaluated the effectiveness of the Company’s internal controls over financial reporting as of December 31, 2022 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the

Treadway Commission (COSO). Based on that evaluation of the internal controls at December 31, 2022, management has concluded that the Company’s internal controls and procedures are appropriately designed and operating effectively. The registered public accounting firm that audited the Company’s consolidated financial statements has issued their attestation report on management’s assessment of the effectiveness of internal control over financial reporting as of December 31, 2022.

Changes to Internal Controls Over Financial Reporting

As previously disclosed in Management’s Discussion and Analysis for the second quarter ended June 30, 2022, the Company implemented a new enterprise resource planning (ERP) system during that quarter. The Company implemented additional controls during the transition period following the new ERP system implementation and also hired a new Director, Information Technology. Other than these changes, there was no change in the Company’s internal controls over financial reporting that occurred during the period beginning October 1, 2022 and ended on December 31, 2022 that has materially affected or is reasonably likely to materially affect, the Company’s internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate, to allow timely decisions regarding required disclosure. The Company’s Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures as of December 31, 2022, that they are appropriately designed and effective.

Limitations of Controls and Procedures

The Company’s management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

Cybersecurity

The Company’s management is responsible for cybersecurity risks that face the Company, and the Board of Directors has granted the Audit Committee the authority to oversee management’s assessment of those risks and their prevention and mitigation approaches and to investigate any material breaches. To date, there have been no material breaches of security measures.

An independent review of access to information and other security protocols around the Company’s IT systems was undertaken in 2020 and another review is planned for early 2023. The review, among other items, verifies all employees’ ability to recognize potentially malicious emails or other communications that could enable an intruder to download malware onto the Company’s systems leading to the potential circumventing of the Company’s security protocols and to potentially steal or hold ransom Company data.

Shares Issued and Outstanding

At March 30, 2023, the issued and outstanding common shares of the Company totaled 81,643,678. In addition, there were 477,500 stock options, and 354,266 RSUs. Assuming the conversion of all of these instruments outstanding, there would be 82,475,444 common shares issued and outstanding.

Related Party Transactions

During year ended December 31, 2022 and 2021, there were no payments to related parties other than compensation paid to key management personnel. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Recent Accounting Pronouncements

Refer to Note 3 (N) in the Company’s audited consolidated financial statements for the year ended December 31, 2022.

Critical Accounting Estimates

Refer to Note 3 (C) in the Company’s audited consolidated financial statements for the year ended December 31, 2022.

Risks and Uncertainties

The risks and uncertainties are discussed within the Company’s most recent Annual Information Form filed on SEDAR at www.sedar.com, and the Annual Report on Form 40-F filed on EDGAR at www.sec.gov/edgar.shtml.

Forward Looking Statements

The consolidated financial statements and management’s discussion and analysis and any other materials included with them, contain certain forward-looking statements relating but not limited to the Company’s expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, estimates, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates and expected changes to them, estimates of future production and related financial analysis, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Management’s Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When an alternative method exists under IFRS, management has chosen a policy it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects, in accordance with IFRS.

The Company maintains adequate systems of internal controls. Such systems are designed to provide reasonable assurance that transactions are properly authorized and recorded, the Company’s assets are appropriately accounted for and adequately safeguarded and that the financial information is relevant and reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management’s discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities.

The Audit Committee also reviews the consolidated financial statements, management’s discussion and analysis, the external auditors’ reports, examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. KPMG LLP, the external auditors, have full and free access to the Audit Committee.



Rudi P. Fronk
Chairman & CEO
March 30, 2023



Christopher J. Reynolds
Vice President, Finance and Chief Financial Officer
March 30, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Seabridge Gold Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Seabridge Gold Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 30, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with

the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of secured note liability

As discussed in Note 12 to the consolidated financial statements, the Company signed a definitive agreement to sell a secured note for US\$225 million. As discussed in Note 3(c)(ii) to the consolidated financial statements, the Company measures the fair value of its secured note liability using a discounted cash flow model with a Monte Carlo simulation. Key assumptions into this model include future silver prices, discount rates, forecasted silver production, and probabilities of Environmental Assessment Certificate ("EAC") expiry, achieving commercial production and securing project financing. Changes to these inputs and assumptions could have a significant impact on the measurement of the secured note liability. There is significant estimation uncertainty with respect to the application of the key assumptions in determining the fair value of the secured note liability. As discussed in Note 12 to the consolidated financial statements, the fair value of the Company's secured note liability at inception was \$282.3 million and the fair value at December 31, 2022 was \$263.5 million.

We identified the determination of the fair value of the secured note liability as a critical audit matter. Significant auditor judgment was required to assess the method and model used to determine the fair value of the secured note liability and to assess certain key assumptions of forecasted silver production, future silver prices and the discount rate used to determine the fair value.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to determine the fair value of the secured note liability. This included controls over the selection of the method and model and over the development and selection of the significant assumptions. We assessed the competence, capabilities and objectivity of the Company's personnel who prepared the estimates of mineral reserves

and resources, including the industry and regulatory standards they applied. We compared forecasted silver production to the Company's filed technical report. We involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the method and model used to determine the fair value by comparing the method and model applied to generally acceptable methods for similar instruments and recalculating the fair value using the Company's model;
- evaluating the estimated future silver prices by performing an independent recalculation using data obtained from third party estimates and sources;
- evaluating the discount rate by comparing the Company's assumption to information derived from publicly available third party sources.



**Chartered Professional Accountants,
Licensed Public Accountants**

We have served as the Company's auditor since 2002.
Toronto, Canada
March 30, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Seabridge Gold Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Seabridge Gold Inc.'s (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – *Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated March 30, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, appearing under the heading Internal Control over Financial Reporting in Management's Discussion and Analysis for the year ended December 31, 2022. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal

control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



**Chartered Professional Accountants,
Licensed Public Accountants**
Toronto, Canada
March 30, 2023

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	4	\$ 46,150	\$ 11,523
Short-term deposits	4	81,690	29,243
Amounts receivable and prepaid expenses	5	8,220	10,026
Investment in marketable securities	6	3,696	3,367
Convertible notes receivable	7	631	-
		140,387	54,159
Non-current assets			
Investment in associate	6	1,389	2,429
Convertible notes receivable	7	-	606
Long-term receivables and other assets	8	51,703	13,038
Mineral interests, property and equipment	9	881,497	662,279
Reclamation deposits	11	20,643	15,231
		955,232	693,583
Total assets		\$ 1,095,619	\$ 747,742
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 42,956	\$ 12,165
Flow-through share premium	13	4,183	1,366
Lease obligations		511	90
Provision for reclamation liabilities	11	4,343	3,680
		51,993	17,301
Non-current liabilities			
Secured note	12	263,541	-
Deferred income tax liabilities	18	31,934	23,164
Lease obligations		1,115	182
Provision for reclamation liabilities	11	6,503	4,762
		303,093	28,108
Total liabilities		355,086	45,409
Shareholders' equity	13	740,533	702,333
Total liabilities and shareholders' equity		\$ 1,095,619	\$ 747,742

Subsequent events (Notes 4, 6, 7, 13, and 19), commitments and contingencies (Note 19)

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

These financial statements were approved by the Board of Directors and were signed on its behalf:



Rudi P. Fronk
Director



Carol Willson
Director

Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in thousands of Canadian dollars except common share and per common share amounts)

	Note	Year Ended December 31, 2022	Year Ended December 31, 2021
Remeasurement of secured note	12	\$ 36,967	\$ -
Gain on disposition of mineral interests	13	-	21,943
Corporate and administrative expenses	16	(16,090)	(13,379)
Impairment of investment in associate	6	(873)	-
Equity loss of associate	6	(207)	(221)
Other income - flow-through shares	13	1,366	2,373
Environmental rehabilitation expense	11	(6,722)	(5,377)
Unrealized gain (loss) on convertible notes receivable	7	(16)	104
Foreign exchange gain (loss)		(12,874)	22
Finance costs, interest expense and other income		(3,471)	(116)
Interest income		2,794	176
Earnings before income taxes		874	5,525
Income tax expense	18	(8,268)	(4,630)
Net earnings (loss) for the year		\$ (7,394)	\$ 895
Other comprehensive income (loss)			
Items that will not be reclassified to net income or loss			
Remeasurement of secured note		\$ 2,912	\$ -
Change in fair value of marketable securities		329	(459)
Tax impact		(831)	61
Total other comprehensive income (loss)		2,410	(398)
Comprehensive income (loss) for the year		\$ (4,984)	\$ 497
Weighted average number of common shares outstanding			
Basic	13	\$ 80,058,861	\$ 76,413,554
Diluted	13	\$ 80,058,861	\$ 77,600,688
Earnings (loss) per common share			
Basic	13	\$ (0.09)	\$ 0.01
Diluted	13	\$ (0.09)	\$ 0.01

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

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian dollars except number of shares)

	Number of Shares	Share Capital	Warrants	Stock-based Compensation	Contributed Surplus	Deficit	Accumulated Other Comprehensive Gain (Loss)	Total Equity
As at December 31, 2021	78,975,349	\$ 809,269	\$ -	\$ 8,697	\$ 36,126	\$ (149,983)	\$ (1,776)	\$ 702,333
Share issuance - At-The-Market offering	998,629	22,793	-	-	-	-	-	22,793
Share issuance - Private placement	675,400	10,840	-	-	-	-	-	10,840
Share issuance - Options exercised	540,834	11,295	-	(3,974)	-	-	-	7,321
Share issuance - RSUs vested	148,800	3,172	-	(3,172)	-	-	-	-
Share issuance costs	-	(1,237)	-	-	-	-	-	(1,237)
Deferred tax on share issuance costs	-	330	-	-	-	-	-	330
Stock-based compensation	-	-	-	3,138	-	-	-	3,138
Expired options	-	-	-	(34)	34	-	-	-
Other comprehensive income	-	-	-	-	-	-	2,409	2,409
Net loss for the year	-	-	-	-	-	(7,394)	-	(7,394)
As at December 31, 2022	81,339,012	\$ 856,462	-	\$ 4,655	\$ 36,160	\$ (157,377)	\$ 633	\$ 740,533
As at December 31, 2020	74,162,286	\$ 704,599	\$ 3,275	\$ 23,011	\$ 36,089	\$ (150,878)	\$ (1,378)	\$ 614,718
Share issuance - At-The-Market offering	2,242,112	50,929	-	-	-	-	-	50,929
Share issuance - Private placement	350,000	8,358	-	-	-	-	-	8,358
Share issuance - Options exercised	1,585,501	32,077	-	(14,370)	-	-	-	17,707
Share issuance - Other	500,000	11,100	(3,275)	-	-	-	-	7,825
Share issuance - RSUs vested	135,450	3,413	-	(3,413)	-	-	-	-
Share issuance costs	-	(1,645)	-	-	-	-	-	(1,645)
Deferred tax on share issuance costs	-	438	-	-	-	-	-	438
Stock-based compensation	-	-	-	3,506	-	-	-	3,506
Expired options	-	-	-	(37)	37	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(398)	(398)
Net income for the year	-	-	-	-	-	895	-	895
As at December 31, 2021	78,975,349	\$ 809,269	\$ -	\$ 8,697	\$ 36,126	\$ (149,983)	\$ (1,776)	\$ 702,333

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating Activities		
Net income (loss)	\$ (7,394)	\$ 895
Adjustment for non-cash items:		
Remeasurement gain on secured note	(36,967)	-
Gain on disposition of mineral interests	-	(21,943)
Environmental rehabilitation expense	6,722	5,377
Stock-based compensation	3,138	3,506
Other income - flow-through shares	(1,366)	(2,373)
Income tax expense	8,268	4,630
Unrealized foreign exchange loss	21,158	-
Other non-cash items	(2,044)	457
Adjustment for cash items:		
Environmental rehabilitation disbursements	(4,499)	(3,320)
Changes in working capital items:		
Amounts receivable and prepaid expenses	(845)	(5,056)
Accounts payable and accrued liabilities	5,846	6,090
Net cash used in operating activities	(7,983)	(11,737)
Investing Activities		
Investment in short-term deposits	(401,825)	(24,349)
Redemption of short-term deposits	349,378	15,011
Mineral interests, property and equipment	(183,296)	(73,611)
Interest paid	(14,735)	-
Long-term receivables and other assets	(30,545)	(9,172)
Investment in reclamation deposits	(5,412)	(8,465)
Cash proceeds from disposition of mineral interests	-	21,943
Net cash used in investing activities	(286,435)	(78,643)
Financing Activities		
Secured note	282,263	-
Share issuance net of costs	36,579	59,104
Exercise of options	7,321	17,707
Exercise of warrants	-	7,825
Payment of lease liabilities	(334)	(77)
Net cash from financing activities	325,829	84,559
Effects of exchange rate fluctuation on cash and cash equivalents	3,216	(184)
Net increase (decrease) in cash and cash equivalents during the year	34,627	(6,005)
Cash and cash equivalents, beginning of the year	11,523	17,528
Cash and cash equivalents, end of the year	\$ 46,150	\$ 11,523

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 and 2021

1. Reporting entity

Seabridge Gold Inc. is comprised of Seabridge Gold Inc. ("Seabridge" or the "Company") and its subsidiaries, KSM Mining ULC, Seabridge Gold (NWT) Inc., Seabridge Gold (Yukon) Inc., Seabridge Gold Corp., SnipGold Corp. and Snowstorm Exploration (LLC), and is a company engaged in the acquisition and exploration of gold properties located in North America. The Company was incorporated under the laws of British Columbia, Canada on September 4, 1979 and continued under the laws of Canada on October 31, 2002. Its common shares are listed on the Toronto Stock Exchange trading under the symbol "SEA" and on the New York Stock Exchange under the symbol "SA". The Company is domiciled in Canada, the address of its registered office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5 and the address of its corporate office is 106 Front Street East, 4th Floor, Toronto, Ontario, Canada M5A 1E1.

2. Basis of preparation

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on March 30, 2023.

B. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Company has control. Control over an entity exists when the Company is exposed or has rights to returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date

of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in the consolidated statement of operations and comprehensive income (loss).

Where a business combination is achieved in stages, previously held non-controlling equity interests in the acquiree are re-measured at acquisition-date fair value and any resulting gain or loss is recognized in the consolidated statement of operations and comprehensive income (loss) or other comprehensive income, as appropriate. Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively during the measurement period. However, the measurement period will not exceed one year from the acquisition date.

(ii) Associates

An associate is an entity over which the Company has significant influence but not control nor joint control. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights but can also arise where the Company has less than 20% if influence is exerted over policy decisions that affect the entity. The Company's share of the net assets and net income or loss of associates is accounted for in the consolidated financial statements using the equity method of accounting.

3. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

A. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments described in note “M”, which are measured at fair value.

B. Translation of foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is the Company’s, and each of its subsidiaries’, functional currency.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of operations and comprehensive income (loss).

Monetary assets and liabilities of the Company denominated in a foreign currency are translated into Canadian dollars at the rate of exchange at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average exchange rates prevailing during the period. Exchange gains and losses are included in the determination of profit or loss for the year.

C. Critical accounting judgments and estimation uncertainty

In applying the Company’s accounting policies in conformity with IFRS, management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(i) Critical accounting judgments

The following are the critical judgments that the Company has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements (refer to appropriate accounting policies for details).

Mineral reserves and resources

To calculate reserves and resources, the Company uses assumptions and evaluates technical, economic and geological conditions for each ore body. Measured grade of the ore and geotechnical considerations can have a significant effect on the carrying value of mineral properties and therefore the recoverability of costs. Future market prices for gold and copper and other commodities are also factored into valuation models. Changes to these factors can affect the recoverability of mineral properties and impairment.

Impairment of mineral interests

Mineral interests are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indication of impairment exists, and the carrying amount of the mineral interest exceeds its estimated recoverable amount, the carrying value is written down to the recoverable amount and the loss is recognized in the statement of operations and comprehensive income (loss).

Reclamation Liabilities

The Company records legal and constructive obligations required to restore locations in the period in which the obligation is incurred with a corresponding increase in the carrying amount of the related property. For closed mines, changes to obligations are charged directly to the statement of operations and comprehensive income (loss).

(ii) Key sources of estimation uncertainty

Mineral properties

The recoverability of the carrying value of mineral properties and associated deferred exploration expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

Secured note liability

The Company measures the fair value of its secured note liability using a discounted cash flow model with a Monte Carlo simulation. Key assumptions into this model include future silver prices, discount rates, forecasted silver production, and probabilities of Environmental Assessment Certificate (“EAC”) expiry, achieving commercial production and securing project financing. Changes to these inputs and assumptions could have a significant impact on the measurement of the secured note liability. There is significant estimation uncertainty with respect to the application of the key assumptions in determining the fair value of the secured note liability. Refer to Note 12 for further information.

Reclamation Liabilities

The provision for asset retirement obligations is the best estimate of the present value of the future costs of reclaiming the environment that has been subject to disturbance through exploration activities or historical mining activities. The Company uses assumptions and evaluates technical conditions for each project that have inherent uncertainties, including changes to laws and practices and changes in the status of the site from time-to-time. The timing and cost of the rehabilitation is also subject to uncertainty. For the closed sites, these changes, if any, and changes in discount rates are charged directly to the consolidated statement of operations and comprehensive income (loss). The periodic unwinding of the discount is recognized in income as accretion expense included in finance costs in the consolidated statement of operations and comprehensive income (loss).

Contingencies

The Company funds certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounces, to subscribers, the expenditures which it determines to be Canadian Exploration Expenses (“CEE”). The Canada Revenue Agency (“CRA”) has disputed the eligibility of certain types of expenditures within the years 2014 to 2016. The Company strongly disagrees with their position and intends to fully defend the Company’s tax filings. No provision has been recorded related to the contingent taxes as the Company does not consider it probable that there will ultimately be an amount payable.

D. Mineral interests, property and equipment

(i) Mineral interests

Mineral resource properties are carried at cost. The Company considers exploration and development costs and expenditures to have the characteristics of property and equipment and, as such, the Company capitalizes all exploration costs, which include acquisition costs, advance royalties, holding costs, field exploration and field supervisory costs and all costs associated with exploration and evaluation activities relating to specific properties as incurred, until those properties are determined to be economically viable for mineral production. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to activities in a particular area of interest. The fair value of any recoveries from the disposition or optioning of a mineral property is credited to the carrying value of mineral properties.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of operating as intended by management.

The actual recoverable value of capitalized expenditures for mineral properties and deferred exploration costs will be contingent upon the discovery of economically viable reserves and the Company’s financial ability at that time to fully exploit these properties or determine a suitable plan of disposition.

When a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortized over the life of the reserves associated with the area of interest once mining operations have commenced.

(ii) Construction in progress

Construction in progress includes power infrastructure, camps, bridges, and roads related to early infrastructure development at KSM. Costs are not depreciated until the underlying assets are ready for use as intended by management.

(iii) Equipment

Equipment located at project site are earth moving equipment, vehicles and other equipment used in the early infrastructure development at KSM. To the extent that the Company utilizes its own equipment for the activities which are capitalized for the mineral properties or the construction in progress, the associated depreciation is capitalized to those assets.

(iv) Capitalized borrowing costs

Borrowing costs are capitalized and allocated specifically to qualifying assets when funds have been borrowed, either to specifically finance a project or for general borrowings during the period of construction. Qualifying assets are defined as assets that require more than nine months to be brought to the location and condition intended by management. Capitalization of borrowing costs ceases when such assets are ready for their intended use.

E. Depreciation

Effective from the point an asset is available for its intended use, property and equipment are depreciated using the straight-line method over the estimated economic life of the asset. Estimated useful lives normally vary from three to fifteen years for equipment to a maximum of forty years for buildings. During the development phase, depreciation expense related to the right of use assets and property and equipment is recapitalized to the construction in progress pool.

Residual values, useful lives and depreciation methods are reviewed at least annually and adjusted if appropriate. The impact of changes to the estimated useful lives, depreciation method or residual values is accounted for prospectively.

F. Leasing arrangements

Leases are recognized as a right-of-use (“ROU”) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

G. Impairment and reversal of impairment**(i) Financial assets**

Financial assets measured at amortized cost are reviewed for impairment at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence, that can be estimated reliably, indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment charge in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

A prior period impairment charge is reviewed for possible reversal of impairment whenever an event or change in circumstance indicates the impairment may have reversed. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Impairment charge reversals are recognized in the Consolidated statement of operations and comprehensive income (loss).

(ii) Non-financial assets

The carrying value of the Company's mineral interests is assessed for impairment when indicators of such impairment exist. Indicators may include the loss of the right to explore in the area; the Company deciding not to continue exploring or incur substantial additional expenditures on the project; or it is determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment is considered on the basis of a cash generating unit (“CGU”). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other group of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged immediately to comprehensive loss within the consolidated statements of operations and comprehensive income (loss) so as to reduce the carrying amount to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of operations and comprehensive income (loss).

H. Reclamation liabilities

Provisions for environmental restoration are recognized when: (i) the Company has a present legal or constructive obligation as a result of past exploration, development or production events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Provisions do not include obligations which are expected to arise from future disturbance.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation incorporating risks specific to the obligation using a pre-tax rate that reflects current market assessments of the time value of money. When estimates of obligations are revised, the present value of the changes in obligations is recorded in the period by a change in the obligation amount and a corresponding adjustment to the carrying amount of the related

property. For locations where mining activities have ceased, the changes to obligations are charged directly to the consolidated statements of operations and comprehensive income (loss).

The amortization or ‘unwinding’ of the discount applied in establishing the net present value of provisions due to the passage of time is charged to the consolidated statements of operations and comprehensive income (loss) in each accounting period.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the provisions for restoration and environmental cleanup, which would affect future financial results.

Funds on deposit with third parties provided as security for future reclamation costs are included in reclamation deposits on the statement of financial position.

I. Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future where the timing of the reversal of the temporary differences can

be controlled by the parent. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill which is not deductible for tax purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company has certain non-monetary assets and liabilities for which the tax reporting currency is different from its functional currency. Any translation gains or losses on the remeasurement of these items at current exchange rates versus historic exchange rates that give rise to a temporary difference is recorded as a deferred tax asset or liability.

J. Stock-based compensation (options and restricted share units)

The Company applies the fair value method for stock-based compensation and other stock-based payments. The fair value of options is valued using the Black Scholes option-pricing model and other models for the two-tiered options and restricted share units as may be appropriate. The grant date fair value of stock-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date (Note 13). The Company reviews estimated forfeitures of options on an ongoing basis.

The factors affecting stock-based compensation include estimates of when stock options might be exercised share price volatility and the assessment of the probability and timing of those instruments that have non-market performance vesting criteria. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the

share-based instrument holders. The Company uses historical data to determine volatility in accordance with appropriate fair value methodology. However, the future volatility is uncertain, and the model has its limitations.

K. Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through common shares. The tax deductibility of qualifying expenditures is transferred to the investor purchasing the shares. Consideration for the transferred deductibility of the qualifying expenditures is often paid through a premium price over the market price of the Company's shares. The Company reports this premium as a liability on the statement of financial position and the balance is reported as share capital. At each reporting period, and as qualifying expenditures have been incurred, the liability is reduced on a proportionate basis and income is recognized in the consolidated statements of operations and comprehensive income (loss).

L. Net earnings (loss) per common share

Basic earnings (loss) per common share is computed based on the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share which assumes that stock options with an exercise price lower than the average quoted market price were exercised at the later of the beginning of the year, or time of issue and Restricted Share Units ("RSU"s). Stock options with an exercise price greater than the average quoted market price of the common shares are not included in the calculation of diluted earnings (loss) per share as the effect is anti-dilutive.

M. Financial instruments

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, canceled or expired. Certain financial instruments are recorded at fair value in the consolidated statement of financial position.

Non-derivative financial instruments

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss ("FVTPL"). Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Financial assets at FVTPL

Cash and cash equivalents and short-term deposits are classified as financial assets at FVTPL and are measured at fair value. Cash equivalents are short-term deposits with maturities of up to 90 days at the date of purchase. Short-term deposits consist of investments with maturities from 91 days to one year at the date of purchase. Convertible notes receivable are recorded at FVTPL.

Financial assets at amortized cost

Trade and other receivables are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Financial assets at fair value through other comprehensive income

The Company's investments in equity marketable securities are designated as financial assets at fair value through other comprehensive income and are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income.

Non-derivative financial liabilities

Accounts payable and accrued liabilities are accounted for at amortized cost, using the effective interest rate method.

Secured note

The Company has elected to account for its secured note liability and all embedded derivatives as a single financial liability. The change in fair value of the secured note liability is recognized in profit or loss. The change in the fair value related to the Company's own credit risk is recorded through other comprehensive income (loss).

N. Accounting pronouncements

New accounting standards and interpretations issued and effective:

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

Amendments to IAS 16 were issued by the IASB in May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in the Consolidated Statements of Operations and Comprehensive Income. The Company adopted the amendments effective January 1, 2022. The application of these amendments did not have an impact on the Company's consolidated financial statements.

Accounting pronouncements issued but not yet effective:

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2022:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes) effective for annual periods beginning on or after January 1, 2023
- Definition of Accounting Estimates (Amendments to IAS 8) effective for annual periods beginning on or after January 1, 2023
- Presentation of Financial Statements (Amendments to IAS 1 and IFRS Practice Statement 2) effective for annual periods beginning on or after January 1, 2023
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) effective for annual periods beginning on or after January 1, 2024
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) effective for annual periods beginning on or after January 1, 2024.

None of these pronouncements are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

4. Cash and cash equivalents and short-term deposits

(\$000s)	December 31, 2022	December 31, 2021
Cash and cash equivalents	46,150	11,523
Short-term deposits	81,690	29,243
	127,840	40,766

All of the cash and cash equivalents are held in a Canadian Schedule I bank. Short-term deposits consist of Canadian Schedule I bank guaranteed deposits and are cashable

6. Investments

(\$000s)	January 1, 2022	Fair value through other comprehensive income (loss)	Loss of associate	Impairment	Additions	December 31, 2022
Current assets:						
Investments in marketable securities	3,367	329	-	-	-	3,696
Non-current assets:						
Investment in associate	2,429	-	(206)	(873) ^(a)	39 ^(b)	1,389

(\$000s)	January 1, 2021	Fair value through other comprehensive income (loss)	Loss of associate	Impairment	Additions	December 31, 2021
Current assets:						
Investment in marketable securities	3,826	(459)	-	-	-	3,367
Non-current assets:						
Investment in associate	2,611	-	(221)		39 ^(c)	2,429

(a) The Company accounts for its investment in Paramount, a publicly listed company, using the equity method. During the second quarter of 2022, the Company concluded that the fair value of its investment in Paramount, determined based on the closing share price on June 30, 2022, had declined significantly and recorded an impairment of \$0.9 million (December 31, 2021- nil) in the consolidated statements of operations and comprehensive income (loss).

(b) In 2022, the Company received 55,322 common shares of Paramount for payment of interest on the secured convertible notes accrued between July 1, 2021 and June 30, 2022. Subsequent to December 31, 2022, the Company received 43,928 common shares of Paramount for payment of interest on the secured convertible notes accrued between July 1, 2022 and December 31, 2022. The accrued interest is classified as receivable from a related party as of December 31, 2022.

(c) During the year ended December 31, 2021, the Company received 30,086 common shares of Paramount for payment of interest on the secured convertible notes accrued between July 1, 2020 and June 30, 2021. Refer to note 7 for details on convertible notes receivable.

in whole or in part with interest at any time to maturity. Subsequent to December 31, 2022, the Company redeemed \$80.4 million of short-term deposits.

5. Amounts receivable and prepaid expenses

(\$000s)	December 31, 2022	December 31, 2021
HST	4,247	1,698
Prepaid expenses and other receivables	3,973	8,328
	8,220	10,026

The Company holds common shares of several mining companies that were received as consideration for optioned mineral properties and other short-term investments, including one gold exchange traded receipt. These financial assets are recorded at fair value of \$3.7 million (December 31, 2021 - \$3.4 million) in the consolidated statements of financial position. At December 31, 2022, the Company revalued its holdings in its investments and recorded a fair value increase of \$0.3 million in the statement of operations and comprehensive income (loss).

Investment in associate relates to Paramount. As at December 31, 2022, the Company holds a 5.6% (December 31, 2021 – 6.4%) interest in Paramount for which it accounts using the equity method on the basis that the Company has the ability to exert significant influence through its representation on Paramount’s board of directors. During 2022, the Company recorded its proportionate share of Paramount’s net loss of \$0.2 million (2020 – \$0.2 million) within equity loss of associate on the consolidated statements of operations and comprehensive income (loss). As at December 31 2022, the carrying value of the Company’s investment in Paramount was \$1.4 million (December 31, 2021 - \$2.4 million).

7. Convertible notes receivable

In September 2019, the Company participated in a private placement to purchase US\$410,000, at face value, of secured convertible notes issued by Paramount. Each convertible note had an issue price of US\$975 per US\$1,000 face value with a four-year maturity. The Company purchased 410 convertible notes for a total of \$0.5 million (US\$399,750). The convertible notes bear interest at a rate of 7.5% per annum, payable semi-annually. At any time after the issuance of the convertible notes, the Company can convert all or any portion of the outstanding amount into common shares of Paramount at a price of US\$1.00 per common share. The convertible notes receivable are recorded at fair value through profit or loss. The fair value of the convertible notes receivable is determined by using the Binomial Option Pricing model.

As at December 31, 2022, the fair value of the convertible notes receivable was \$0.6 million (December 31, 2021 - \$0.6 million). The fair value was determined using the binomial option pricing model using the following assumptions: risk-free rate of 2.96%, 0.75 years expected remaining life of the convertible note, volatility of 52.6% based on Paramount stock price volatility, forfeiture rate of nil, and dividend yield of nil.

As at December 31, 2021, the fair value of the convertible notes was determined using the binomial option pricing model using the following assumptions: risk-free rate

of 0.91%, 1.75 years expected remaining life of the convertible note, volatility of 47% based on Paramount stock price volatility, forfeiture rate of nil, and dividend yield of nil.

During 2022, the Company received 55,322 common shares of Paramount for payment of interest on the secured convertible notes accrued between July 2021 and June 2022. During 2021, the Company received 30,086 common shares of Paramount for payment of interest on the secured convertible notes accrued between July 2020 and June 2021. Subsequent to December 31, 2022, the Company received 43,928 common shares of Paramount for payment of interest on the secured convertible notes accrued and receivable as at December 31, 2022. The accrued interest is classified as receivable from a related party as of December 31, 2022.

8. Long-term Receivables

(\$000s)	December 31, 2022	December 31, 2021
BC Hydro ¹	38,500	-
Canadian Exploration Expenses (Note 18)	9,337	9,172
British Columbia Mineral Exploration Tax Credit ²	3,866	3,866
	51,703	13,038

1) The Company has paid \$38.5 million to British Columbia Hydro and Power Authority ("BC Hydro") as advance payments made pursuant to the Company signing a facilities agreement with BC Hydro covering the design and construction of facilities to supply construction phase hydro-sourced electricity to the KSM project.

2) During 2016, upon the completion of an audit of the application by tax authorities of the British Columbia Mineral Exploration Tax Credit ("BCMETC") program, the Company was reassessed \$3.6 million, including accrued interest for expenditures that the tax authority has categorized as not qualifying for the BCMETC program. The Company recorded a \$3.6 million provision within non-trade payables and accrued expenses on the consolidated statements of financial position as at December 31, 2016 with a corresponding increase in mineral interests. In 2017 the Company filed an objection to the reassessment with the appeals division of the tax authorities and paid one-half of the accrued balance to the Receiver General and reduced the provision by \$1.8 million. In 2019, the Company received a decision from the appeals division that the Company's objection was denied, and the Company filed a Notice of Appeal with the British Columbia Supreme Court. The Attorney General of Canada replied to the facts and arguments in the Company's Notice of Appeal and stated its position that the Company's expenditures did not qualify for the BCMETC program. During the first quarter 2022, the Company completed discoveries with the Department of Justice and will continue to move the appeal process forward as expeditiously as possible. The Company intends to continue to fully defend its position. Based on the facts and circumstances of the Company's objection, the Company concludes that it is more likely than not that it will be successful in its objection. As at December 31, 2022, the Company has paid \$1.6 million to the Receiver General, and the Canada Revenue Agency (CRA) has withheld \$2.3 million of HST credits due to the Company that would fully cover the residual balance, including interest, should the Company be unsuccessful in its challenge. The amount recorded in long-term receivables as of December 31, 2022 of \$3.9 million includes the initial reassessment of \$3.6 million, plus accrued interest.

9. Mineral Interests, Property and Equipment

(\$000s)	Mineral interests	Construction in progress	Property & equipment ¹	Right-of-use assets ¹	Total
Cost					
As at January 1, 2021	591,446	-	-	307	591,753
Additions	40,559	27,061	3,080	100	70,800
As at December 31, 2021	632,005	27,061	3,080	407	662,553
Additions	55,069	120,287	43,177	2,030	220,563
As at December 31, 2022	687,074	147,348	46,257	2,437	883,116
Accumulated Depreciation					
As at January 1, 2021	-	-	-	72	72
Depreciation expense	-	-	117	85	202
As at December 31, 2021	-	-	117	157	274
Depreciation expense ¹	-	-	953	392	1,345
As at December 31, 2022	-	-	1,070	549	1,619
Net Book Value					
As at December 31, 2021	632,005	27,061	2,963	250	662,279
As at December 31, 2022	687,074	147,348	45,187	1,888	881,497

1) Depreciation expense related to camps, equipment, and right-of-use assets associated with the KSM construction is capitalized to construction in progress.

Mineral interests, property and equipment additions by project are as follows.

(\$000s)	January 1, 2022	Year ended December 31, 2022					December 31, 2022
		Mineral interests	Construction in progress	Property & equipment	Right-of-use assets	Total Additions	
Additions							
KSM ¹	502,015	39,985	120,287	43,177	1,726	205,175	707,190
Courageous Lake	77,176	823	-	-	-	823	77,999
Iskut	41,779	8,125	-	-	-	8,125	49,904
Snowstorm	31,471	3,091	-	-	-	3,091	34,562
3 Aces	9,034	3,045	-	-	-	3,045	12,079
Grassy Mountain	771	-	-	-	-	-	771
Corporate	307	-	-	-	304	304	611
	662,553	55,069	120,287	43,177	2,030	220,563	883,116

(\$000s)	January 1, 2021	Year ended December 31, 2022					December 31, 2021
		Mineral interests	Construction in progress	Property & equipment	Right-of-use assets	Total Additions	
Additions							
KSM ²	444,167	27,607	27,061	3,080	100	57,848	502,015
Courageous Lake	76,522	654	-	-	-	654	77,176
Iskut	37,949	3,830	-	-	-	3,830	41,779
Snowstorm	24,924	6,547	-	-	-	6,547	31,471
3 Aces	7,113	1,921	-	-	-	1,921	9,034
Grassy Mountain	771	-	-	-	-	-	771
Corporate	307	-	-	-	-	-	307
	591,753	40,559	27,061	3,080	100	70,800	662,553

1) Construction in progress additions at KSM includes \$14.7 million of capitalized borrowing costs.
2) \$3.9 million of costs related to the BCMETC audit (refer to Note 8) were reclassified from mineral interests to amounts receivable.

Continued exploration of the Company’s mineral properties is subject to certain lease payments, project holding costs, rental fees and filing fees.

a) KSM

In 2001, the Company purchased a 100% interest in contiguous claim blocks in the Skeena Mining Division, British Columbia. The vendor maintains a 1% net smelter royalty interest on the project, subject to maximum aggregate royalty payments of \$4.5 million. The Company is obligated to purchase the net smelter royalty interest for the price of \$4.5 million in the event that a positive feasibility study demonstrates a 10% or higher internal rate of return after tax and financing costs.

In 2011 and 2012, the Company completed agreements granting a third party an option to acquire a 2% net smelter royalty on all gold and silver production sales from KSM for a payment equal to the lesser of \$160 million or US\$200 million. The option is exercisable for a period of 60 days following the announcement of receipt of all material approvals and permits, full project financing and certain other conditions for the KSM Project.

In December 2020, the Company purchased the Snowfield (renamed East Mitchell) property from Pretium Resources Inc. The East Mitchell property, located in the same valley that hosts KSM’s Mitchell deposit, was purchased for US\$100 million (\$127.5 million) in cash, a 1.5% net smelter royalty on East Mitchell property production, and a conditional payment of US\$20 million, payable following the earlier of (i) commencement of commercial production from East Mitchell property, and (ii) announcement by the Company of a bankable feasibility study which includes production of reserves from the East Mitchell property. US\$15 million of the conditional payment can be credited against future royalty payments.

Additions to mineral interests of \$40 million (2021 - \$27.6 million) consisted of costs incurred to carry out the Company’s environmental, technical support, exploration and drilling programs at KSM.

Additions to construction in progress consisted of \$104.6 million (2021- \$27.0 million) of KSM assets under construction costs, \$14.7 million (2021- nil) of capitalized borrowing costs related to the secured note interest expense, and \$0.9 million (2021- \$0.1 million) of capitalized depreciation expense.

Additions to property and equipment consisted of \$37.8 million (2021- nil) of commissioned camp costs, \$4.5 million (2021- \$3.1 million) of equipment costs, and \$0.7 million (2021- nil) of leasehold improvements.

b) Courageous Lake

In 2002, the Company purchased a 100% interest in the Courageous Lake gold project from Newmont Canada

Limited and Total Resources (Canada) Limited. The Courageous Lake gold project consists of mining leases located in Northwest Territories of Canada.

c) Iskut

On June 21, 2016, the Company purchased 100% of the common shares of SnipGold Corp. which owns the Iskut Project, located in northwestern British Columbia.

In 2022, total mineral interests additions at Iskut were \$8.1 million, of which \$6.1 million was related to exploration activities, \$1.0 million was related to environmental costs, and \$0.9 million was related to project payroll costs.

Additions to mineral interests in 2022 consisted of costs to carry out the Company’s exploration and drilling program at Iskut.

d) Snowstorm

In 2017, the Company purchased 100% of the common shares of Snowstorm Exploration LLC which owns the Snowstorm Project, located in northern Nevada. In connection with the acquisition, the Company has agreed to make a conditional cash payment of US\$2.5 million if exploration activities at the Snowstorm Project result in defining a minimum of five million ounces of gold resources compliant with National Instrument 43-101 and a further cash payment of US\$5.0 million on the delineation of an additional five million ounces of gold resources.

In 2022, total mineral interests additions at Snowstorm were \$3.1 million, which consisted of costs incurred to carry out the Company’s exploration and drill program.

e) 3 Aces

In 2020, the Company acquired a 100% interest in the 3 Aces gold project in the Yukon, Canada from Golden Predator Mining Corp. through the issuance of 300,000 common shares valued at \$6.6 million. Should the project attain certain milestones, including the confirmation of a National Instrument 43-101 compliant mineral resource of 2.5 million ounces of gold, the Company will pay an additional \$1 million, and upon confirmation of an aggregate mineral resource of 5 million ounces of gold, the Company will pay an additional \$1.25 million.

In 2022, total mineral interests additions at 3 Aces were \$3.0 million, which consisted of costs incurred to carry out the Company’s exploration and drill program.

f) Grassy Mountain

In 2013, the Company sold 100% of its interest in the Grassy Mountain Project with a net book value of \$0.8 million retained within mineral properties, related to the

option to either receive, at the discretion of the Company, a 10% net profits interest royalty or a \$10 million cash payment. Settlement is due four months after the later of: the day that the Company receives a feasibility study on the project; and the day that the Company is notified that permitting and bonding for the mine is in place. The current owner of the Grassy Mountain Project is Paramount who completed a feasibility study in 2020 but they have not notified the Company that permitting and bonding for the mine is in place.

10. Accounts payable and accrued liabilities

	December 31, 2022	December 31, 2021
(\$000s)		
Trade payables	15,686	10,190
Non-trade payables and accrued expenses	27,270	1,975
	42,956	12,165

1) Non-trade payables and accrued expenses include \$26.3 million of accrued expenses related to construction at KSM.

11. Provision for reclamation liabilities

	December 31, 2022	December 31, 2021
(\$000s)		
Beginning of the period	8,442	6,164
Disbursements	(4,519)	(3,320)
Environmental rehabilitation expense	6,851	5,515
Accretion	72	83
End of the period	10,846	8,442
Provision for reclamation liabilities – current	4,343	3,680
Provision for reclamation liabilities – long-term	6,503	4,762
	10,846	8,442

The estimate of the provision for reclamation obligations, as at December 31, 2022, was calculated using the estimated discounted cash flows of future reclamation costs of \$10.8 million (December 31, 2021 - \$8.4 million) and the expected timing of cash flow payments required to settle the obligations between 2022 and 2026. As at December 31, 2022, the undiscounted future cash outflows are estimated at \$11.5 million (December 31, 2021 - \$8.6 million) primarily over the next three years. The nominal discount rate used to calculate the

present value of the reclamation obligations was 4.07% at December 31, 2022 (0.9% - December 31, 2021). For the year ended December 31, 2022, reclamation disbursements amounted to \$4.5 million (2021 - \$3.3 million).

In 2021, the Company updated the closure plan for the Johnny Mountain mine site and charged an additional \$5.4 million of rehabilitation expenses to the consolidated statements of operations and comprehensive income (loss). In 2022, the Company updated the closure plan for the Johnny Mountain mine site and charged an additional \$6.6 million of rehabilitation expenses to the consolidated statements of operations and comprehensive income (loss). Expenditures include the estimated costs for the closure of all adits and vent raises, removal of the mill and buildings, treatment of landfills and surface water management as well as ongoing logistics, freight and fuel costs.

In 2022, the Company placed \$5.4 million on deposit as security for the reclamation obligations at KSM. As at December 31, 2022, the Company has placed a total of \$20.6 million (December 31, 2021 - \$15.2 million) on deposit with financial institutions or with government regulators that are pledged as security against reclamation liabilities. The deposits are recorded on the consolidated statements of financial position as reclamation deposit. As at December 31, 2022, the Company had \$7.9 million (December 31, 2021, \$3.0 million) of uncollateralized surety bond, issued pursuant to arrangements with an insurance company, in support of environmental closure costs obligations related to the KSM project.

12. Secured note liability

On February 25, 2022, the Company, through its wholly-owned subsidiary, KSM Mining ULC (“KSMCo”) signed a definitive agreement to sell a secured note (“secured note”) that is to be exchanged at maturity for a silver royalty on its 100% owned KSM Project (“KSM”) to institutional investors (“Investors”) for US\$225 million. The transaction closed on March 24, 2022. The key terms of the secured note include:

- When the secured note matures, the Investors will use all of the principal amount repaid on maturity to purchase a 60% gross silver royalty (the “Silver Royalty”) maturity occurs upon the first to occur of:
 - a) Commercial production being achieved at KSM; and
 - b) Either the 10-year anniversary, or if the Environmental Assessment Certificate (“EAC”) expires and the Investors do not exercise their right to put the secured note to the Company, the 13-year anniversary of the issue date of the secured note.

- Prior to its maturity, the secured note bears interest at 6.5% per annum, payable quarterly in arrears. The Company can elect to satisfy interest payments in cash or by delivering common shares.
- The Company has the option to buyback 50% of the Silver Royalty, once exchanged on or before 3 years after commercial production has been achieved, for an amount that provides the Investors a minimum guaranteed annualized return.
- If project financing to develop, construct and place KSM into commercial production is not in place by the fifth anniversary from closing, the Investors can put the secured note back to the Company for US\$232.5 million, with the Company able to satisfy such amount in cash or by delivering common shares at its option. This right expires once such project financing is in place. If the Investors exercise this put right, the Investors’ right to purchase the Silver Royalty terminates.
- If KSM’s EAC expires at anytime while the secured note is outstanding, the Investors can put the secured note back to the Company for US\$247.5 million at any time over the following nine months, with the Company able to satisfy such amount in cash or by delivering common shares at its option. If the Investors exercise this put right, the Investors’ right to purchase the Silver Royalty terminates.
- If commercial production is not achieved at KSM prior to the tenth anniversary from closing, the Silver Royalty payable to the Investors will increase to a 75% gross silver royalty (if the EAC expires during the term of the secured note and the corresponding put right is not exercised by the Investors, this uplift will occur at the thirteenth anniversary from closing).

- No amount payable shall be paid in common shares if, after the payment, any of the Investors would own more than 9.9% of the Company’s outstanding shares.
- The Company’s obligations under the secured note are secured by a charge over all of the assets of KSMCo and a limited recourse guarantee from the Company secured by a pledge of the shares of KSMCo.

A number of the above noted options within the agreement represent embedded derivatives. Management has elected to not separate these embedded derivatives from the underlying host secured note, and instead account for the entire secured note as a financial liability at fair value through profit or loss.

The Company entered into the loan commitment within the scope of IFRS 9 ‘Financial Instruments’ on February 25, 2022 related to the secured note, as at that date, the Company and the Investors were committed under pre-specified terms and conditions to complete the transaction. The loan commitment was initially recognized at a fair value of US\$225 million. Upon funding of the secured note on March 24, 2022, the loan commitment was settled with no gain or loss recognized.

The secured note was recognized at its estimated fair value at initial recognition of \$282.3 million (US\$225 million) using a discounted cash flow model with a Monte Carlo simulation. This incorporated several scenarios and probabilities of the EAC expiring, achieving commercial production and securing project financing, forecasted silver prices and the discount rates. During the year ended December 31, 2022, the fair value of the secured note decreased, and the Company recorded \$36.7 million gain on the remeasurement.

The following inputs and assumptions were used in the determination of fair value:

Inputs and assumptions	March 24, 2022	December 31, 2022
Weighted Average Life ¹	23.5 years	44.9 years
Forecast silver production, in thousands of ounces	105,778	166,144
Future silver price	US\$28.96 to US\$35.42	US\$29.38 to US\$110.51
Risk-free rate	2.5%	3.4%
Credit spread	5.2%	5.3%
Volatility	60%	60%
Silver royalty discount factor	7.1%	8.6%

1) Weighted average life reflects the revised silver forecast production schedule contained in the recently filed KSM updated Preliminary Feasibility Study (“PFS”) and Preliminary Economic Assessment (“PEA”) for the KSM project filed in the second quarter of 2022

The carrying amount for the secured note is as follows:

(\$000s)	Secured Note
Fair value at inception	282,263
Add (deduct):	
Unrealized change in fair value	(39,879)
Foreign currency translation loss	21,157
Carrying value and fair value on December 31, 2022	263,541

Sensitivity Analysis:

For the fair value of the secured note, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

Key Inputs	Inter-relationship between significant inputs and fair value measurement	Increase (decrease) (millions)
Key observable inputs	The estimated fair value would increase (decrease) if:	
• Silver price forward curve	• Future silver prices were 10% higher	\$9.7
	• Future silver prices were 10% lower	(\$9.8)
• Discount rates (7.6% - 9.6%)	• Discount rates were 1% higher	(\$16.1)
	• Discount rates were 1% lower	\$18.7
Key unobservable inputs		263,541
• Forecasted silver production	• Silver production indicated silver ounces were 10% higher	\$9.7
	• Silver production indicated silver ounces were 10% lower	(\$9.8)

13. Shareholders’ equity

The Company is authorized to issue an unlimited number of preferred shares and common shares with no par value. No preferred shares have been issued or were outstanding at December 31, 2022 or December 31, 2021.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There

were no changes in the Company's approach to capital management during 2022. The Company considers its capital to be share capital, stock-based compensation, warrants, contributed surplus and deficit. The Company is not subject to externally imposed capital requirements.

a) Equity financings

During the first quarter of 2021, the Company entered into an agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$75 million in value of common shares of the Company. This program was in effect until the Company’s US\$775 million Shelf Registration Statement, that expired in December 2022, was replaced with a new US\$750 million the same month. Subsequent to the year end, a US\$100 million prospectus supplement was filed and the program was renewed at that time.In 2021, the Company issued 2,242,112 shares, at an average selling price of \$22.71 per share, for net proceeds of \$49.9 million under the Company’s At-The-Market offering. In 2022, the Company issued 998,629 shares, at an average selling price of \$22.82 per share, for net proceeds of \$22.3 million under the Company’s At-The-Market offering.

Subsequent to December 31, 2022, the Company entered into a new agreement with two securities dealers, for an At-The-Market offering program, entitling the Company, at its discretion, and from time to time, to sell up to US\$100 million in value of common shares of the Company. This program can be in effect until the Company’s US\$750 million Shelf Registration Statement expires in 2025. Subsequent to December 31, 2022, the Company issued 313,666 shares, at an average selling price of \$18.26 per share, for net proceeds of \$5.6 million under the Company’s At-The-Market offering.

In December 2022, the Company issued a total of 675,400 flow-through common shares at an average \$22.24 per common share for aggregate gross proceeds of \$15.0 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2022. At the time of issuance of the flow-through shares, \$4.2 million premium was recognized as a liability on the consolidated statements of financial position.

In June 2021, the Company issued 350,000 flow-through common shares at \$28.06 per common share for aggregate gross proceeds of \$9.8 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2021. At the time of issuance of the flow-through shares, \$1.5 million premium was recognized as a liability on the consolidated statements of financial position. During 2021, the Company incurred \$1.1 million of qualifying exploration expenditures and \$0.2 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss). During 2022, the Company incurred \$8.7 million of qualifying exploration expenditures and the remaining \$1.3 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss).

In June 2020, the Company issued 345,000 flow-through common shares at \$32.94 per common share for aggregate gross proceeds of \$11.4 million. The Company committed to renounce its ability to deduct qualifying exploration expenditures for the equivalent value of the gross proceeds of the flow-through financing and transfer the deductibility to the purchasers of the flow-through shares. The effective date of the renouncement was December 31, 2020. In accordance with draft legislation released on December 16, 2020 in relation to the COVID-19 pandemic, a 12-month extension was provided to the normal timelines in which the qualifying exploration expenditures should be incurred. At the time of issuance of the flow-through shares, \$3.9 million premium was recognized as a liability on the consolidated statements of financial position. During 2020, the Company incurred \$4.7 million of qualifying exploration expenditures and \$1.6 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss). During 2021, the Company incurred \$6.5 million of qualifying exploration expenditures and \$2.2 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss). During the first quarter of 2022, the Company incurred \$0.2 million of qualifying exploration expenditures and the remaining \$0.1 million of the premium was recognized through other income on the consolidated statements of operations and comprehensive income (loss).

b) Stock options and restricted share units

The Company provides compensation to directors and employees in the form of stock options and RSUs. Pursuant to the Share Option Plan, the Board of Directors has the authority to grant options, and to establish the exercise price and life of the option at the time each option is granted, at a price not less than the closing price of the common shares on the Toronto Stock Exchange on the date of the grant of such option and for a period not exceeding five years. All exercised options are settled in equity. Pursuant to the Company’s RSU Plan, the Board of Directors has the authority to grant RSUs, and to establish terms of the RSUs including the vesting criteria and the life of the RSU.

Stock option and RSU transactions were as follows:

	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price (\$)	Amortized Value of options (\$000s)	Number of RSUs	Amortized Value of RSUs (\$000s)	Stock-based Compensation (\$000s)
Outstanding January 1, 2022	1,023,334	14.61	8,125	173,800	572	8,697
Granted	-	-	-	320,266	187	187
Exercised option or vested RSU	(540,834)	13.54	(3,974)	(148,800)	(3,172)	(7,146)
Expired	(5,000)	13.14	(34)	-	-	(34)
Amortized value of stock-based compensation	-	-	-	-	2,951	2,951
Outstanding at December 31, 2022	477,500	15.85	4,117	345,266	538	4,655
Exercisable at December 31, 2022	477,500					

	Options			RSUs		Total
	Number of Options	Weighted Average Exercise Price (\$)	Amortized Value of options (\$000s)	Number of RSUs	Amortized Value of RSUs (\$000s)	Stock-based Compensation (\$000s)
Outstanding January 1, 2021	2,611,691	12.51	22,524	135,450	487	23,011
Granted	-	-	-	173,800	573	573
Exercised option or vested RSU	(1,585,501)	11.17	(14,370)	(135,450)	(3,413)	(17,783)
Expired	(2,856)	6.30	(37)	-	-	(37)
Amortized value of stock-based compensation	-	-	8	-	2,925	2,933
Outstanding at December 31, 2021	1,023,334	14.61	8,125	173,800	572	8,697
Exercisable at December 31, 2021	1,023,334					

The outstanding share options at December 31, 2022 expire at various dates between October 2023 and June 2024. A summary of options outstanding, their remaining life and exercise prices as at December 31, 2022 is as follows:

Options Outstanding		Options Exercisable	
Exercise price	Number outstanding	Remaining contractual life	Number Exercisable
\$16.94	50,000	10 months	50,000
\$15.46	377,500	1 year	377,500
\$17.72	50,000	1 year 6 months	50,000
	477,500		477,500

During the year ended December 31, 2022, 540,834 options were exercised (2021 - 1,585,501) for proceeds of \$3.9 million (2021 - \$17.7 million) and 148,800 RSUs vested (2021 - 135,400). In total, 689,634 common shares were issued (2021 - 1,720,951). The weighted average share price at the date of exercise of options exercised during the year ended December 31, 2022 was \$18.74 (2021 - \$22.39).

In December 2022, 310,266 RSUs were granted. Of these, 37,500 RSUs were granted to Board members, 232,266 RSUs were granted to members of senior management, and the remaining 40,500 RSUs were granted to other

employees of the Company. The fair value of the grants, of \$5.1 million, was estimated as at the grant date to be amortized over the expected service period of the grants. The expected service period ranges from six months to three years from the date of the grant and is dependent on certain corporate objectives being met. Of the \$5.1 million fair value of the grants, \$0.1 million was amortized during the fourth quarter of 2022, and the remaining \$5.0 million will be amortized over the remaining estimated service periods of the respective tranches.

During the third quarter of 2022, 10,000 RSUs were granted to a Board member. Half of the RSUs vest on the

first anniversary of the appointment and the remaining half on the second anniversary. The fair value of the grants, of \$0.2 million, was estimated as at the grant date to be amortized over the expected service period of the grants. As at December 31, 2022, \$0.1 million of the fair value of the grants was amortized.

In December 2021, 123,800 RSUs were granted. Of these, 28,000 RSUs were granted to Board members, 75,200 RSUs were granted to members of senior management, and the remaining 20,600 RSUs were granted to other employees of the Company. The fair value of the grants, of \$2.6 million, was estimated as at the grant date to be amortized over the expected service period of the grants. The expected service period of approximately four months from the date of the grant was dependent on certain corporate objectives being met. Of the \$2.6 million fair value of the grants, \$0.4 million was amortized during the fourth quarter 2021, and the remaining \$2.2 million was amortized during the first quarter of 2022. During the second quarter of 2022, 128,800 RSUs were vested and 119,800 RSUs were exchanged for common shares of the Company.

During the third and fourth quarter of 2021, 40,000 RSUs were granted to three new members of senior management. Half of the RSUs vest on the first anniversary of employment and the remaining half on the second anniversary. The fair value of the grants, of \$0.9 million, was estimated at the grant date to be amortized over the expected service period of the grants. In 2022, 20,000 RSUs were vested, and as at December 31, 2022, \$0.7 million of the fair value of the grants was amortized.

During the second quarter of 2021, 10,000 RSUs were granted to a Board member. Half of the RSUs vested on the first anniversary of the appointment and the

remaining half will vest on the second anniversary. The fair value of the grants, of \$0.2 million, was estimated as at the grant date to be amortized over the expected service period of the grants. During the second quarter of 2022, 5,000 RSUs were vested, and as at December 31, 2022, \$0.2 million of the fair value of the grants was amortized.

c) Basic and diluted net income (loss) per common share

Basic and diluted net loss attributable to common shareholders of the Company for the year ended December 31, 2022 was \$7.4 million (2021 - \$0.9 million net income).

Earnings per share has been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the period. Stock options are reflected in diluted earnings per share by application of the treasury method. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted earnings per common share for the following periods:

	December 31, 2022	December 31, 2021
(\$000s)		
Weighted average number of common shares outstanding	80,058,861	76,413,554
Dilutive effect of options	-	1,023,334
Dilutive effect of RSUs	-	163,800
	80,058,861	77,600,688

For the year ended December 31, 2022, 427,500 stock options and 345,266 RSUs were not included in the calculation of diluted earnings per share since to include them would be anti-dilutive.

14. Cash flow items

Adjustment for other non-cash items within operating activities:

(\$000s)	Notes	Year Ended	
		December 31, 2022	December 31, 2021
Impairment of investment in associate	6	873	-
Equity loss of associate	6	207	221
Unrealized gain on convertible notes receivable	7	(25)	(104)
Accrued interest income on convertible notes receivable	7	(39)	(39)
Depreciation	9	84	85
Finance costs, net		72	110
Effects of exchange rate fluctuation on cash and cash equivalents	7	(3,216)	184
		(2,044)	457

15. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 quoted prices in markets that are not

active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3: Inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's fair values of financial assets and liabilities were as follows:

(\$000s)	December 31, 2022				Total Fair Value
	Carrying Amount	Level 1	Level 2	Level 3	
Assets					
Cash and cash equivalents	46,150	46,150	-	-	46,150
Short-term deposits	81,690	81,690	-	-	81,690
Amounts receivable	6,260	6,260	-	-	6,260
Investment in marketable securities	3,696	3,696	-	-	3,696
Convertible notes receivable	631	-	-	631	631
Long-term receivables	51,703	51,703	-	-	51,703
	190,130	189,499	-	631	190,130
Liabilities					
Accounts payable and accrued liabilities	42,956	42,956	-	-	42,956
Secured note	263,541	-	-	263,541	263,541
	306,497	42,956	-	263,541	306,497

(\$000s)	December 31, 2021				Total Fair Value
	Carrying Amount	Level 1	Level 2	Level 3	
Assets					
Cash and cash equivalents	11,523	11,523	-	-	11,523
Short-term deposits	29,243	29,243	-	-	29,243
Amounts receivable and prepaid expenses	5,229	5,229	-	-	5,229
Investment in marketable securities	3,367	3,367	-	-	3,367
Convertible notes receivable	606	-	-	606	606
Long-term receivables	13,038	13,038	-	-	13,038
	63,006	62,400	-	606	63,006
Liabilities					
Accounts payable and accrued liabilities	12,165	12,165	-	-	12,165
	12,165	12,165	-	-	12,165

The carrying value of cash and cash equivalents, short-term deposits, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial assets and liabilities.

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to short-term deposits, convertible notes receivable, and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. The short-term deposits consist of Canadian Schedule I bank guaranteed notes, with terms up to one year but are cashable in whole or in part with interest at any time to maturity, for which management believes the risk of loss to be remote. Management believes that the risk of loss with respect to financial instruments included in amounts receivable and prepaid expenses to be remote.

(000s)	Less than 1 year	1-3 years	3-5 years	Greater than 5 years	Total
Secured note including interest	19,808	39,616	39,616	164,501	263,541
Flow-through share expenditures	15,023	-	-	-	15,023
Lease obligation	669	834	106	92	1,701
	35,500	40,450	39,722	164,593	280,265

As the Company does not generate cash inflows from operations, the Company is dependent upon external sources of financing to fund its exploration projects and on-going activities. If required, the Company will seek additional sources of cash to cover its proposed exploration and development programs at its key projects, in the form of equity financing and from the sale of non-core assets. Refer to Note 13 for details on equity financing.

Market Risk

(a) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The secured note liability (Note 12) bears interest at a fixed rate of 6.5% per annum. The Company's current policy is to invest excess cash in Canadian bank guaranteed notes (short-term deposits). The short-term deposits can be cashed in at any time and can be reinvested if interest rates rise.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had cash and cash equivalents of \$46.2 million and short-term deposits of \$81.7 million (December 31, 2021 - \$11.5 million and \$29.2 million, respectively) for settlement of current financial liabilities of \$47.3 million (December 31, 2021 - \$12.2 million). Except for the secured note liability and the reclamation obligations, the Company's financial liabilities primarily have contractual maturities of 30 days and are subject to normal trade terms. The Company's ability to fund its operations and capital expenditures and other obligations as they become due is dependent upon market conditions.

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts in the Consolidated Statements of Financial Position.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The secure note liability and the related interest payments are denominated in US dollars. The Company has the option to pay the interest either in cash or in shares. The Company also funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar cash on hand or converted from its Canadian dollar cash. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and has not entered into any foreign exchange hedges. As at December 31, 2022, the Company had cash and cash equivalents, investment in associate, convertible notes receivable, loan receivable, reclamation deposits, accounts payable, accrued liabilities and secured note that are in US dollars.

(c) Investment Risk

The Company has investments in other publicly listed exploration companies which are included in investments. These shares were received as option payments on certain exploration properties the Company owns or has sold. In addition, the Company holds \$3.6 million in a gold exchange traded receipt that is recorded on the consolidated statements of financial position in investments. The risk on these investments is significant due to the nature of the investment but the amounts are not significant to the Company.

16. Corporate and administrative expenses

(\$000s)	2022	2021
Employee compensation	7,479	5,781
Stock-based compensation	3,138	3,506
Professional fees	2,591	1,828
Other general and administrative	2,882	2,264
	16,090	13,379

17. Related party disclosures

Compensation to key management personnel of the Company:

(\$000s)	2022	2021
Compensation of directors:		
Directors fees	560	431
Stock-based compensation	675	704
	1,235	1,135
Compensation of key management personnel:		
Salaries and consulting fees	7,892	5,773
Stock-based compensation	2,026	2,226
	9,918	7,999
	11,153	9,134

During year ended December 31, 2022 and 2021, there were no payments to related parties other than compensation paid to key management personnel. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. Income taxes

(\$000s)	2022	2021
Deferred tax expense (recovery)	8,268	4,630
	8,268	4,630
Tax expense (recovery) recognized in other comprehensive income or directly in equity		
(\$000s)	2022	2021
Financing costs - recognized in statement of equity	(330)	(438)
Unrealized gain or loss on marketable securities - recognized in OCI	831	(61)
	501	(499)

In 2022, the Company recognized income tax expense of \$8.3 million, primarily due to the deferred tax liability arising from the gain recognized on remeasurement of the fair value of the secured note liability, and from the renouncement of expenditures related to the June 2021 flow-through shares issued which are capitalized for accounting purposes. The income tax expense was partially offset by income tax recovery arising from the losses in the period. The income tax impact of the revaluation of the secured note liability that was recorded through other comprehensive income (loss) during 2022, of \$0.05 million, was also recorded through other comprehensive income (loss).

(a) Rate Reconciliation

The provision for income taxes differs from the amount that would have resulted by applying the combined Canadian Federal, Ontario, British Columbia, Northwest Territories and Yukon statutory income tax rates of 26.68% (2021 - 26.63%).

(\$000s)	2022	2021
Earnings before income taxes	874	5,525
	26.68%	26.63%
Tax expense calculated		
Using statutory rates	233	1,471
Non-deductible items	2,280	303
Difference in foreign tax rates	103	(8)
Change in deferred tax rates	(116)	(132)
Movement in tax benefits not recognized	2,996	949
Impact of true-up of prior year balances	124	1
Renouncement of flow-through expenditures	2,525	2,020
Other	123	24
Income tax expense	8,268	4,630

(b) Deferred Income Tax

The following table summarizes the significant components of deferred income tax assets and liabilities:

(\$000s)	December 31, 2022	December 31, 2021
Deferred income tax assets:		
Property and equipment	565	292
Provision for reclamation liabilities	1,235	595
Financing costs	2,487	2,080
Non-capital loss carryforwards	38,255	33,098
Deferred income tax liabilities:		
Mineral interests	(63,710)	(59,229)
Secured note	(10,766)	-
Net deferred income tax liabilities	(31,934)	(23,164)

(c) Unrecognized Deferred Tax Assets

The company has not recognized deferred income tax assets in respect of the following tax effected deductible temporary differences:

(\$000s)	December 31, 2022	December 31, 2021
Marketable securities	137	182
Loss carryforwards	834	798
Investment tax credits	1,481	1,481
Foreign tax credits	268	268
Mineral properties	437	140
Provision for reclamation liabilities	1,091	1,083

Deferred tax has not been recognized on the deductible temporary difference of \$2.1 million (2021 - \$3.2 million) relating to investments in subsidiaries as these amounts will not be distributed in the foreseeable future.

The tax losses not recognized expire as per the amount and years noted below. The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit would be available against which the Company can utilize the benefits there from.

(d) Income Tax Attributes

As at December 31, 2022, the Company had the following income tax attributes to carry forward.

	(\$000s)	Expiry date
Canadian non-capital losses	143,103	2042
Canadian capital losses	2,571	Indefinite
Canadian tax basis of mineral interest	406,278	Indefinite
U.S. non-capital losses	480	2042
U.S. tax basis of mineral interest	23,201	Indefinite

19. Commitments and contingencies

(\$000s)	Payments due by years				
	Total	2023	2024-25	2026-27	2028-29
Secured note – interest	138,656	19,808	39,616	39,616	39,616
Capital expenditure obligations	104,688	98,128	6,560	-	-
Flow-through share expenditures	15,023	15,023	-	-	-
Mineral interests	5,782	826	1,652	1,652	1,652
Lease obligation	1,701	669	834	106	92
	265,850	134,454	48,662	41,374	41,360

In 2022, the Company entered into a Facilities Agreement with BC Hydro covering the design and construction of facilities by BC Hydro to supply construction phase hydro-sourced electricity to the KSM project.

The cost to complete the construction is estimated to be \$32.8 million of which the Company has paid \$11.7 million to BC Hydro and the remaining balance is due in 2023. In addition, the Facilities Agreement requires \$54.2 million in security or cash from the Company for BC Hydro system reinforcement which is required to make the power available of which the Company has paid \$21.2 million to BC Hydro and the balance is due in 2023. The \$54.2 million system reinforcement security will be forgiven annually, typically over a period of less than 8 years, based on project power consumption. Subsequent to December 31, 2022, \$43.7 million was paid to BC Hydro.

Prior to its maturity, the secured note bears interest at 6.5%, or US\$14.6 million per annum, payable quarterly in arrears. The Company can elect to satisfy interest payments in cash or by delivering common shares. Refer to Note 12 for details on the secured note.

As previously disclosed in the Company's prior years financial statements, in 2019 the Company received a notice from the CRA that it proposed to reduce the amount of expenditures reported as Canadian Exploration Expenses (CEE) for the three-year period ended December 31, 2016. The Company has funded certain of its exploration expenditures, from time-to-time, with the proceeds from the issuance of flow-through shares and renounced, to subscribers, the expenditures which it determined to be CEE. The notice disputes the

eligibility of certain types of expenditures previously audited and approved as CEE by the CRA. The Company strongly disagrees with the notice and responded to the CRA auditors with additional information for their consideration. In 2020, the CRA auditors responded to the Company's submission and, although accepting additional expenditures as CEE, reiterated that their position remains largely unchanged and subsequently issued reassessments to the Company reflecting the additional CEE expenditures accepted and \$2.3 million of Part XII.6 tax owing. The Company has been made aware that the CRA has reassessed certain investors who subscribed for the flow-through shares, reducing CEE deductions. Notice of objections to the Company's and investors' reassessments have been filed for all those that have been received and will be appealed to the courts, should the notice of objections be denied. The Company has indemnified the investors that subscribed for the flow-through shares. The potential tax indemnification to the investors is estimated to be \$10.8 million, plus \$2.9 million potential interest. No provision has been recorded related to the tax, potential interest, nor the potential indemnity as the Company and its advisors do not consider it probable that there will ultimately be an amount payable.

During 2021 and 2022, the Company deposited \$9.3 million into the accounts of certain investors with the Receiver General, in return for their agreement to object to their respective assessments and agreement to repay the Company the full amount deposited on their behalf upon resolution of the Company's appeal. The deposits made has been recorded as long-term receivables on the statement of financial position as at December 31, 2022.

Corporate Information

DIRECTORS

Rudi P. Fronk
Chairman of the Board

Trace J. Arlaud

Eliseo Gonzalez-Urien

Richard C. Kraus

Jay S. Layman

Melanie R. Miller

Clement A. Pelletier

John W. Sabine
(Lead Director)

Gary A. Sugar

Carol T. Willson

OFFICERS

Rudi P. Fronk
Chief Executive Officer

William E. Threlkeld
Senior Vice President, Exploration

Peter D. Williams
Senior Vice President, Technical Services

Christopher J. Reynolds
Vice President, Finance and Chief Financial Officer

R. Brent Murphy
Senior Vice President, Environmental Affairs

C. Bruce Scott
Senior Vice President, General Counsel and Corporate Secretary

Elizabeth F. Miller
Vice President, Environment and Social Responsibility

Julie A. Rachynski
Vice President, Human Resources

Ryan C. Hoel
Senior Vice President, Chief Operating Officer, Projects

Tracey D. Meintjes
Vice President, Engineering Studies

Neggar Shafai
Assistant Corporate Secretary

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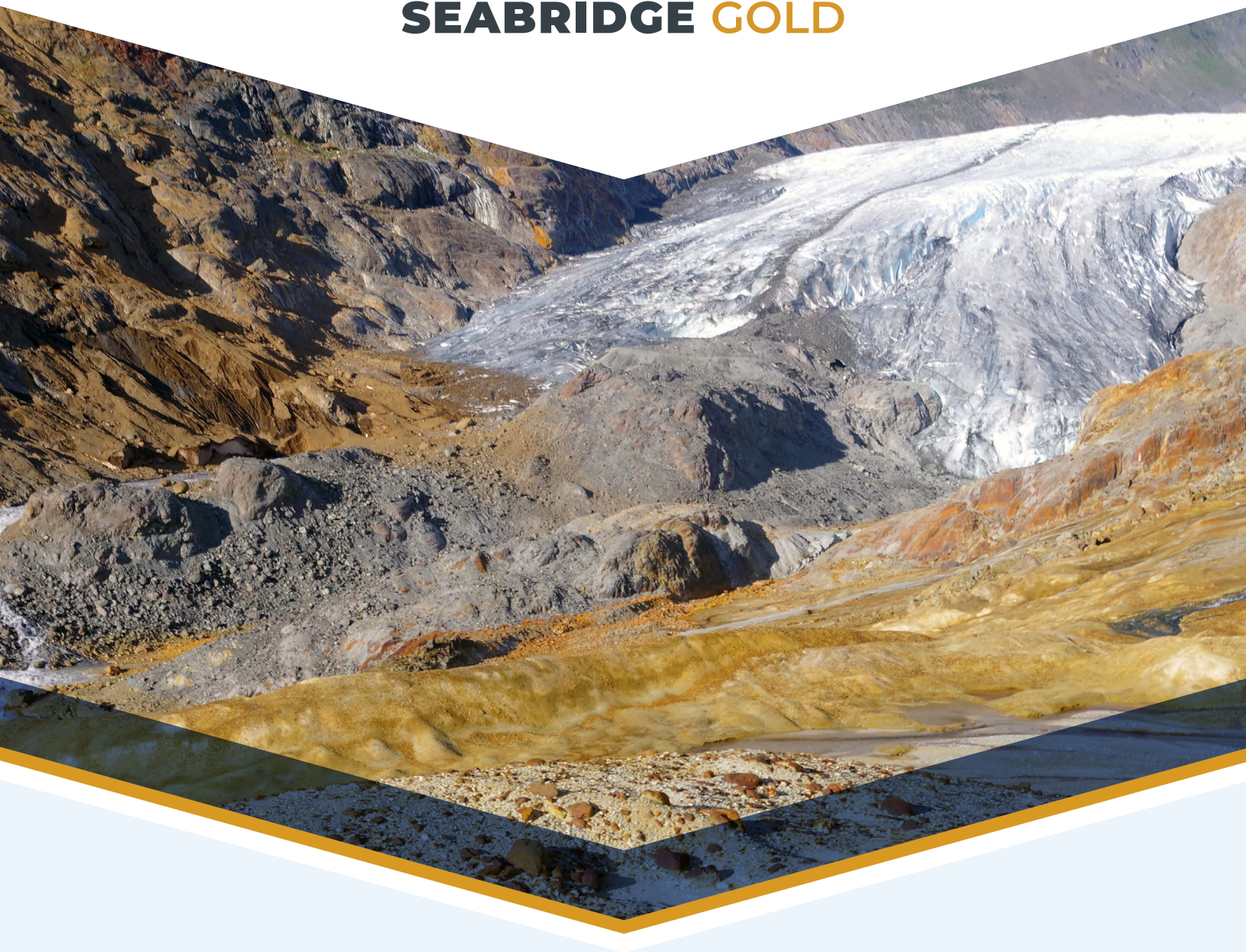
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